恒瑞醫藥
Hengrui Pharmaceuticals

江蘇恒瑞醫藥股份有限公司
Jiangsu Hengrui Pharmaceuticals Co., Ltd.

(A joint stock company incorporated in the People's Republic of China with limited liability)

Stock Code:1276

2025
ANNUAL REPORT

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Sun Piaoyang *(Chairman of the Board)*
Mr. Dai Hongbin *(Deputy Chairman of the Board)*
Ms. Feng Ji *(General Manager (President) and Chief Operating Officer)*
Mr. Zhang Lianshan *(Executive Vice President)*
Mr. Jiang Frank Ningjun *(Executive Vice President and Chief Strategy Officer)*
Mr. Sun Jieping *(Senior Vice President)*

Non-executive Director

Ms. Guo Congzhao

Independent Non-executive Directors

Mr. Dong Jiahong
Mr. Zeng Qingsheng
Mr. Sun Jinyun
Mr. Chow Kyan Mervyn

AUDIT COMMITTEE

Mr. Zeng Qingsheng *(Chairperson)*
Mr. Dong Jiahong
Mr. Sun Jinyun

REMUNERATION AND EVALUATION COMMITTEE

Mr. Sun Jinyun *(Chairperson)*
Mr. Dai Hongbin
Mr. Zeng Qingsheng

NOMINATION COMMITTEE

Mr. Dong Jiahong *(Chairperson)*
Mr. Sun Piaoyang
Mr. Sun Jinyun

STRATEGY COMMITTEE

Mr. Sun Piaoyang *(Chairperson)*
Mr. Dai Hongbin
Mr. Zhang Lianshan
Mr. Jiang Frank Ningjun
Ms. Guo Congzhao
Mr. Dong Jiahong

JOINT COMPANY SECRETARIES

Ms. Liu Xiaohan
Ms. Leung Wing Han Sharon

AUTHORIZED REPRESENTATIVES

Ms. Feng Ji
Ms. Leung Wing Han Sharon

REGISTERED OFFICE

No. 38 Huanghe Road
Economic and Technological
Development Zone
Lianyungang City
Jiangsu Province
PRC

HEADQUARTERS

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Jiangsu Province
PRC

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Room 1920, 19/F
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33 Hysan Avenue
Causeway Bay
Hong Kong

Corporate Information

H SHARE REGISTRAR

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

COMPLIANCE ADVISOR

Somerley Capital Limited
20/F China Building
29 Queen's Road Central
Hong Kong

AUDITOR

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

HONG KONG LEGAL ADVISER

Cleary Gottlieb Steen & Hamilton (Hong Kong)
37/F, Hysan Place
500 Hennessy Road
Causeway Bay
Hong Kong

COMPANY WEBSITE

www.hengrui.com

STOCK OVERVIEW

A Share
Shanghai Stock Exchange
Stock Abbreviation: 恒瑞医药
Stock code: 600276

H Share
Hong Kong Stock Exchange
Stock Abbreviation: Hengrui Pharma
Stock code: 1276

LISTING DATE

Shanghai Stock Exchange
October 18, 2000

Hong Kong Stock Exchange
May 23, 2025

PRINCIPAL BANKS

Bank of China
Lianyungang Economic and Technological Development Zone Sub-Branch
No. 15 Kunlunshan Road
Economic & Technological
Development Zone
Lianyungang City
Jiangsu Province
PRC

Bank of Communications
Lianyungang Branch
No. 45 Huanghe Road
Economic & Technological
Development Zone
Lianyungang City
Jiangsu Province
PRC

Financial Highlights

A summary of the consolidated results and the consolidated assets, liabilities and equity of the Group for the last four financial years, as extracted from the audited financial statements is set out below:

	For the year ended December 31,			
Consolidated statement of profit or loss	**2025 (audited) *(RMB'000)***	2024 (audited) *(RMB'000)*	2023 (audited) *(RMB'000)*	2022 (audited) *(RMB'000)*
Revenue	**31,629,416**	**27,984,605**	**22,819,785**	**21,275,271**
Cost of sales	**(4,362,656)**	(3,848,177)	(3,525,248)	(3,486,639)
Gross profit	**27,266,760**	**24,136,428**	**19,294,537**	**17,788,632**
Other income and gains	**1,472,049**	1,174,630	1,033,784	1,371,215
Selling and distribution expenses	**(9,106,426)**	(8,336,069)	(7,577,176)	(7,347,894)
Research and development expenses	**(6,961,155)**	(6,582,916)	(4,953,887)	(4,886,553)
Administrative expenses	**(3,071,726)**	(2,815,094)	(2,644,551)	(2,498,159)
Other expenses	**(780,385)**	(380,149)	(406,996)	(389,262)
Finance costs	**(14,349)**	(5,559)	(5,905)	(6,491)
Share of losses of associates	**(97,143)**	(21,581)	(72,696)	(62,996)
Profit Before Tax	**8,707,625**	**7,169,690**	**4,667,110**	**3,968,492**
Income tax expenses	**(990,623)**	(832,695)	(389,289)	(153,351)
Profit for the Year	**7,717,002**	**6,336,995**	**4,277,821**	**3,815,141**
Profit for the year attributable to owners of the parent	**7,711,055**	6,336,527	4,302,436	3,906,374
R&D Expenditure	**8,723,852**	**8,227,838**	**6,150,007**	**6,345,561**
EBITDA (non-IFRS measure)	**8,879,057**	**7,442,791**	**4,989,809**	**4,230,219**
Final dividend per ten shares (in RMB)	**2.0** *(proposed)*	**2.0**	**2.0**	**1.6**
Earnings per share (in RMB)				
Earnings per share - basic	**1.19**	1.0	0.68	0.61
Earnings per share - diluted	**1.18**	1.0	0.68	0.61

	As at December 31,			
Consolidated statement of financial position	**2025 (audited) *(RMB'000)***	2024 (audited) *(RMB'000)*	2023 (audited) *(RMB'000)*	2022 (audited) *(RMB'000)*
Total Assets	**69,867,316**	50,135,644	43,784,507	42,370,875
Total Liabilities	**8,070,493**	4,045,393	2,751,421	3,957,967
Total Equity	**61,796,823**	46,090,251	41,033,086	38,412,908

Note: Any discrepancies in this table between the total and sums of amounts listed therein are due to rounding.

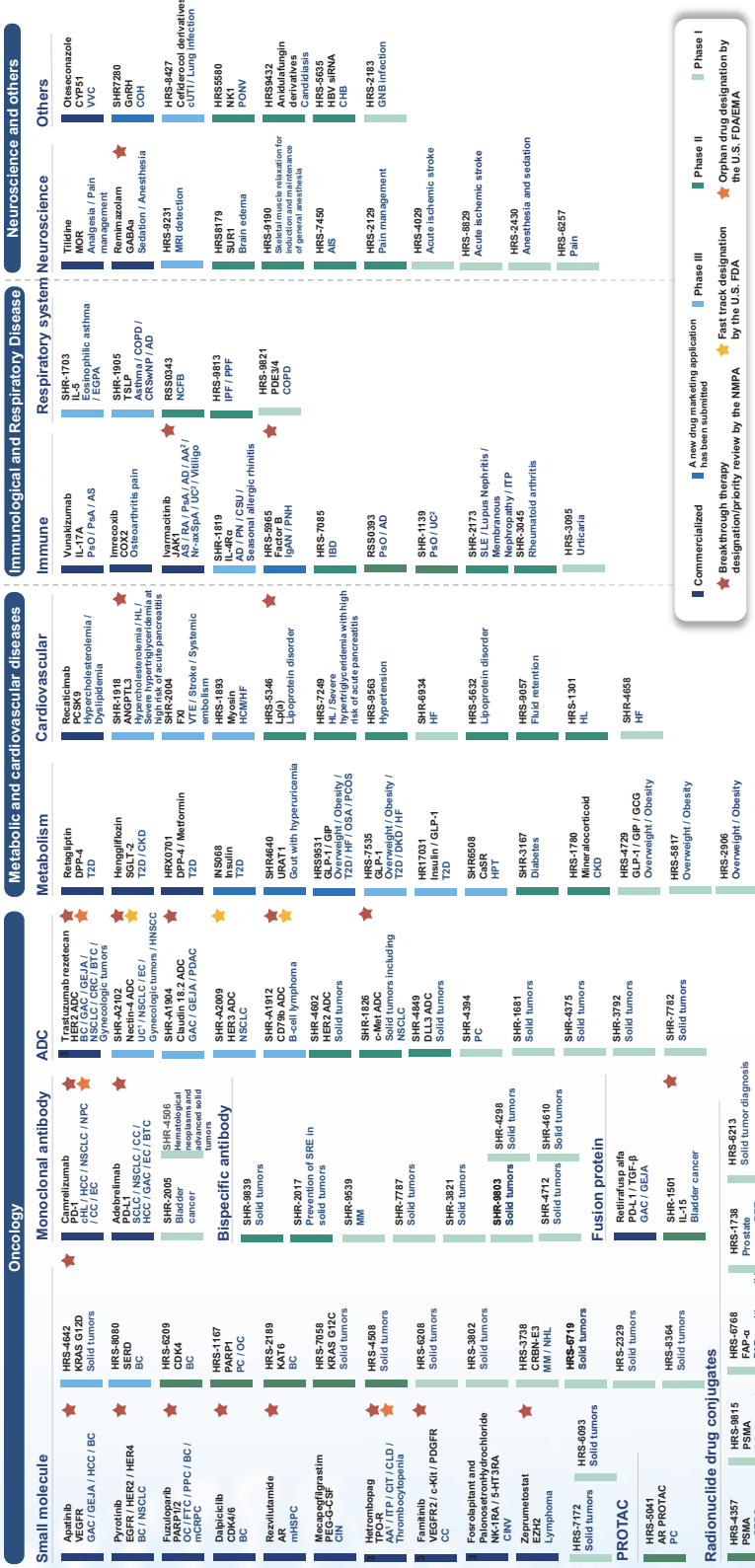
Corporate Overview

Hengrui Pharma is a leading innovative global pharmaceutical company rooted in China. The Company has been ranked among the global Top 50 pharmaceutical companies by Pharm Exec for seven consecutive years since 2019. According to the 2025 pipeline size ranking published by Citeline, the Company ranked second globally in terms of self-developed drug pipeline. The Company continues to execute its "technology and innovation-driven" development strategy, with a portfolio of 24 Class 1 innovative drugs and five Class 2 innovative drugs approved for marketing in China, securing the Company's industry-leading position in innovation drugs output. The Company has established a virtuous cycle for the R&D of its innovative drugs, with successive cohorts of drugs progressing through development, clinical trials, and commercialization, demonstrating the Company's formidable independent R&D capabilities.

The Company is principally engaged in the R&D, manufacture and sale of pharmaceutical products. Adhering to a patient-oriented philosophy, the Company is dedicated to the R&D and promotion of innovative drugs, with the objective of addressing unmet clinical needs. The Company has established industry-leading, fully-integrated pharmaceutical platforms, which have been deployed extensively across multiple therapeutic areas to drive in-depth advancement. Notably, the Company's robust oncology R&D pipeline covers a broad spectrum of research areas, including kinase inhibitors, ADCs, immuno-oncology, hormone receptor modulators and supportive care. By focusing on the development of combinatorial and sequential therapies designed for multiple targets, the Company aims to enhance response rates and prolong therapeutic effects. Additionally, the Company has established diversified strategic pillars in metabolic and cardiovascular diseases, immunology and respiratory diseases and neuroscience to support its long-term growth strategy.

Corporate Overview

OUR PIPELINE ACROSS THERAPEUTIC AREAS



Corporate Overview

Note: 1. This is a non-exhaustive list, with data statistics as of the end of the Reporting Period; 2. The clinical stage of each product/product candidate represents the clinical stage of its most advanced indication(s); 3. The time period for obtaining regulatory pathway designations: 2018 to the date of this report.

Abbreviations: AA[1] = aplastic anemia; AA[2] = alopecia areata; AD = atopic dermatitis; AIS = acute ischemic stroke; AS = ankylosing spondylitis; BC = breast cancer; BTC = biliary tract cancer; CC = cervical cancer; CHB = chronic hepatitis B; cHL = classical Hodgkin lymphoma; CIN = chemotherapy-induced neutropenia; CINV = chemotherapy-induced nausea and vomiting; CIT = chemotherapy-induced thrombocytopenia; CKD = chronic kidney disease; CLD = chronic liver disease; COPD = chronic obstructive pulmonary disease; COH = controlled ovarian hyperstimulation; CRC = colorectal cancer; CRSwNP = chronic rhinosinusitis with nasal polyps; CSU = chronic spontaneous urticaria; cUTI = complicated urinary tract infection; DED = dry eye disease; DKD = diabetic kidney disease; EC = esophageal cancer; EGPA = eosinophilic granulomatosis with polyangiitis; FTC = fallopian tube cancer; GAC = gastric cancer; GEJA = gastroesophageal junction adenocarcinoma; GNB = Gram-negative bacteria; HCC = hepatocellular carcinoma; HCM = hypertrophic cardiomyopathy; HF = heart failure; HL = hyperlipidemia; HPT = hyperparathyroidism; IBD = inflammatory bowel disease; IgAN = IgA nephropathy; ILD = interstitial lung disease; IPF = idiopathic pulmonary fibrosis; ITP = immune thrombocytopenia; LC = lung cancer; mCRPC = metastatic castration-resistant prostate cancer; mHSPC = metastatic hormone-sensitive prostate cancer; MM = multiple myeloma; MRI = magnetic resonance imaging; NCFB = non-cystic fibrosis bronchiectasis; NHL = non-Hodgkin lymphoma; NPC = nasopharyngeal carcinoma; Nr-axSpA = non-radiographic axial spondyloarthritis; NSCLC = non-small cell lung cancer; OC = ovarian cancer; OSA = obstructive sleep apnea; PC = prostate cancer; PCOS = polycystic ovary syndrome; PDAC = pancreatic ductal adenocarcinoma; PN = prurigo nodularis; PNH = paroxysmal nocturnal hemoglobinuria; PONV = postoperative nausea and vomiting; PPC = primary peritoneal cancer; PsA = psoriatic arthritis; PsO = psoriasis; RA = rheumatoid arthritis; SCLC = small cell lung cancer; SLE = systemic lupus erythematosus; SpA = spondyloarthritis; SRE = skeletal-related events; T2D = type 2 diabetes; UC[1] = urothelial carcinoma; UC[2] = ulcerative colitis; VTE = venous thromboembolism; VVC = vulvovaginal candidiasis.

Chairman's Statement

Dear Shareholders,

The year 2025 marked a significant milestone for Hengrui Pharma. Against the backdrop of profound changes in the global pharmaceutical landscape – navigating both extraordinary opportunity and intensifying challenge – we have steadfastly pursued a dual-engine strategy of technological innovation and globalization. We have not only delivered high-quality growth in our operational performance but also achieved breakthroughs in multiple key areas, laying a solid foundation for the Company's long-term growth.

Over the past year, leveraging a well-defined strategy and exceptional execution, we delivered a strong set of results. The Company's annual revenue was RMB31,629.4 million, representing a year-on-year increase of 13.0%. Net profit attributable to shareholders of the parent reached RMB7,711.1 million, marking a substantial year-on-year rise of 21.7%. The improvement across our core financial metrics is a clear reflection of the effectiveness of our innovation-driven transformation and the continued strengthening of our operational quality.

Our achievements stem from our relentless pursuit of innovation. During the Reporting Period, the Company's revenue from innovative drug sales reached RMB16,342.2 million, representing a year-on-year increase of 26.1%. The proportion of revenue derived from innovative drugs sales as a percentage of total drug sales further rose to 58.3%, firmly establishing innovative drugs as the primary driver of the Company's growth. We continued to invest heavily in R&D, with annual R&D investments reaching RMB8,723.9 million. During the Reporting Period, seven Class 1 innovative drugs were approved for market launch. To date, the Company has secured approval for 24 Class 1 innovative drugs in China, building an industry-leading and highly differentiated product portfolio. According to the 2025 pipeline size ranking published by Citeline, the Company ranked second globally in terms of self-developed drug pipeline. During the Reporting Period, significant progress was achieved across multiple clinical pipelines. Over the next three years (2026-2028), we expect approximately 53 innovative products and indications to receive regulatory approvals, continuing to realize the value from our innovation efforts.

Our vision now spans the global stage. 2025 marked a pivotal year of tangible returns from our globalization strategy, which has emerged as a significant and growing driver of the Company's performance. During the Reporting Period, the Company was successfully listed on the Main Board of the Hong Kong Stock Exchange, establishing a dual "A+H" listing structure. We closed five overseas business development transactions for innovative drugs during the year, a testament to the global competitiveness of our R&D capabilities, while delivering meaningful near-term revenue and unlocking considerable long-term value potential. Meanwhile, we have actively recruited world-class talent, welcoming a number of seasoned leaders with extensive experience at leading multinational pharmaceutical companies. We are rapidly building our global organizational capabilities.

Chairman's Statement

While actively creating value for shareholders, we consistently uphold a patient-oriented philosophy, committed to ensuring patients benefit from our innovative achievements. We constantly refine our commercialization system, covering over 25,000 hospitals, 200,000 offline retail pharmacies, and all major online pharmacy platforms across China. Our academic influence has also reached new heights. By the end of 2025, the Company had approximately 3,200 ongoing post-marketing medical research projects, covering around 8,000 research centers. Throughout the year, 381 significant research findings were published in top global journals including The Lancet and JAMA, enabling "Chinese evidence" to contribute to global clinical practice.

We are at a pivotal moment in Hengrui Pharma's evolution – one defined by accelerating innovation and global expansion. Our outstanding performance in 2025 marks the starting point of our new journey. We have a visionary and experienced management team, a dynamic and innovation-driven R&D organization, and an ambitious yet clearly defined development roadmap. We look to the future with confidence and conviction, and will continue to advance with a grounded and pragmatic approach, full enthusiasm, and unwavering execution, to creating healthy lives for humanity and delivering long-term, stable returns for our shareholders.

I wish to express my deepest and most sincere gratitude to our patients and shareholders for their trust and support, to every member of our dedicated workforce for their tireless commitment, and to all our partners and friends in the wider community who have shown such care and encouragement towards Hengrui Pharma.

Mr. Sun Piaoyang

Chairman of the Board

Management Discussion and Analysis

INDUSTRY REVIEW

In 2025, the pharmaceutical industry maintained steady growth, driven by the combined forces of technological advancement and policy guidance. The Chinese government continued to bolster comprehensive support across the entire value chain of the innovative drug industry. Chinese innovative drugs are gaining strong momentum in going global, underpinned by the industry's sustained innovation momentum. Notably, the National Healthcare Security Administration of the PRC led the development of the first-ever Commercial Health Insurance Catalogue for Innovative Drugs. By complementing basic medical insurance, this initiative helps establish a multi-tiered medical assurance system, addresses payment challenges for high-value innovative drugs, and fosters a more robust ecosystem for innovative drugs. However, the pharmaceutical industry continues to face headwinds, including intensifying market competition, the urgent need to strengthen original innovation capabilities, pronounced homogeneity in development pipelines, and hurdles in hospital access for newly launched innovative drugs. These persistent challenges in R&D and commercialization place higher demands on enterprises to build differentiated innovative pipelines and highly efficient commercialization capabilities. Against this backdrop, the Company remained committed to its dual-pillar strategy of technological innovation and globalization, proactively navigating industry changes while driving steady growth in operating performance. Overall, our development trajectory continues to improve.

BUSINESS HIGHLIGHTS

For the year ended December 31, 2025, we recorded revenue of RMB31,629.4 million, representing a year-over-year increase of 13.0%. Our profit for the year attributable to owners of the parent amounted to RMB7,711.1 million, representing a year-over-year increase of 21.7%.

The Company continues to accelerate its innovation efforts with sustained high-level R&D investments. During the Reporting Period, our aggregate R&D investments reached RMB8,723.9 million, including R&D expenses amounting to RMB6,961.2 million.

Management Discussion and Analysis

1. Rapid innovation-to-value conversion, innovative drug sales driving business growth

For the year ended December 31, 2025, we generated RMB16,342.2 million in revenue from sales of our innovative drugs, representing a year-over-year increase of 26.1% and accounting for 58.3% of our drug sales. Among revenue from sales of innovative drugs, anti-tumor products contributed RMB13,240.0 million, representing a year-over-year increase of 18.5% and accounting for 81.0% of our sales of innovative drugs. Innovative drugs included in the NRDL, such as rezvilutamide (second-generation AR antagonist) and dalpiciclib (CDK4/6 inhibitor), have precisely addressed unmet clinical needs. The remarkable clinical data of these drugs has been extensively verified in real-world diagnostic and therapeutic practices, driving robust revenue growth. The earlier-launched innovative drugs such as Fuzuloparib (PARP inhibitor) and Hetrombopag (TPO receptor agonist) continued to contribute stable incremental revenue growth to the Company, driven by the ongoing approval of new indications and the gradual accumulation of evidence-based medical data from post-marketing studies. Although products such as Irinotecan Hydrochloride Liposome (TOP1) and Trastuzumab rezetecan (HER2 ADC) are in the early stages of commercialization and were not yet included into the NRDL during the Reporting Period, their distinct therapeutic advantages for specific patient populations, coupled with efficient pre-launch preparations and market access strategies, have effectively driven rapid sales volume expansion in the early stages of product commercialization.

Non-oncology product revenue reached RMB3,102.2 million, representing a year-over-year increase of 73.4%, accounting for 19.0% of our sales of innovative drugs. The products which have been included into the NRDL, such as Henagliflozin (SGLT-2 inhibitor) and Remimazolam (GABAa receptor agonist), have seen their value progressively realized through the effective dissemination of their clinical advantages, achieving rapid growth during the Reporting Period.

Additionally, several of our innovative products are yet to fully unlock their sales potential due to factors such as their recent market launch and exclusion from the NRDL during the Reporting Period. Going forward, the Company will continue to pursue a medical expertise and market-driven leadership approach, promote the broader adoption of new products and accelerate the commercialization of high-quality innovative products, with a view to contributing stronger growth momentum for the Company in the future.

Management Discussion and Analysis

2. Globalization of innovative drugs yielded remarkable results, out-licensing emerged as a new driver for growth

Out-licensing of our innovative drugs has become an established component of the Company's business operations, generated revenue of RMB3,392.4 million during the Reporting Period and has become a significant component of our operating revenue. During the Reporting Period, the Company received (1) upfront out-licensing payments of US$200.0 million from MSD, US$75.0 million from IDEAYA Biosciences, and EUR15.0 million from Merck KGaA, and accordingly recognized them as revenue, (2) upfront payments and equity consideration of US$65.0 million from Braveheart Bio, and accordingly recognized it as revenue, and (3) upfront payment of US$500.0 million from GSK, and recognized approximately US$100.0 million in revenue based on the progress of fulfillment of performance obligations, further driving growth in operational performance metrics.

3. Challenges from centralized procurement remain, generic drug revenue declined slightly as high-quality new products and increased overseas sales offset the impact

Amid the ongoing impact of national and provincial-level centralized procurement, our generic drug business has seen a decline in revenue from existing products subject to domestic centralized procurement, offset by growth in high-quality domestic generic products and overseas markets. Domestic revenues from new products such as bupivacaine liposome achieved modest growth, partially offsetting the decline in centralized procurement. Meanwhile, the first generic product approved in the U.S., paclitaxel for injection (albumin-bound), contributed stable incremental revenue. Driven by the combined effect of the above factors, overall revenue from generic drugs declined slightly during the Reporting Period.

MAJOR ACHIEVEMENTS DURING THE REPORTING PERIOD

Our Operational Progress

During the Reporting Period, in response to the opportunities and demands of a new phase, the Company remained committed to prioritizing patient needs, accelerating its R&D and market launch processes of innovative products with clinical value. We focused on upgrading our commercialization systems to ensure that innovative achievements can efficiently benefit a large patient population. We vigorously expanded out-licensing collaborations and actively integrated into the international pharmaceutical innovation system. In addition, we continued to strengthen precise management and compliant operations, systematically enhancing operational effectiveness to lay a solid foundation for sustainable, high-quality development.

Management Discussion and Analysis

Research and Development Progress of Our Products During the Reporting Period

Oncology Non-oncology

Progress during the Reporting Period	Drug Name/Code	Target	Monotherapy /Combination Therapy	Indication	Phase I	Phase II	Phase III	NDA/BLA
NDA Acceptance (15)	Shudi Insulin	Insulin	Monotherapy	Type 2 diabetes mellitus	China			
	Ruzinurad sodium	URAT1	Monotherapy	Primary gout with hyperuricemia	China			
	Ivarmacitinib	JAK1	Monotherapy (base ointment)	Mild-to-moderate atopic dermatitis	China			
	Atropine eye drops	M-receptor blocker	Monotherapy	Delay myopia in children	China			
	Dalpiciclib	CDK4/6	Combination therapy	Adjuvant therapy for hormone receptor-positive, HER2-negative breast cancer	China			
	Hetrombopag	TPO	Monotherapy	Adults and children ≥6 years with persistent and chronic primary immune thrombocytopenia (ITP)	China			
	Hetrombopag	TPO	Monotherapy	Thrombocytopenia caused by chemotherapy-based antineoplastic therapy	China			
	Ribupatide	GLP-1/GIP	Monotherapy	Overweight or Obesity	China			
	Trastuzumab Rezetecan	HER2	Monotherapy	Second-line and above treatment of HER2-positive breast cancer	China			
	Adebrelimab	PD-L1	Combination therapy	Perioperative treatment of surgically resectable non-small cell lung cancer	China			
	SHR7280	GnRH	Monotherapy	Assisted reproduction	China			
	Camrelizumab	PD-1	Combination therapy	First-line treatment of recurrent or metastatic cervical cancer	China			
	Famitinib	Various kinases such as VEGFR, FGFR, c-kit	Combination therapy		China			
	Fuzuloparib	PARP1/2	Combination therapy	First-line treatment of metastatic castration-resistant prostate cancer with DNA repair gene defect positivity (DRD+)	China			
	Ivarmacitinib	JAK1	Monotherapy	Non-Radiographically axial spondyloarthritis	China			
	Remimazolam	GABAa	Monotherapy	ICU sedation	China			
Entered Phase III (28)	HRS-7535	GLP-1 (oral)	Monotherapy	Overweight or obesity	China			
	Ribupatide	GLP-1/GIP (injection)	Monotherapy	Obstructive sleep apnea with obesity	China			
				Type 2 diabetes mellitus (poor control with basal insulin)	China			
				Adult obesity	China			
	SHR-1905	TSLP	Monotherapy	Chronic rhinosinusitis with nasal polyposis	China			
				Asthma	China			

Management Discussion and Analysis

Progress during the Reporting Period	Drug Name/Code	Target	Monotherapy /Combination Therapy	Indication	Phase I	Phase II	Phase III	NDA/BLA
Entered Phase III (28)	HRS-1893	Myosin	Monotherapy	Obstructive hypertrophic cardiomyopathy	China			
	HRS-5965	Factor B	Monotherapy	IgA nephropathy	China			
	SHR-1819	IL-4R	Monotherapy	Adolescent atopic dermatitis	China			
	Vunakizumab	IL-17A	Monotherapy	Non-radiographic axial spondyloarthritis	China			
	SHR-2004	FXI	Monotherapy	Prevention of venous thromboembolism after Knee Arthroplasty	China			
	SHR-1918	ANGPTL3	Monotherapy	Mixed hyperlipidemia	China			
	HRS-9231	Gadolinium contrast agent	Monotherapy	Magnetic resonance imaging (MRI) of systemic lesions outside the central nervous system (CNS) in adults	China			
	HRS-9231	Gadolinium contrast agent	Monotherapy	Magnetic resonance imaging (MRI) of central nervous system (CNS) lesions in adults	China			
	Trastuzumab Rezetecan	HER2 ADC	Monotherapy	HER2-expressing platinum-resistant ovarian cancer	China			
				Neoadjuvant therapy for treatment-naïve early-stage or locally advanced HER2-positive breast cancer	China			
			Combination therapy	PD-L1-positive locally recurrent unresectable or metastatic triple-negative breast cancer	China			
				Unresectable locally advanced or metastatic, treatment-naïve gastric or gastroesophageal junction adenocarcinoma	China			
	SHR-A1912	CD79b ADC	Combination therapy	Relapsed or refractory diffuse large B-cell lymphoma	China			
	HRS-8080	SERD	Monotherapy	Locally advanced or metastatic breast cancer after endocrine therapy	China			
	HRS-4357	PSMA	Monotherapy	PSMA-positive progressive metastatic castration-resistant prostate cancer	China			
	HRS-4642	KRAS G12D	Combination therapy	First-line treatment of advanced or metastatic pancreatic cancer with KRAS G12D mutation	China			
	SHR-A2009	HER3 ADC	Combination therapy	First-line treatment of locally advanced or metastatic non-small cell lung cancer with EGFR mutation	China			
	Adebrelimab	PD-L1	Combination therapy	Locally advanced cervical cancer	China			
	Rezvilutamide	AR	Combination therapy	Metastatic hormone-sensitive prostate cancer with low tumor load	China			
	SHR-8068	CTLA4	Combination therapy	First-line treatment of PD-L1 negative, EGFR/ALKwt non-small cell lung cancer	China			
			Combination therapy	First-line treatment of advanced biliary tract carcinoma	China			
	Irinotecan liposome	TOP1	Combination therapy	First-line treatment of advanced pancreatic cancer	China			

Management Discussion and Analysis

Progress during the Reporting Period	Drug Name/Code	Target	Monotherapy /Combination Therapy	Indication	Phase I	Phase II	Phase III	NDA/BLA
Entered Phase II (61)	HRS-7535	GLP-1	Monotherapy	Obesity with cardiac failure with preserved ejection fraction	China			
	Ribupatide	GLP-1/GIP tablet	Monotherapy	Obesity	China			
	HRS-5346	Lp(a)	Monotherapy	Lipoprotein disorder	China			
	SHR-1819	IL-4Rα	Monotherapy	Pediatric/adolescent atopic dermatitis	China			
			Monotherapy	Seasonal allergic rhinitis	China			
	Ivarmacitinib	JAK1	Monotherapy (alkaline gel)	Non-segmental vitiligo	China			
			Alone/in combination with alkaline gel	Non-segmental vitiligo	China			
	SHR-1139	-	Monotherapy	Plaque psoriasis	China			
				Ulcerative colitis	China			
	RSS0393	-	Monotherapy	Plaque psoriasis	China			
				Atopic dermatitis	China			
	RSS0343	-	Monotherapy	Non-cystic fibrosis bronchiectasis	China			
	Remimazolam tosilate	GABAa	Monotherapy	General anesthesia and sedation for surgery in children and adolescents	China			
	HRS-9813	-	Monotherapy	Idiopathic pulmonary fibrosis/progressive pulmonary fibrosis	China			
	HRS-7085	-	Monotherapy	Inflammatory bowel disease	China			
	SHR-1905	-	Monotherapy	Atopic dermatitis	China			
	SHR-2173	-	Monotherapy	Lupus nephritis / Systemic lupus erythematosus	China			
	SHR-2173	-	Monotherapy	Membranous nephropathy	China			
	SHR-3045	-	Monotherapy	Rheumatoid arthritis	China			
	HRS-2129	-	Monotherapy	Postoperative analgesia for orthopedic surgery	China			
	HRS-2129	-	Monotherapy	Postoperative analgesia for abdominal surgery	China			
	HRS-7450	-	Monotherapy	Acute ischemic stroke	China			

Management Discussion and Analysis

Progress during the Reporting Period	Drug Name/Code	Target	Monotherapy/ Combination Therapy	Indication	Phase I	Phase II	Phase III	NDA/BLA
Entered Phase II (61)	HRS-9190	-	Monotherapy	Skeletal muscle relaxation during tracheal intubation in the induction phase of general anesthesia	China			
	HRS-1301	-	Monotherapy	Hyperlipidemia (hypercholesterolemia and mixed hyperlipidemia)	China			
	HRS-1893	Myosin	Monotherapy	Cardiac failure with preserved ejection fraction	China			
	HRS-5632	-	Monotherapy	Lipoprotein disorder	China			
	HRS-7249	-	Monotherapy	Severe hypertriglyceridemia with high risk of acute pancreatitis	China			
		-	Monotherapy	Hyperlipemia	China			
	HRS-9057	-	Monotherapy	Fluid retention due to cardiac failure	China			
	HRS-9563	-	Monotherapy	Mild to moderate hypertension	China			
	SHR-1918	ANGPTL3	Monotherapy	Severe hypertriglyceridemia with high risk of acute pancreatitis	China			
	HRS-8427	Cefiderocol derivatives	Monotherapy	Hospital-acquired bacterial pneumonia and ventilator-associated bacterial pneumonia	China			
	SHR-4597	-	Monotherapy	Asthma	China			
	SHR-1905	TSLP	Monotherapy	Adolescent asthma	China			
	SHR-A2102	Nectin-4 ADC	Combination therapy	Perioperative period of resectable non-small cell lung cancer	China			
				Recurrent/metastatic head and neck squamous cell carcinoma	China			
				Perioperative period of non–muscle-invasive bladder cancer	China			
				Advanced non-small cell lung cancer	China			
	SHR-1826	c-Met ADC	Combination therapy	Advanced non-small cell lung cancer	China			
	SHR-4849	DLL3 ADC	Combination therapy	Advanced malignant solid tumors	China			
	SHR-2017	-	Monotherapy	Bone metastases from solid tumors (for relief of bone pain and delay or prevention of skeletal-related events)	China			
	HRS-7058	KRAS G12C	Combination therapy	Solid tumors	China			
				Colon cancer	China			

Management Discussion and Analysis

Progress during the Reporting Period	Drug Name/Code	Target	Monotherapy /Combination Therapy	Indication	Phase I	Phase II	Phase III	NDA/BLA
Entered Phase II (61)	Trastuzumab Rezetecan	HER2 ADC	Combination therapy	HER2-positive locally advanced or metastatic biliary tract cancer	China			
				HER2-expressing platinum-sensitive ovarian cancer	China			
				Recurrent or metastatic cervical cancer	China			
	HRS-1738	-	Monotherapy	Prostate cancer	China			
	HRS-4642	KRAS G12D	Combination therapy	Advanced pancreatic cancer	China			
	HRS-6209	CDK4	Combination therapy	HR+/HER2- breast cancer	China			
	SHR-1501	IL-15	Combination therapy	Locally advanced or metastatic solid tumors	China			
	Zeprumetostat	EZH2	Combination therapy	Advanced gastric carcinoma or gastroesophageal junction cancer	China			
				Non-small cell lung cancer	China			
	SHR-7787	-	Combination therapy	Malignant solid tumors	China			
	SHR-8068	CTLA-4	Combination therapy	Colorectal cancer	China			
	SHR-8068	CTLA-4	Combination therapy	Advanced renal cancer	China			
	SHR-9839 (sc)	-	Combination therapy	Solid tumors	China			
	Adebrelimab	PD-L1	Combination therapy	Perioperative period of resectable gastric carcinoma or gastroesophageal junction cancer	China			
	Rezvilutamide	AR	Combination therapy	Metastatic prostate cancer	China			
	HRS-4508	-	Monotherapy	Advanced malignant solid tumors	China			
			Combination therapy	Non-small cell lung cancer	China			
			Combination therapy	Breast cancer	China			
First Entry into Phase I (28)	SHR-3792	-	Monotherapy	Advanced malignant solid tumors	China			
	SHR-9803	-	Monotherapy	Advanced malignant solid tumors	China			
	SHR-4712	-	Monotherapy	Advanced malignant tumors	China			
	HRS-1738	-	Monotherapy	Prostate cancer PET/CT imaging	China			
	HRS-6213	-	Monotherapy	Solid tumor diagnosis	China			

Management Discussion and Analysis

Progress during the Reporting Period	Drug Name/Code	Target	Monotherapy/ Combination Therapy	Indication	Phase I	Phase II	Phase III	NDA/BLA
First Entry into Phase I (28)	HRS-6719	-	Monotherapy	Advanced malignant solid tumors	China			
	SHR-4394	-	Monotherapy	Prostate cancer	China			
	HRS-3802	-	Monotherapy	Advanced malignant solid tumors	China			
	SHR-4375	-	Monotherapy	Advanced malignant solid tumors	China			
	HRS-6768	-	Monotherapy	Advanced malignant solid tumors	China			
	SHR-4610	-	Monotherapy	Advanced solid tumors	China			
	SHR-4298	-	Monotherapy	Advanced solid tumors	China			
	HRS-2329	-	Monotherapy	Advanced solid tumors with RAS mutation or amplification	China			
	SHR-7782	-	Monotherapy	Advanced solid tumors	China			
	HRS-6093	-	Monotherapy	Advanced solid tumors	China			
	HRS-7172	-	Monotherapy	Advanced solid tumors with RAS mutation or amplification	China			
	SHR-4506	-	Monotherapy	Hematologic malignancies and advanced solid tumors	China			
	SHR-4658	-	Monotherapy	Cardiac failure	China			
	HRS-8829	-	Monotherapy	Acute ischemic stroke	China			
	HRS-6257	-	Monotherapy	Pain management	China			
	SHR-2906	-	Monotherapy	Overweight/obesity	China			
	HRS-3095	-	Monotherapy	Chronic spontaneous urticaria	China			
	HRS-2162	-	Monotherapy	Antagonism of neuromuscular blockade induced by rocuronium and cisatracurium	China			
	HRS-5817	-	Monotherapy	Overweight/obesity	China			
	HRS-1301	-	Monotherapy	Hyperlipemia	China			
	SHR-3045	-	Monotherapy	Rheumatoid arthritis	China			
	HRS-4029	-	Monotherapy	Acute ischemic stroke	China			
	HRS-9190	-	Monotherapy	Skeletal muscle relaxation for induction and maintenance of general anesthesia	China			

Management Discussion and Analysis

Research and Development

Technology Platforms

During the Reporting Period, the Company continued to enhance its sophisticated technology platforms for ADCs, bi/multi-specific antibodies, protein degraders, small nucleic acid drugs, and oral peptides. The Company has also achieved preliminary progress in building a platform for new molecular modalities and is actively expanding into the realm of AI-driven drug R&D platforms. Furthermore, the Company has established the "Hengrui-LingShu" platform and bioinformatics platform to streamline various aspects of its R&D process, including drug discovery, molecular design, drug property prediction and optimization. Supported by these new technology platforms and the dedication of its R&D team, the Company has continuously yielded differentiated and innovatively competitive products.

R&D Progress

During the Reporting Period, 28 self-developed innovative molecules from the Company first reached clinical stage, comprising small-molecule chemical drugs, antibodies and ADCs spanning multiple therapeutic areas including oncology, autoimmune diseases, metabolism, and cardiovascular diseases. While maintaining its strong focus on oncology, the Company's R&D system has strategically diversified its pipeline to include chronic disease treatments. Concurrently, the Company continues to optimize, upgrade, and innovate its existing product portfolio to strengthen its foundation for sustainable growth. The Company's ADC platform has successfully advanced over 10 novel and differentiated ADC molecules into clinical trials, amongst which, the SHR-A1811 (HER2 ADC) was included in the list of breakthrough therapeutic drugs by the CDE for ten indications.

The Company accelerated clinical trials of innovative drug candidates, with 14 products or indications approved for marketing and advancements across multiple R&D pipelines, During the Reporting Period, the Group obtained marketing approvals for seven Class 1 innovative drugs, including: recaticimab for injection, ivarmacitinib sulfate tablets, retagliptin phosphate and metformin hydrochloride tablets (I)/(II), trastuzumab rezetecan for injection, famitinib malate capsules, fosrolapitant and palonosetron hydrochloride for injection, and Zemidostat tablets; obtained marketing approval for one Class 2 innovative drug, namely Henagliflozin Proline, Retagliptin Phosphate and Metformin Hydrochloride Sustained-release Tablets (I)(II). In addition, six new indications of marketed innovative drugs were approved for marketing, including: ivarmacitinib sulfate tablets for three additional indications (rheumatoid arthritis, atopic dermatitis, and alopecia areata), camrelizumab for injections for one additional indication (in combination with famitinib for second-line cervical cancer treatment), Vunakizumab Injection for one additional indication (ankylosing spondylitis), and tegileridine fumarate injection for one additional indication (moderate-to-severe pain after orthopedic surgery). During the Reporting Period, the Company's R&D pipeline demonstrated progress: 15 marketing applications were accepted by the NMPA, 28 clinical studies advanced to Phase III clinical trials, 61 clinical studies progressed to Phase II clinical trials, and 28 innovative products first advanced to Phase I clinical trials. For details of our product pipeline, please refer to the section headed "Management Discussion and Analysis – Major Achievements During the Reporting Period – Research and Development Progress of Our Products During the Reporting Period" of this report.

During the Reporting Period, the Company steadily advanced international clinical trials of its innovative drugs, with multiple innovative drugs having commenced their first overseas clinical trials spanning Phase I through Phase III, and made steady progress in its marketing authorization applications ("**MAA**") for multiple products in the European Union. The resubmission of the BLA for camrelizumab in the United States has been completed and accepted for review. The orphan drug designation of trastuzumab rezetecan (SHR-A1811) in combination with adebrelimab (SHR-1316) for the treatment of

Management Discussion and Analysis

gastric cancer or gastroesophageal junction adenocarcinoma has been granted by the U.S. FDA. In the future, the Company will continue to expand its global R&D footprint and enrich its innovative product pipeline through multiple approaches, including in-house R&D programs, strategic collaborations and targeted in-licensing arrangements.

The Company has made orderly progress in product registration and regulatory filings. During the Reporting Period, the Company obtained 14 manufacturing authorizations for innovative drug formulations and six manufacturing authorizations for generic drug formulations. In addition, the Company secured 180 drug clinical trial approvals, received eight CDE breakthrough therapy designations, two priority review designations and one orphan drug designation granted by the FDA.

The Company has maintained an uninterrupted 15-year record of presenting major clinical research studies at the annual meeting of the American Society of Clinical Oncology ("**ASCO**"). In 2025, the Company achieved notable recognition with a total of 72 selected studies. These selected studies comprised four oral reports, five presentations at the rapid oral abstract session, 27 poster presentations, and 36 online publications. The research presentations covered more than 10 oncology treatment fields. At the 2025 European Society for Medical Oncology ("**ESMO**") Congress, a total of 46 of the Company's oncology research studies were selected, including four late-breaking abstracts and involving 14 innovative drugs. Specifically, the selections comprised nine oral presentations, two mini oral presentations, 32 poster presentations, and three e-posters, covering over 10 therapeutic areas in oncology.

These achievements fully underscore the Company's academic standing and robust R&D capabilities in the global oncology arena, systematically showcasing its innovation layout in oncology characterized by broad coverage of cancer types and diverse mechanisms of action.

Intellectual Property

The Company has continued to maintain and streamline its patent applications. During the Reporting Period, the Company filed 459 new patent applications in the Greater China region, 106 new PCT applications internationally, whilst obtaining 76 issued patents in the Greater China region and 209 issued patents in other jurisdictions. As of the end of the Reporting Period, the Company owned 986 issued invention patents granted in the Greater China region and 1,021 issued patents across overseas markets such as Europe, the U.S. and Japan. These patents provide comprehensive, long-lifecycle intellectual property protection for our products, covering novel drug compounds, protein molecular structures, preparation methods, therapeutic applications and formulation technologies.

R&D Publications

The Company remains committed to exploring innovative therapeutic solutions, demonstrating the clinical value of "China-originated drugs" to the world. During the Reporting Period, 381 major research studies related to the Company's products gained international recognition. These research studies were successively published in world-leading scientific journals, including CA: A Cancer Journal for Clinicians, The Lancet, The Journal of the American Medical Association ("**JAMA**"), Annals of Oncology, Nature Medicine, Cancer Cell, Journal of Clinical Oncology, The Lancet Oncology, and The Lancet Gastroenterology & Hepatology, etc., with a cumulative impact factor of 3,159 points, including 18 high-impact research papers (impact factor ≥30 in oncology or ≥20 in non-oncology fields). This has reflected the Company's expanding global academic influence, as the Company's compelling clinical data from innovative drugs increasingly meet the rigorous standards of authoritative international scientific journals.

Management Discussion and Analysis

Collaboration and Licensing Arrangements

During the Reporting Period, in March 2025, the Company entered into an agreement with MSD, granting an exclusive worldwide license of the Company's lipoprotein(a) (Lp(a)) oral small molecule project, HRS-5346, to the counterparty worldwide outside of the Greater China region to develop, manufacture and commercialize HRS-5346. MSD is required to pay to the Company an upfront payment of US$200.0 million, development, regulatory and commercialization-related milestone payments of up to US$1,770.0 million, and corresponding sales royalties.

In April 2025, the Company entered into an agreement with Merck KGaA out-licensing the exclusive rights to commercialize the Company's oral GnRH receptor antagonist project, SHR7280, to the counterparty in the Mainland China region (excluding Hong Kong, Macau and Taiwan region), and a right of first negotiation in territories outside the licensed region. Merck KGaA shall pay to the Company an upfront payment of EUR15.0 million, certain milestone payments upon NMPA's regulatory approval and double-digit royalties based on actual annual net sales.

In July 2025, the Company entered into an agreement with GlaxoSmithKline Intellectual Property (No. 3) Limited and GlaxoSmithKline Intellectual Property (No. 4) Limited (collectively, "**GSK**"), granting GSK an exclusive worldwide license (excluding Mainland China, Hong Kong, Macau and Taiwan region) for HRS-9821, a PDE3/4 inhibitor in clinical development for the treatment of chronic obstructive pulmonary disease, as well as exclusive options to obtain exclusive worldwide licenses (excluding the same territories) for up to 11 additional programs. GSK is required to pay to the Company an upfront payment of US$500.0 million, potential future success-based development, regulatory and sales milestone payments of approximately US$12,000.0 million if all programs are optioned and all milestones are achieved, and tiered royalties on global product net sales (excluding Mainland China, Hong Kong, Macau and Taiwan region).

In September 2025, the Company entered into an agreement with Braveheart Bio, Inc. ("**Braveheart Bio**"), granting Braveheart Bio exclusive rights worldwide (excluding Mainland China, Hong Kong, Macau and Taiwan region) to develop, manufacture and commercialize HRS-1893, a selective myosin inhibitor in Phase III clinical development for the treatment of obstructive hypertrophic cardiomyopathy. Braveheart Bio is required to pay to the Company an upfront payment of US$65.0 million (comprising US$32.5 million in cash and US$32.5 million in Braveheart Bio shares) and a near-term milestone payment of up to US$10.0 million upon completion of technology transfer, totaling US$75.0 million, clinical development and sales-related milestone payments of up to US$1,013.0 million, and corresponding sales royalties.

In September 2025, the Company entered into an agreement with Glenmark Specialty S.A. ("**Glenmark Specialty**"), granting Glenmark Specialty exclusive rights worldwide (excluding Mainland China, Hong Kong, Macau, Taiwan region, USA, Canada, Europe, Japan, Russia, and certain other specified territories) to develop and commercialize Trastuzumab Rezetecan (SHR-A1811), the Company's self-developed HER2-targeted ADC. Glenmark Specialty is required to pay to the Company an upfront payment of US$18 million, registration and sales milestone payments of up to US$1,093.0 million, and corresponding royalties based on net sales of Trastuzumab Rezetecan within the licensed territory.

Management Discussion and Analysis

During the Reporting Period, based on the emerging efficacy and safety data in combinations with other compounds and the rapidly evolving competitive landscape in the established PARP inhibitor space, Merck KGaA made the strategic decision not to proceed with the HRS-1167 project. The Company had received a non-refundable upfront payment of EUR160.0 million from Merck KGaA and recognized it as revenue in 2024. This decision relates to the strategic collaboration and license agreement entered into by us in October 2023 with Merck Healthcare KGaA (a fully owned subsidiary of Merck KGaA, Darmstadt, Germany, or MRKDG), pursuant to which we out-licensed to this fully owned subsidiary of MRKDG, amongst others, the exclusive rights to develop, manufacture, and commercialize HRS-1167 worldwide (outside of Mainland China), along with an option to co-promote HRS-1167 within Mainland China.

Sales and Distribution

The Company continues to strengthen its commercialization infrastructure and expand sales channels for its innovative drugs. As of the end of the Reporting Period, the Company's sales network covered over 25,000 hospitals and over 200,000 offline retail pharmacies spanning over 30 provincial-level administrative regions in China. In addition to offline retail pharmacies, the Company's professional prescription drug sales team also covered all mainstream online pharmacy platforms. Meanwhile, the Company established a professional Direct-to-Patient ("**DTP**") team dedicated to expanding DTP pharmacy channels to meet diversified patient needs. To continuously enhance product accessibility and serve more patients, the Company deepened its retail market layout at a strategic level, upgrading existing business models and building a specialized retail promotion team for prescription drugs. Furthermore, the Company has established a primary care market structure, upgraded layout in broad markets based on market potential and product attributes, strengthened dedicated primary care teams, clarified a three-year development plan, and integrated resources to systematically advance market access and business ecosystem development. In early 2025, the Company fully launched the "Channel Construction Project" to systematically execute this primary care strategy, bridging the "last mile" of chronic disease management and building a Hengrui full-chain chronic disease ecosystem. As of the date of this report, the Company's network expanded to over 2,500 community healthcare access points, and involved nearly 20,000 medical practitioners in our medical education activities, strengthening the Company's brand influence in primary care markets. Spanning core hospital markets through to retail, county-level, community, and online channels, the Company established a comprehensive sales network that accelerated product uptake by strengthening market access.

OUR PRODUCTS

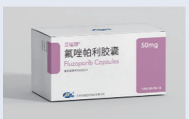
Hengrui Pharma is a leading innovative global pharmaceutical company rooted in China. The Company has been ranked among one of the global Top 50 pharmaceutical companies by Pharm Exec for seven consecutive years since 2019. According to 2025 pipeline size ranking published by Citeline, the Company ranked second globally in terms of self-developed drug pipeline.

The Company continues to execute its "technology and innovation-driven" development strategy, with a portfolio of 24 Class 1 innovative drugs and five Class 2 innovative drugs approved for marketing in China, securing the Company's industry-leading position in innovation drugs output. The Company has established a self-reinforcing innovative drug R&D ecosystem where the commercialization, clinical trial, and development of innovative drugs proceed smoothly in successive virtuous cycles, exemplifying the Company's formidable R&D capabilities.

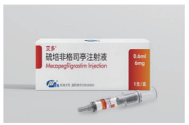
Management Discussion and Analysis

Introduction of the Company's Commercialized Class 1 Innovative Drugs

Therapeutic Area: Oncology

Product Time of First Approval	Target (Modality)	Approved Indication(s)	Pictures of Product
Retlirafusp alfa (AiZeLi®) **January 2026**	PD-L1/TGF-βR II (Bispecific)	• Combo with fluorouracil and platinum-based drugs as a first-line treatment for locally advanced unresectable, recurrent, or metastatic gastric and gastroesophageal junction adenocarcinoma that has been assessed as PD-L1 positive (CPS ≥ 1) through fully validated testing.	
Zeprumetostat (AiRuiJing®) **August 2025**	EZH2 (Small molecule)	• For adult patients with relapsed or refractory peripheral T-cell lymphoma who have received at least one prior systemic therapy.	
Trastuzumab rezetecan (AiWeiDa®) **May 2025**	HER2 (ADC)	• As a monotherapy for unresectable, locally advanced or metastatic non-small cell lung cancer (NSCLC) in adult patients with HER2 (ERBB2) activating mutations who have previously received at least one systemic Therapy. • For the treatment of adult patients with locally advanced or metastatic HER2-positive breast cancer who have previously received one or more anti-HER2 therapies.	
Famitinib (AiBiTe®) **May 2025**	VEGFR2 /c-kit/PDGFR (Small molecule)	• Combo with camrelizumab injection for relapsed or metastatic cervical cancer patients who have previously failed platinum-containing chemotherapy without receiving bevacizumab treatment.	
Fosrolapitant and Palonosetron Hydrochloride (RuiTanNing®) **May 2025**	NK-1RA /5HT3RA (Small molecule)	• Prevention of acute and delayed nausea and vomiting induced by highly emetogenic chemotherapy (HEC) in adults.	
Adebrelimab (AiRuiLi®) **February 2023**	PD-L1 (mAb)	• Combo with carboplatin and etoposide for 1L ES-SCLC.	
Rezvilutamide (AiRuiEn®) **June 2022**	AR (Small molecule)	• For mHSPC patients with high tumor burden.	
Dalpiciclib (AiRuiKang®) **December 2021**	CDK4/6 (Small molecule)	• For the treatment of patients with hormone receptor (HR)-positive, human epidermal growth factor receptor 2 (HER2)-negative locally advanced or metastatic breast cancer: 1. Combo with aromatase inhibitor for 1L ET. 2. Combo with fulvestrant for patients with progress after ET.	
Hetrombopag (HengQu®) **June 2021**	TPO-R (Small molecule)	• For adult patients with chronic primary ITP who have previously responded poorly to treatments such as glucocorticoids and immunoglobulins. • For adult patients with severe AA who are refractory to IST therapy. • In combination with immunosuppressive therapy, is indicated for patients aged 15 years and older with treatment-naive severe aplastic anemia (SAA).	
Fuzuloparib (AiRuiYi®) **December 2020**	PARP 1/2 (Small molecule)	• Platinum-sensitive gBRCA-mut recurrent OC, FTC, or PPC after 2L+ chemo. • Maintenance therapy for platinum-sensitive recurrent EOC, FTC, or PPC in adult patients after platinum-containing chemo. • Maintenance therapy for advanced EOC, FTC, or PPC in adult patients after CR/PR from platinum-containing chemo. • As a monotherapy or in combination with apatinib mesylate for the treatment of adult patients with human epidermal growth factor receptor 2 (HER2)-negative metastatic breast cancer harboring germline BRCA mutations (gBRCAm) who have received prior chemotherapy in the neoadjuvant, adjuvant, or metastatic setting. Patients with hormone receptor (HR)-positive breast cancer should have been treated with a prior endocrine therapy or be considered inappropriate for endocrine therapy.	

Management Discussion and Analysis

Camrelizumab (AiRuiKa®) **May 2019**	PD-1 (mAb)	• Advanced HCC after sorafenib and/or lenvatinib and/or oxaliplatin-containing chemo. • Combo with pemetrexed+carboplatin for unresectable LA/M EGFR-mut negative ALK negative 1L NSCLC. • LA/M ESCC progressed after or intolerable to 1L chemo. • Advanced NPC progressed after or intolerable to 2L+ chemo. • Combo with cisplatin+gemcitabine for 1L locally relapsed or metastatic NPC. • Combo with cisplatin+paclitaxel for 1L unresectable locally advanced/relapsed or metastatic ESCC. • Combo with carboplatin+paclitaxel for 1L LA/M sNSCLC. • Combo with apatinib mesylate for 1L unresectable or metastatic HCC. • Combo with famitinib malate for the treatment of patients with recurrent or metastatic cervical cancer who have failed prior platinum-based chemotherapy but have not received prior bevacizumab treatment.	
Pyrotinib (AiRuiNi®) **August 2018**	EGFR/HER2/HER4 (Small molecule)	• In combination with capecitabine, it is suitable for the treatment of epidermal growth factor receptor 2 (HER2)-positive patients with recurrent or metastatic breast cancer who have not received or received trastuzumab before. • In combination with trastuzumab and docetaxel, it is indicated for the treatment of patients with human epidermal growth factor receptor 2 (HER2)-positive recurrent or metastatic breast cancer who have not received prior anti-HER2 therapy in the advanced setting. • In combination with trastuzumab and docetaxel, it is indicated for the neoadjuvant treatment of patients with human epidermal growth factor receptor 2 (HER2)-positive early or locally advanced breast cancer.	
Mecapegfilgrastim (AiDuo®) **May 2018**	PEG-G-CSF (Small molecule)	• For the reduction in the incidence of infection, as manifested by febrile neutropenia, in adult patients with non-myeloid malignancies receiving myelosuppressive anti-cancer drugs associated with a clinically significant incidence of febrile neutropenia. This product is not indicated for the mobilization of peripheral blood progenitor cells for hematopoietic stem cell transplantation.	
Apatinib (AiTan®) **October 2014**	VEGFR (Small molecule)	• As a monotherapy, it is indicated for patients with advanced gastric adenocarcinoma or gastroesophageal junction adenocarcinoma who have progressed or relapsed after prior treatment with at least two systemic chemotherapy regimens. Patients should have a generally satisfactory health status when receiving treatment. • As a monotherapy, it is indicated for patients with advanced hepatocellular carcinoma who have failed at least the first line of prior systemic therapy or for whom such therapy is intolerable. • In combination with Camrelizumab for injection, it is indicated for the first-line treatment of patients with unresectable or metastatic hepatocellular carcinoma. • In combination with Fuzuloparib, it is indicated for adult patients with germline BRCA-mutated (gBRCAm) human epidermal growth factor receptor 2 (HER2)-negative metastatic breast cancer who have received chemotherapy in the neoadjuvant, adjuvant, or metastatic setting. Patients with hormone receptor (HR)-positive breast cancer must have received prior endocrine therapy or be considered unsuitable for endocrine therapy.	

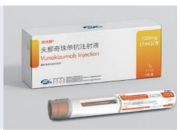
Therapeutic Area: Metabolic and Cardiovascular Diseases

Product Time of First Approval	Target (Modality)	Approved Indication(s)	Pictures of Product
Retagliptin Phosphate and Metformin Hydrochloride (I) (II) (RuiLinTang®) **May 2025**	DPP-4i/Metformin (Small molecule)	• To improve glycemic control in adult patients with type 2 diabetes who are suitable for treatment with retagliptin phosphate and metformin hydrochloride, in combination with diet control and exercise.	
Recaticimab (AiXinAn®) **January 2025**	PCSK9 (mAb)	• On a background of diet control, in combination with a statin, or with a statin and other lipid-lowering therapies, for the treatment of adult patients with primary hypercholesterolemia (including heterozygous familial and non-familial) and mixed dyslipidemia who are receiving a moderate or high-intensity statin and have not achieved their low-density lipoprotein cholesterol (LDL-C) goal; or as monotherapy for the treatment of adult patients with non-familial hypercholesterolemia and mixed dyslipidemia, to reduce low-density lipoprotein cholesterol (LDL-C), total cholesterol (TC), and apolipoprotein B(ApoB) levels.	
Retagliptin (RuiZeTang®) **June 2023**	DPP-4 (Small molecule)	• For improving glycemic control in adults with type 2 diabetes 1. Monotherapy: This product, when used as monotherapy in conjunction with dietary management and exercise, can improve glycemic control in adults with type 2 diabetes; 2. Combined therapy with Metformin Hydrochloride: When blood glucose control is inadequate with metformin hydrochloride alone, this product may be used in combination with metformin hydrochloride, along with diet and exercise, to improve blood glucose control in adults with type 2 diabetes.	

Management Discussion and Analysis

Henagliflozin (RuiQin®) **December 2021**	SGLT-2 (Small molecule)	• For improving glycemic control in adults with type 2 diabetes 1. Monotherapy: This product, when used as monotherapy in conjunction with dietary management and exercise, can improve glycemic control in adults with type 2 diabetes. 2. Combined therapy with Metformin Hydrochloride: When glycemic control is inadequate with metformin hydrochloride alone, this product may be used in combination with metformin hydrochloride, along with diet and exercise, to improve glycemic control in adults with type 2 diabetes. 3. Combined therapy with Metformin Hydrochloride and Retagliptin Phosphate: When glycemic control is inadequate with metformin hydrochloride alone, this product may be used in combination with metformin hydrochloride and retagliptin phosphate, along with diet and exercise, to improve glycemic control in adults with type 2 diabetes.	

Therapeutic Area: Immunological and Respiratory Diseases

Product Time of First Approval	Target (Modality)	Approved Indication(s)	Pictures of Product
Ivarmacitinib (AiSuDa®) **March 2025**	JAK1 (Small molecule)	• Treatment for adult patients with active ankylosing spondylitis who have shown inadequate efficacy or intolerance to one or more tumor necrosis factor (TNF) inhibitors. • Treatment for adult patients with moderate-to-severe active rheumatoid arthritis who have shown inadequate efficacy or intolerance to one or more TNF inhibitors. • Treatment for adult patients with moderate-to-severe atopic dermatitis who showed inadequate response or intolerance to topical treatment or other systemic therapies. • Treatment for adult patients with severe alopecia areata.	
Vunakizumab (AnDaJing®) **August 2024**	IL-17A (mAb)	• Treatment for adult patients with moderate to severe plaque psoriasis who are candidates for systemic therapy or phototherapy. • Treatment for adult patients with active ankylosing spondylitis who have had an inadequate efficacy to conventional therapy.	
Imrecoxib (HengYang®) **June 2011**	COX-2 (Small molecule)	• To relieve the pain symptoms of osteoarthritis.	

Therapeutic Area: Neuroscience

Product Time of First Approval	Target (Modality)	Approved Indication(s)	Pictures of Product
Tegileridine (AiSuTe®) **January 2024**	μ-opioid receptor (MOR) (Small molecule)	• For the treatment of moderate to severe postoperative pain.	
Remimazolam (RuiBeiNing®) **December 2019**	GABAa (Small molecule)	• Sedation and anesthesia for non-intubated procedures/operations. • Induction and maintenance of general anesthesia.	

Therapeutic Area: Others

Product Time of First Approval	Target (Modality)	Approved Indication(s)	Pictures of Product
Oteseconazole (Rubicam®) **June 2023**	CYP51 (Small molecule)	• For the treatment of severe vulvovaginal candidiasis (VVC).	

Management Discussion and Analysis

Key clinical development pipeline for indication expansions of commercialized innovative drugs (as of February 28, 2026)

China Globally

Therapeutic Area	Drug Name/Code	Target	Monotherapy/ Combination Therapy	Indication	Phase I	Phase II	Phase III	NDA/BLA
Oncology	Trastuzumab rezetecan	HER2 ADC	Monotherapy	HER2-positive metastatic breast cancer	China			
			Monotherapy	HER2-low-expressing recurrent or metastatic breast cancer	China			
			Monotherapy	Adjuvant therapy for HER2-positive breast cancer	China			
			Combination therapy	HER2-positive recurrent or metastatic breast cancer	China			
			Monotherapy	Third-line treatment of HER2-positive advanced colorectal cancer	China			
			Monotherapy	First-line treatment of HER2-mutated advanced or metastatic non-small cell lung cancer	China			
			Monotherapy	HER2-expressing platinum-resistant ovarian cancer	China			
			Monotherapy	Neoadjuvant therapy for treatment-naïve early-stage or locally advanced HER2-positive breast cancer	China			
			Combination therapy	PD-L1-positive locally recurrent unresectable or metastatic triple-negative breast cancer	China			
			Combination therapy	Unresectable locally advanced or metastatic, treatment-naïve gastric or gastroesophageal junction adenocarcinoma	China			
			Combination therapy (fluzoparib)	Advanced solid tumors with HER2 expression	China			
			Combination therapy (pyrotinib/adebrelimab)	First-line treatment for advanced non–small cell lung cancer with HER2 mutation, amplification, or overexpression	China			
			Combination therapy	HER2-low unresectable or metastatic breast cancer	China			
			Monotherapy	HER2-expressing gynecological malignancies	China			
			Combination therapy (adebrelimab + chemotherapy)	HER2-expressing advanced gastric cancer or gastroesophageal junction adenocarcinoma	China			
			Monotherapy	Locally advanced unresectable or recurrent/metastatic biliary tract cancer with HER2 expression or amplification	China			
			Combination therapy	Gastric or gastroesophageal junction adenocarcinoma and colorectal cancer	China			
			Combination therapy	HER2-positive locally advanced or metastatic biliary tract cancer	China			
			Combination therapy	HER2-expressing platinum-sensitive ovarian cancer	China			
			Combination therapy	Recurrent or metastatic cervical cancer	China			
			Monotherapy	Recurrent or metastatic cervical cancer	China			
			Monotherapy (SC)	Solid tumors	China			
			Monotherapy	Advanced solid tumors	US, AUS, APAC			

Management Discussion and Analysis

Therapeutic Area	Drug Name/Code	Target	Monotherapy/ Combination Therapy	Indication	Phase I	Phase II	Phase III	NDA/BLA
Oncology	Adebrelimab	PD-L1	Combination therapy	First-line treatment for limited-stage small cell lung cancer	China			
			Combination therapy	Perioperative treatment of surgically resectable non-small cell lung cancer	China			
			Combination therapy (SHR-8068 and platinum-based doublet chemotherapy)	First-line treatment of advanced or metastatic non-squamous non-small cell lung cancer with STK11/KEAP1/KRAS mutations	China			
			Combination therapy (SHR-8068 and bevacizumab)	Advanced hepatocellular carcinoma	China			
			Combination therapy	Locally advanced cervical cancer	China			
			Combination therapy (SHR-8068 and platinum-based chemotherapy)	Advanced non-small cell lung cancer	China			
			Combination therapy (SHR-8068 and platinum-based chemotherapy)	First-line treatment of advanced biliary tract cancer	China			
			Combination therapy (SHR-8068 and platinum-based chemotherapy)	Advanced gastric carcinoma and esophageal cancer	China			
			Combination therapy (SHR-8068 and chemotherapy)	Perioperative treatment of gastric cancer	China			
			Combination therapy (SHR-8068 and others)	Colorectal cancer (neoadjuvant/first-line)	China			
			Combination therapy (SHR-8068 and others)	Advanced renal cancer	China			
	Camrelizumab	PD-1	Combination therapy (famitinib)	First-line treatment of advanced cervical cancer	China			
			Combination therapy (apatinib)	First-line treatment of advanced hepatocellular carcinoma	US, Europe, Asia-Pacific (including China) (1)			
			Combination therapy (TACE + apatinib)	Unresectable hepatocellular carcinoma	China			
			Combination therapy	Unresectable locally advanced esophageal cancer	China			
	Dalpiciclib isethionate	CDK4/6	Combination therapy	Adjuvant therapy for HR-positive/HER2-negative breast cancer	China			
	Fuzuloparib	PARP1/2	Combination therapy (abiraterone)	Metastatic castration-resistant prostate cancer	US, Europe, Asia-Pacific (including China)			
	Pyrotinib maleate	EGFR/ HER2/HER4	Monotherapy	Extended adjuvant therapy for HER2-positive breast cancer	China			
			Monotherapy	Advanced non-squamous non-small cell lung cancer with HER2 mutations	US, Europe, Asia-Pacific (including China)			
	Rezvilutamide	AR	Monotherapy	Metastatic hormone-sensitive prostate cancer	Europe, China (2)			
			Combination therapy	Low tumor burden mHSPC	China			
			Combination therapy	Prostate cancer	China			
	Retlirafusp-α	PD-L1/TGF-β	Monotherapy	Advanced solid tumors	Australia			
	Fosrolapitant and palonosetron	NK-1RA/ 5-HT3RA	Monotherapy (compound)	Nausea and vomiting caused by moderate emetogenic antineoplastic drugs	China			

Notes:

(1) China: Approved; US: BLA accepted; Europe: Phase III

(2) China: Approved; Europe: Phase III

Management Discussion and Analysis

Therapeutic Area	Drug Name/Code	Target	Monotherapy/ Combination Therapy	Indication	Phase I	Phase II	Phase III	NDA/BLA
Oncology	Hetrombopag	TPO-R	Combination therapy	Treatment-naïve severe aplastic anemia	China			
			Monotherapy	Chemotherapy-induced thrombocytopenia	China			
			Monotherapy	Pediatric immune thrombocytopenia	China			
			Monotherapy	Chronic liver disease with thrombocytopenia undergoing invasive procedures or surgery	China			
			Monotherapy	Chemotherapy-induced thrombocytopenia	US, Europe, Australia			
			Combination therapy	Treatment-naïve non-severe aplastic anemia	China			
	Zeprumetostat	EZH2	Combination therapy	T-cell lymphoma	China			
			Monotherapy	Relapsed/refractory follicular lymphoma	China			
			Monotherapy	Relapsed/refractory T-cell lymphoma	China			
			Combination therapy	Advanced gastric carcinoma or gastroesophageal junction cancer	China			
			Combination therapy	Non-small cell lung cancer	China			
Metabolism	Henagliflozin proline	SGLT-2	Monotherapy	Chronic kidney disease	China			
Immunological	Vunakizumab	IL-17A	Monotherapy	Moderate-to-severe chronic plaque psoriasis in children and adolescents	China			
			Monotherapy	Psoriatic arthritis	China			
			Monotherapy	Active Non-Radiographic Axial Spondyloarthritis	China			
	Ivarmacitinib	JAK1	Monotherapy	Psoriatic arthritis	China			
			Monotherapy	Active Non-Radiographic Axial Spondyloarthritis	China			
			Monotherapy (alkaline ointment)	Mild-to-moderate atopic dermatitis	China			
			Monotherapy	Ulcerative colitis	US, Europe, China			
			Monotherapy (alkaline gel)	Vitiligo	China			
			Monotherapy/ Combination Therapy	Vitiligo	China			
Neuroscience	Remimazolam	GABAa	Monotherapy	Sedation for mechanical ventilation in ICU	China			
			Monotherapy	General anesthesia and sedation in children and adolescents	China			
	Tegileridine fumarate	MOR	Monotherapy	Analgesia for mechanical ventilation in ICU	China			

Management Discussion and Analysis

Key clinical development pipeline of innovative drugs under development (as of February 28, 2026)

Therapeutic Area		Drug Name/Code	Target	Monotherapy/ Combination Therapy	Indication	Phase I	Phase II	Phase III	NDA/BLA
Oncology	Small molecule	HRS-8080	SERD	Monotherapy	Locally advanced or metastatic breast cancer after endocrine therapy	China			
				Combination therapy (dalpiciclib)	ER-positive/HER2-negative unresectable or metastatic breast cancer	China			
				Monotherapy or combination therapy	Advanced breast cancer	China			
		HRS-4642	KRAS G12D	Combination therapy (chemotherapy)	First-line treatment of pancreatic cancer with KRAS G12D mutation	China			
				Combination therapy	Advanced solid tumors with KRAS G12D mutation	China			
				Combination therapy	Advanced pancreatic cancer	China			
				Monotherapy	Advanced solid tumors	China			
		HRS-1167	PARP1	Combination therapy	Advanced prostate cancer	China			
				Combination therapy (bevacizumab)	Recurrent ovarian cancer	China			
				Monotherapy	Advanced solid tumors	China			
		HRS-6209	CDK4	Combination therapy (HRS-8080/HRS-1358)	Advanced breast cancer	China			
				Combination therapy	HR+/HER2- breast cancer	China			
				Monotherapy	Advanced solid tumors	China			
		HRS-4508	-	Monotherapy	Advanced malignant solid tumors	China			
				Combination therapy	Non-small cell lung cancer	China			
				Combination therapy	Breast cancer	China			
		HRS-2189	KAT6	Combination therapy	Advanced breast cancer	China			
				Monotherapy	Advanced malignant tumor	China			
		HRS-7058	KRAS G12C	Combination therapy	Advanced solid tumors	China			
					Solid tumors	China			
					Colon cancer	China			
		HRS-6719	-	Monotherapy	Advanced malignant solid tumors	China			

Therapeutic Area		Drug Name/Code	Target	Monotherapy/ Combination Therapy	Indication	Phase I	Phase II	Phase III	NDA/BLA
Oncology	Small molecule	HRS-3738	CRBN-E3	Monotherapy or combination therapy	Multiple myeloma and non-Hodgkin lymphoma	China			
		HRS-6208	-	Monotherapy	Advanced malignant solid tumors	China			
		HRS-3802	-	Monotherapy	Advanced malignant solid tumors	China, Australia			
		HRS-6093	-	Monotherapy	Advanced solid tumors	China			
		HRS-7172	-	Monotherapy	Advanced solid tumors with RAS mutation or amplification	China			
		HRS-2329	-	Monotherapy	Advanced solid tumors with RAS mutation or amplification	China			
		HRS-8364		Monotherapy	Advanced solid tumors	China			
	Fusion protein/ Monoclonal antibody	SHR-1501	IL-15	Combination therapy (BCG bladder perfusion)	Non-muscle invasive bladder cancer	China			
				Combination therapy	Locally advanced or metastatic solid tumors	China			
		SHR-4506	-	Monotherapy	Hematologic malignancies and advanced solid tumors	China			
		SHR-2005	-	Monotherapy	Bladder cancer	China			
	Bispecific antibody	SHR-9839	-	Monotherapy	Advanced solid tumors	China			
		SHR-9839 (sc)	-	Combination therapy	Solid tumors	China			
		SHR-2017	-	Monotherapy	Solid tumor bone metastases and prevention of bone-related events in multiple myeloma	China			
				Monotherapy	Bone metastases from solid tumors (for relief of bone pain and delay or prevention of skeletal-related events)	China			
		SHR-9539	-	Monotherapy	Multiple myeloma	China			
		SHR-7787	-	Monotherapy	Advanced malignant solid tumors	China			
				Combination therapy	Malignant solid tumors	China			
		SHR-3821	-	Monotherapy	Advanced malignant solid tumors	China			
		SHR-9803	-	Monotherapy	Advanced malignant solid tumors	China			
		SHR-4712	-	Monotherapy	Advanced malignant tumor	China			
		SHR-4610	-	Monotherapy	Advanced solid tumors	China			
		SHR-4298	-	Monotherapy	Advanced solid tumors	China			

Management Discussion and Analysis

Therapeutic Area		Drug Name/Code	Target	Monotherapy/ Combination Therapy	Indication	Phase I	Phase II	Phase III	NDA/BLA
Oncology	PROTAC	HRS-5041	AR PROTAC	Combination therapy	Advanced prostate cancer	China			
				Monotherapy	Metastatic castration-resistant prostate cancer	China			
				Monotherapy	Metastatic castration-resistant prostate cancer	Australia			
	Radionuclide drug conjugates	HRS-4357	PSMA	Monotherapy	PSMA-positive progressive metastatic castration-resistant prostate cancer	China			
					Metastatic castration-resistant prostate cancer	China			
		HRS-1738	-	Monotherapy	Prostate cancer	China			
		HRS-6213	-	Monotherapy	Solid tumor diagnosis	China			
		HRS-9815	PSMA	Monotherapy	Prostate cancer diagnosis	China			
		HRS-6768	FAP-α	Monotherapy	Advanced solid tumors	China			
	ADC	SHR-A1904	Claudin 18.2 ADC	Monotherapy	Second-line treatment of CLDN18.2-positive advanced gastric or gastroesophageal junction adenocarcinoma	China			
				Combination therapy (adebrelimab)	CLDN18.2-positive advanced solid tumors	China			
				Monotherapy	Advanced pancreatic cancer	China			
				Monotherapy	Advanced solid tumors	China			
				Monotherapy	Advanced solid tumors	US, Australia			
		SHR-A2009	HER3 ADC	Monotherapy	EGFR-mutant advanced or metastatic non–small cell lung cancer with failed EGFR TKI therapy	China			
				Combination therapy	First-line treatment of locally advanced or metastatic non-small cell lung cancer with EGFR mutation	China			
				Combination therapy	Advanced solid tumors	China			
				Monotherapy	Advanced or metastatic solid tumors	China			
				Monotherapy	Advanced solid tumors	Japan, Korea			
		SHR-A1912	CD79b ADC	Combination therapy	Relapsed or refractory diffuse large B-cell lymphoma	China			
				Combination therapy	B-cell non-Hodgkin's lymphoma	China			
				Monotherapy	B-cell lymphoma	China			
				Monotherapy	B-cell non-Hodgkin's lymphoma	US			
		SHR-1049	-	Monotherapy	Advanced solid tumors	China			

Therapeutic Area		Drug Name/Code	Target	Monotherapy/ Combination Therapy	Indication	Phase I	Phase II	Phase III	NDA/BLA
Oncology	ADC	SHR-A2102	Nectin-4 ADC	Monotherapy	Second/third-line treatment of locally advanced or metastatic urothelial carcinoma	China			
				Combination therapy (adebrelimab)	First-line treatment of locally advanced or metastatic urothelial carcinoma	China			
				Combination therapy (adebrelimab)	Locally advanced or metastatic esophageal cancer	China			
				Monotherapy	Advanced gynecologic malignancies	China			
				Combination therapy (adebrelimab + SHR-8068)	Locally advanced or metastatic non-small cell lung cancer	China			
				Combination therapy (adebrelimab)	Advanced urothelial carcinoma	China			
				Combination therapy (adebrelimab + SHR-8068)	Advanced urothelial carcinoma	China			
				Combination therapy (adebrelimab)	Locally advanced or metastatic non-small cell lung cancer	China			
				Combination therapy (adebrelimab)	Perioperative period of resectable non-small cell lung cancer	China			
				Combination therapy (adebrelimab)	Recurrent/metastatic head and neck squamous cell carcinoma	China			
				Combination therapy (adebrelimab)	Perioperative period of non–muscle-invasive bladder cancer	China			
				Monotherapy	Advanced solid tumors	US			
				Monotherapy	Advanced solid tumors	China			
				Monotherapy	Locally advanced or metastatic non-small cell lung cancer	China			
		SHR-1826	c-Met ADC	Combination therapy	Advanced solid tumors	China			
				Combination therapy	Advanced non-small cell lung cancer	China			
				Monotherapy	Advanced malignant solid tumors	China			
		SHR-4849	DLL3 ADC	Combination therapy	Advanced malignant solid tumors	China			
				Monotherapy	Advanced malignant solid tumors	China			
		SHR-4602	HER2 ADC	Combination therapy	Advanced solid tumors with HER2 expression or mutations	China			
				Monotherapy	Solid tumors with HER2 expression or mutations	China			
		SHR-4394	-	Monotherapy	Prostate cancer	China			
		SHR-4375	-	Monotherapy	Advanced malignant solid tumors	China			
		SHR-1681	-	Monotherapy	Advanced malignant solid tumors	China			
		SHR-7782	-	Monotherapy	Advanced solid tumors	China			

Management Discussion and Analysis

Therapeutic Area		Drug Name/Code	Target	Monotherapy/ Combination Therapy	Indication	Phase I	Phase II	Phase III	NDA/BLA
Metabolic and Cardiovascular Disease	Metabolism	HRS9531	GLP-1/GIP (injection)	Monotherapy	Overweight or obesity	China			
				Monotherapy	Type 2 diabetes mellitus	China			
				Monotherapy	Adult obesity	China			
				Monotherapy	Obesity with cardiac failure	China			
				Monotherapy	Obstructive sleep apnea with obesity	China			
				Monotherapy	Obesity with polycystic ovarian syndrome	China			
			GLP-1/GIP (tablet)	Monotherapy (tablet)	Obesity	China			
		HRS-7535	GLP-1	Monotherapy	Type 2 diabetes mellitus	China			
				Monotherapy	Overweight or obesity	China			
				Monotherapy	Diabetic nephropathy	China			
				Monotherapy	Obesity with cardiac failure	China			
		Shudi insulin	Insulin	Monotherapy	Type 2 diabetes mellitus	China			
		HR17031	Insulin/ GLP-1	Monotherapy (FDC)	Type 2 diabetes mellitus	China			
		SHR4640	URAT1	Monotherapy	Primary gout with hyperuricemia	China			
				Combination therapy (febuxostat)	Hyperuricemia in gout patients	China			
		SHR-3167	-	Monotherapy	Diabetes mellitus	China			
		HRS-1780	Mineralocorticoid receptor	Monotherapy	Chronic kidney disease	China			
		HRS-4729	GLP-1/GIP/ GCG	Monotherapy	Overweight or obesity	China			
		SHR-2906	-	Monotherapy	Overweight/obesity	China			
		HRS-5817	-	Monotherapy	Overweight/obesity	China			
				Monotherapy	Obesity	Australia			
		Febuxostat	Xanthine oxidase	Monotherapy	Hyperuricemia in gout patients	China			
	Cardio-vascular	SHR-2004	FXI	Monotherapy	Prevention of venous thromboembolism after knee replacement	China			
				Monotherapy	Prevention of postoperative venous thromboembolism in patients undergoing ovarian cancer surgery	China			

Therapeutic Area		Drug Name/Code	Target	Monotherapy/ Combination Therapy	Indication	Phase I	Phase II	Phase III	NDA/BLA
Metabolic and Cardiovascular Disease	Cardiovascular	SHR-1918	ANGPTL3	Monotherapy	Homozygous familial hypercholesterolemia	China			
				Monotherapy	Mixed hyperlipidemia	China			
				Monotherapy	Hypertriglyceridemia	China			
				Monotherapy	Hypercholesterolemia not achieving target after statin plus PCSK9i therapy	China			
				Monotherapy	Severe hypertriglyceridemia with high risk of acute pancreatitis	China			
		HRS-1893	Myosin	Monotherapy	Obstructive hypertrophic cardiomyopathy	China			
				Monotherapy	Cardiac failure with preserved ejection fraction	China			
				Monotherapy	Nonobstructive hypertrophic cardiomyopathy	China			
				Monotherapy	Hypertrophic cardiomyopathy (healthy volunteers)	Australia			
		HRS-5346	Lp(a)	Monotherapy	Lipoprotein disorder	China			
		HRS-7249	-	Monotherapy	Hyperlipemia	China			
				Monotherapy	Severe hypertriglyceridemia with high risk of acute pancreatitis	China			
		HRS-9563	-	Monotherapy	Mild to moderate hypertension	China			
		SHR-6934	-	Monotherapy	Cardiac failure	China			
		SHR-4658	-	Monotherapy	Cardiac failure	China			
		HRS-5632	-	Monotherapy	Lipoprotein disorder	China			
		HRS-9057	-	Monotherapy	Fluid retention due to cardiac failure	China			
		HRS-1301	-	Monotherapy	Hyperlipemia	China			
Immunological and Respiratory Disease	Immunological	HRS-5965	Factor B	Monotherapy	Treatment-naïve paroxysmal nocturnal hemoglobinuria	China			
				Monotherapy	C5 antibody–treated paroxysmal nocturnal hemoglobinuria	China			
				Monotherapy	IgA nephropathy	China			
		HRS-7085	-	Monotherapy	Inflammatory bowel disease	China			
				Monotherapy	Inflammatory bowel disease (healthy volunteers)	Australia			

Management Discussion and Analysis

Therapeutic Area		Drug Name/Code	Target	Monotherapy/ Combination Therapy	Indication	Phase I	Phase II	Phase III	NDA/BLA
Immunological and Respiratory Disease	Immunological	SHR-1819	IL-4Rα	Monotherapy	Atopic dermatitis	China			
				Monotherapy	Prurigo nodularis	China			
				Monotherapy	Adolescent atopic dermatitis	China			
				Monotherapy	Chronic spontaneous urticaria	China			
				Monotherapy	Pediatric atopic dermatitis	China			
				Monotherapy	Seasonal allergic rhinitis	China			
				Monotherapy	Atopic dermatitis (healthy volunteers)	China, Australia			
		SHR-1139	-	Monotherapy	Plaque psoriasis	China			
				Monotherapy	Ulcerative colitis	China			
				Monotherapy	Psoriasis (healthy volunteers)	Australia			
		SHR-2173	-	Monotherapy	Lupus nephritis	China			
				Monotherapy	Membranous nephropathy	China			
				Monotherapy	Systemic lupus erythematosus	China			
				Monotherapy	IgA nephropathy	China			
				Monotherapy	Primary immune thrombocytopenia	China			
				Monotherapy	Autoimmune disease (healthy volunteers)	Australia			
		RSS0393	-	Monotherapy	Plaque psoriasis	China			
					Atopic dermatitis	China			
		SHR-3045	-	Monotherapy	Rheumatoid arthritis	China			
		HRS-3095	-	Monotherapy	Chronic spontaneous urticaria	China			
		SHR-1894	-	Monotherapy	Atopic dermatitis	China			
	Respiratory	HRS-9813	-	Monotherapy	Idiopathic pulmonary fibrosis/progressive pulmonary fibrosis	China			
		HRS-9821	PDE3/4	Monotherapy	Chronic obstructive pulmonary disease	China			
		SHR-4597	-	Monotherapy	Asthma	China			
		RSS0343	-	Monotherapy	Non-cystic fibrosis bronchiectasis	China			
				Monotherapy	Chronic obstructive pulmonary disease	China			

Therapeutic Area		Drug Name/Code	Target	Monotherapy/ Combination Therapy	Indication	Phase I	Phase II	Phase III	NDA/BLA
Immunological and Respiratory Disease	Respiratory	SHR-1703	IL-5	Monotherapy	Eosinophilic granulomatosis with polyangiitis	China			
				Monotherapy	Eosinophilic asthma	China			
		SHR-1905	TSLP	Monotherapy	Asthma	China			
				Monotherapy	Chronic rhinosinusitis with nasal polyps	China			
				Monotherapy/Combination Therapy	Atopic dermatitis	China			
				Monotherapy	Chronic obstructive pulmonary disease	China			
				Monotherapy	Asthma (healthy volunteers)	Australia			
Neuroscience and others		HRS-9190	-	Monotherapy	Skeletal muscle relaxation during induction and maintenance phases of general anesthesia	China			
		HRS8179	SUR1	Monotherapy	Cerebral edema following large hemispheric infarction	China			
		HRS-9231	-	Monotherapy	Brain and whole-body MRI	China			
				Monotherapy	MRI detection	Australia			
		HRS-7450	-	Monotherapy	Acute ischemic stroke	China			
		HRS-2129	-	Monotherapy	Postoperative analgesia for orthopedic surgery	China			
				Monotherapy	Postoperative analgesia for abdominal surgery	China			
				Monotherapy	Diabetic peripheral neuropathic pain	China			
				Monotherapy	Knee osteoarthritis	China			
		HRS-4029	-	Monotherapy	Acute ischemic stroke	China			
		HRS-8829	-	Monotherapy	Acute ischemic stroke	China			
		HRS-6257	-	Monotherapy	Pain management	China			
		Atropine eye drops	M-receptor blocker	Monotherapy	Delay myopia in children	China			
		HRS-8427	Cefiderocol derivatives	Monotherapy	Complicated urinary tract infection	China			
				Monotherapy	Lung infection	China			
		SHR7280	GnRH	Monotherapy	Assisted reproductive technology	China			
		HRS5580	NK1	Monotherapy	Prevention of postoperative nausea and vomiting	China			
		HRS9432	Anidulafungin derivatives	Monotherapy	Candidemia or invasive candidiasis	China			
		HRS-5635	HBV siRNA	Monotherapy	Chronic hepatitis B	China			
		HRS-2183	-	Monotherapy	Serious infections caused by Gram-negative bacteria	China			

Management Discussion and Analysis

OUR COMPETITIVE STRENGTHS

(1) A Leading Innovative Global Pharmaceutical Company Rooted in China

The Company has established an industry-leading and highly differentiated portfolio of innovative products, several of which have significant revenue potential. As of the date of this report, the Company has secured marketing approval in China for 24 Class 1 innovative drugs and five Class 2 innovative drugs. Additionally, over 100 self-developed innovative pipeline assets are currently in clinical development, with more than 400 clinical trials underway either domestically or internationally. During the Reporting Period, the Company submitted 15 marketing authorization applications (NDAs/BLAs) for innovative drugs or new indications. For the three years ended December 31, 2023 to 2025, the Company's R&D expenses amounted to RMB4,953.9 million, RMB6,582.9 million and RMB6,961.2 million respectively, representing 21.7%, 23.5% and 22.0% of our total revenue for the corresponding periods.

In recent years, the Company has accelerated its global expansion to fully leverage the potential of its product portfolio and technological platforms. With 15 R&D centers established across Asia, Europe, the Americas and Australia, multiple innovative pipeline assets had their first overseas clinical trials initiated during the Reporting Period. Furthermore, the Company has secured approximately 20 regulatory approvals overseas for products including injectables, oral formulations and inhalation anesthetics, with commercialization achieved in more than 50 countries. The Company has closed overseas business development transactions with well-known multi-national pharmaceutical companies including Merck KGaA, MSD and GSK.

(2) Comprehensive Coverage of Therapeutic Areas with Significant Unmet Medical Needs and Growth Potential, Building a Differentiated Innovative Product Portfolio

1. Oncology

According to data from Frost & Sullivan, approximately 20.8 million new cancer cases and 10 million cancer-related deaths were recorded globally in 2023. The Company has established a comprehensive toolkit enabling the development of high-quality oncology drugs across multiple novel therapeutic modalities, covering virtually all major cancer types.

2. Metabolic and Cardiovascular Diseases

Metabolic disorders such as diabetes and obesity often increase the risk of cardiovascular, cerebrovascular and renal diseases. To address significant unmet medical needs in this field, the Company has strategically developed the pipeline drug, GLP-1, in multiple dosage forms, including oral and injectable formulations. It has also advanced other innovative pipelines for treating metabolic and cardiovascular diseases, including myosin inhibitors, Lp(a) inhibitors and siRNA therapies.

3. Immunology and Respiratory Diseases

According to data from Frost & Sullivan, the global prevalence of psoriasis, rheumatoid arthritis, asthma and chronic obstructive pulmonary disease ("**COPD**") in 2023 was approximately 136 million, 41 million, 787 million and 246 million individuals respectively. The Company strategically focuses on key pathological targets and pathways associated with autoimmune diseases, employing diverse therapeutic modalities including small molecules, peptides, monoclonal and bispecific antibodies, fusion proteins and inhalation therapies.

Management Discussion and Analysis

4. Neuroscience

The neuroscience research and development pipeline covers a wide range of therapeutic areas, including neurology, analgesia, and anesthesia.

Stroke is a leading cause of death and disability worldwide, and pain management is another critical issue in China and globally. The Company has independently developed innovative drugs approved for the treatment of acute pain and will continue to explore their potential applications in other types of pain.

(3) Multi-pronged R&D Capabilities and Leading Technology Platforms Drive the Development of Potential Blockbuster Products

The Company is committed to the continuous development of first-in-class and best-in-class molecules. Research has expanded from small molecules to encompass additional drug modalities, including PROTACs, RIPTACs, peptides, small nucleic acids, monoclonal antibodies, bispecific antibodies, multi-specific antibodies, ADCs, DACs, APCs and radioligand therapies. Leading innovation platforms provide sustained momentum for continuous advancement, covering the entire drug discovery process including proprietary platforms such as HRMAP, HOT-Ig and HART-IgG. Furthermore, the Company vigorously develops AI-driven drug discovery ("**AIDD**"), with AI technology deeply integrated throughout its R&D pipeline.

(4) End-to-end Clinical Development Capabilities Aligned with Patient-oriented Strategies Efficiently Deliver High-quality Medicines to Global Markets

During the Reporting Period, the Company's proprietary clinical development team encompasses over 5,000 clinical investigators and is currently conducting more than 400 clinical trials across over 100 innovative drug candidates in development. From 2018 to the end of the Reporting Period, the Company secured over 70 regulatory facilitation pathway designations in China, the United States, Europe and other overseas markets, including nine from the US and Europe.

(5) Globally Compliant and Industry-leading Proprietary Manufacturing System Ensuring Exceptional Quality, Stable Supply and Cost Efficiency

Leveraging over 50 years of production expertise, the Company has established a globally compliant CMC management system. Its extensive network of 12 complementary manufacturing sites across nine Chinese cities enables economies of scale and optimized production costs.

(6) Industry-leading Commercial Capabilities Driving Sustainable Growth

As of the end of the Reporting Period, the Company maintains a sales team of approximately 9,000 personnel. Its distribution network spans over 25,000 hospitals and more than 200,000 pharmacies across more than 30 provincial-level administrative regions in China. In 2025, the R&D and clinical results of the Company was listed as mutual recommendations in 45 guidelines. The Company has presented major research findings at the ASCO Annual Meeting for 15 consecutive years.

(7) Accelerating Global Market Expansion to Unlock the Potential of the Product Portfolio and Technology Platforms

Since 2023, the Company has completed 12 overseas business development transactions, through various modes such as out-licensing, NewCo and strategic partnerships, with a total potential value exceeding US$27,000 million, involving well-known pharmaceutical corporations such as Merck KGaA, MSD and GSK.

(8) A team of industry veterans with proven global competitiveness, led by visionary leaders

As of the end of the Reporting Period, the Company maintains an R&D team of over 5,600 professionals across diverse medical fields. Approximately 60% of team members hold a master's degree or above, and approximately 30% of middle-level and senior management possess overseas educational or professional backgrounds.

RISK FACTORS

1. R&D and Innovation Risks

Drug development involves a lengthy process with many stages, from research and clinical trial filings to commercialization, and typically takes more than 10 years from drug discovery to market launch. Any decision-making error or technical failure during this process may adversely affect innovation outcomes. In recent years, policies and measures governing review and regulation of new drugs have been continuously introduced, and the standards applied by the PRC government at each stage of new drug development have been progressively raised. At the same time, in order to address the increasingly competitive environment characterized by homogeneous products and to address unmet clinical demands, the Company has adopted a series of measures to shift its focus toward innovative targets at an earlier stage, thereby assuming higher R&D risks. The Company will continue to adhere to its strategies of "technological innovation" and "globalization", further strengthen its R&D and innovative infrastructure, improve its end-to-end R&D evaluation mechanism, uphold a prudent approach to project selection, introduce and cultivate high-caliber R&D talent, actively pursue external innovation collaborations, and continuously improve R&D efficiency and success rates.

2. Industry Policy Risks

The pharmaceutical industry is significantly influenced by government policies. In recent years, industry regulation has become increasingly stringent, with rapid and complex developments. As the "three-pronged medical reform" continues to deepen healthcare system reforms, policies such as volume-based procurement, dynamic adjustments to the NRDL, and reforms to medical insurance payment methods may adversely affect the profitability of the Company's drug products. The Company will closely monitor changes in industry policies, proactively adapt to the evolving trends in the pharmaceutical industry, continue to enhance the development of its innovation system, continuously improve its operational and management standards, adjust its product mix in a timely manner in response to market demands, optimize resource allocation, and minimize operational risks arising from policy changes to the extent possible.

3. Quality Control Risks

Drug quality is directly related to people's health and lives, and pharmaceutical regulatory authorities are imposing increasingly stringent requirements on manufacturing quality. Given the numerous stages involved in drug production, the Company may face certain quality control risks arising from raw materials, manufacturing, quality inspection, transportation, storage, and end use. In response, the Company will, first, ensure effective coordination among its research, clinical, manufacturing, and quality departments, and establish and improve end-to-end standard operating procedures ("**SOPs**") supported by information systems. Second, the Company will strengthen its quality management system, enhance process control and risk management for new products, improve operational quality, and ensure that each stage of the process is free from quality deficiencies. Third, through the continuous advancement of excellent performance management models, the introduction of internationally advanced concepts and methodologies, and the strengthened application of quality management tools, the Company will continuously drive and elevate the international standard of its quality management system.

Management Discussion and Analysis

4. Globalization Risks

The Company sells drugs and active pharmaceutical ingredients ("**APIs**") in overseas markets including the United States and Europe, out-licenses certain commercialization rights, and engages in other forms of collaboration on a global scale. The Company intends to further expand its international business and multi-regional clinical development in the future. If the Company fails to obtain regulatory approvals in its target overseas markets, its revenue growth potential could be adversely affected. Furthermore, if the clinical trials conducted by the Company's out-licensing partners have not yet commenced, or fail to demonstrate the expected efficacy or safety profile, this will adversely affect the progress of the Company's overseas clinical trials, which in turn may affect the payment of milestone payments and other potential payments under its out-licensing agreements. In response, the Company will adhere to a dual focus on organic growth and external collaboration, steadily advance its globalization process, continuously enhance its international clinical trial capabilities, promote cooperation with high-caliber overseas clinical trial institutions, strengthen market research and data analysis, accurately assess international market demands, and proactively adjust its R&D direction and product portfolio. At the same time, the Company will continuously optimize its international cooperation model, rigorously screen potential partners, establish a sound collaboration evaluation mechanism, and continue to actively explore cooperation opportunities with leading global pharmaceutical enterprises from a global perspective, so as to facilitate the efficient commercialization of its R&D achievements.

5. Environmental Protection Risks

Pollutants generated during the drug manufacturing process may adversely affect the environment if not properly managed. As public environmental awareness grows, regulatory oversight by national and local environmental protection authorities has been continuously strengthened, with increasingly stringent controls on pollutant emissions. As a result, the environmental compliance pressures and risks faced by the Company are progressively increasing, and the Company may be required to incur higher environmental expenditures. The Company will, as always, uphold the environmental protection policy of "pursuing sustainable development and building a green pharmaceutical enterprise", strictly comply with applicable environmental regulations, advocate green development, implement clean production practices, and continuously improve its manufacturing processes and closed-loop operations. Through measures including source prevention, process control, end-of-pipe treatment, and recycling, the Company will ensure that all emissions meet applicable regulatory standards.

6. Force Majeure Risks

Certain irresistible natural disasters may cause damage to the Company's assets and personnel, and adversely affect the Company's normal business operations. The Company will continuously strengthen its emergency management system, thoroughly assess potential risks and formulate corresponding response measures in a timely manner, and endeavor to minimize the impact of force majeure events on its business operations, thereby maximizing both economic and social benefits for the Company.

Management Discussion and Analysis

FINANCIAL REVIEW

RESULTS OF OPERATIONS

Revenue

Our revenue increased by 13.0% from RMB27,984.6 million for the year ended December 31, 2024 to RMB31,629.4 million for the year ended December 31, 2025. The increase in our revenue was primarily attributable to (i) the growth of innovative drug sales; and (ii) the increase in licensing revenue.

During the Reporting Period, we generated revenue primarily from drug sales and licensing of our products, which accounted for 99.3% of our total revenue, as compared with 99.0% for the year ended December 31, 2024. Revenue generated by our innovative drugs sales and licensing amounted to RMB19,734.6 million and accounted for 62.4% of our total revenue, of which revenue from sales of innovative drugs amounted to RMB16,342.2 million, accounting for 51.7% of our total revenue and 58.3% of our drug sales, respectively, during the Reporting Period.

Cost of Sales

Our cost of sales increased by 13.4% from RMB3,848.2 million for the year ended December 31, 2024 to RMB4,362.7 million for the year ended December 31, 2025, primarily contributed by the increase of drug sales during the Reporting Period.

Gross Profit, Gross Profit Margin and Net Profit Margin

Our gross profit increased by 13.0% from RMB24,136.4 million for the year ended December 31, 2024 to RMB27,266.8 million for the year ended December 31, 2025, primarily due to contribution from innovative drugs sale and licensing revenue. Our gross profit margin remained stable at 86.2% for the year ended December 31, 2025 (year ended December 31, 2024: 86.2%). Our net profit margin increased from 22.6% for the year ended December 31, 2024 to 24.4% for the year ended December 31, 2025, primarily contributed by increasing gross profit along with the improved cost efficiency in selling, general and administrative expenses, during the Reporting Period.

Selling And Distribution Expenses

Our selling and distribution expenses increased by 9.2% from RMB8,336.1 million for the year ended December 31, 2024 to RMB9,106.4 million for the year ended December 31, 2025, which was consistent with but lower than the increase in revenue of drug sales.

Research and Development Expenses

Our research and development expenses increased by 5.7% from RMB6,582.9 million for the year ended December 31, 2024 to RMB6,961.2 million for the year ended December 31, 2025, primarily due to continuous expenditure on the trial design and clinical trial activities in connection with the clinical trials of innovative products under development. Research and development expenses as a percentage of our revenue decreased from 23.5% for the year ended December 31, 2024 to 22.0% for the year ended December 31, 2025.

Management Discussion and Analysis

Administrative Expenses

Our administrative expenses increased by 9.1% from RMB2,815.1 million for the year ended December 31, 2024 to RMB3,071.7 million for the year ended December 31, 2025, which was consistent with but lower than the increase in revenue of drug sales.

Finance Costs

Our finance costs increased by 158.1% from RMB5.6 million for the year ended December 31, 2024 to RMB14.3 million for the year ended December 31, 2025, primarily due to the increased financing activities.

Net Cash Flows From Operating Activities

Our net cash flows from operating activities for the year ended December 31, 2025 were RMB11,235.4 million, representing an increase of RMB3,812.6 million, as compared with the previous year, primarily contributed by increased drug sales and upfront fees received from licensing activities during the Reporting Period.

Net Cash Flows Used In Investing Activities

Our net cash flows used in investing activities for the year ended December 31, 2025 were RMB2,740.5 million, representing an increase of RMB828.5 million, as compared with the previous year, primarily contributed by investments in long-term assets during the Reporting Period.

Net Cash Flows From Financing Activities

Our net cash flows from financing activities for the year ended December 31, 2025 were RMB7,781.7 million, primarily contributed by the proceeds received from the Global Offering of the Company's H Shares during the Reporting Period.

NON-IFRS MEASURE

To supplement our consolidated financial statements that are presented in accordance with IFRS, we also use EBITDA (non-IFRS measure) as an additional financial measure, which is not required by, or presented in accordance with, IFRS. We define EBITDA (non-IFRS measure) as profit for the year adjusted by deducting bank interest income and adding back (i) finance costs, (ii) depreciation and amortization, and (iii) income tax expenses. We believe that this non-IFRS measure facilitates comparisons of operating performance from year to year by eliminating potential impacts of certain items.

Management Discussion and Analysis

We believe that this non-IFRS measure provides useful information to investors and others in understanding and evaluating our results of operations in the same manner as it helps our management. However, our presentation of EBITDA (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of such non-IFRS measure has limitations as an analytical tool, and you should not consider it in isolation from, or as substitute for analysis of, our results of operations or financial condition as reported under IFRS.

The following table sets forth a reconciliation of our EBITDA (non-IFRS measure) to profit for the year in respect of the years indicated:

	Year ended December 31,	
	2025	2024
	(RMB'000)	(RMB'000)
Profit for the year	**7,717,002**	6,336,995
Adjustments:		
Bank interest income	**(785,387)**	(603,277)
Finance costs	**14,349**	5,559
Depreciation and amortization	**942,470**	870,819
Income tax expenses	**990,623**	832,695
EBITDA (non-IFRS measure)	**8,879,057**	7,442,791

Our adjusted EBITDA for the year ended December 31, 2025 increased by 19.3% to RMB8,879.1 million as compared with RMB7,442.8 million for the year ended December 31, 2024.

CAPITAL STRUCTURE

The primary objective of our capital management is to ensure that our operations continue as a going concern, maintain healthy capital ratios to support business development, and maximize Shareholder value.

We manage our capital structure and make adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, we may adjust profit distributions to shareholders, capital return to shareholders, or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the Reporting Period.

Management Discussion and Analysis

LIQUIDITY AND FINANCIAL RESOURCES

The Company's liquidity policy is to ensure sufficient cash to meet maturing debt obligations. Liquidity risk is centrally managed by the Company's finance department. The finance department monitors cash balances, readily liquid securities, and rolling 12-month cash flow forecasts to ensure sufficient funds to meet debt obligations under all reasonable projections.

Our objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing borrowings and lease liabilities. The Group has sufficient liquidity to meet its daily liquidity management, repay its debts as and when they become due and satisfy its capital expenditure needs.

The Group's financial position remains sound. For the year ended December 31, 2025, the Group's operating activities generated a net cash inflow of RMB11,235.4 million. The cash flow from financing activities for the Reporting Period mainly consisted of proceeds from the Global Offering. As at December 31, 2025, we had cash and bank balances of RMB40,854.7 million (as at December 31, 2024: RMB24,802.5 million) and current financial assets at fair value through profit or loss of RMB113.8 million (as at December 31, 2024: RMB273.3 million). As at December 31, 2025, our current financial assets at fair value through profit or loss and other financial assets primarily comprised equity investments.

EXCHANGE RATE RISKS

Exchange rate risk refers to the possibility of us incurring losses due to exchange rate fluctuations in activities involving holding or using foreign currencies. To mitigate the exchange rate risks we face in our operations, we primarily use U.S. dollars as the settlement currency for our export businesses. The Group manages its foreign exchange risk by closely monitoring its net foreign exchange exposure to reduce the impact of foreign exchange fluctuations.

GEARING RATIO

Gearing ratio is calculated using total liabilities divided by total assets and multiplied by 100%. As of December 31, 2025, our gearing ratio was 11.6% (December 31, 2024: 8.1%). The increase in gearing ratio is primarily due to the increase in contract liabilities arising from licensing fees received but not yet recognized as revenue, which increased current liabilities at a proportionally greater rate than the corresponding increase in current assets.

The following table sets forth our other key financial ratios as of the dates indicated.

	Year ended December 31,	
	2025	2024
Current ratio[(1)]	**8.1**	9.7
Quick ratio[(2)]	**7.6**	9.1

Notes:

(1) Current ratio represents total current assets divided by total current liabilities as of the same date.

(2) Quick ratio represents total current assets less inventories and divided by total current liabilities as of the same date.

Our current ratio decreased from 9.7 as at December 31, 2024 to 8.1 as at December 31, 2025 and quick ratio decreased from 9.1 as at December 31, 2024 to 7.6 as at December 31, 2025, for the same reason as mentioned above.

Management Discussion and Analysis

CAPITAL EXPENDITURES AND COMMITMENTS

Capital Expenditures

Our capital expenditures principally comprise expenditures for purchases of items of property, plant, and equipment, purchase of land use right, and addition to intangible assets, primarily related to our production and R&D activities. Our capital expenditures were RMB3,819.7 million for the year ended December 31, 2025 and RMB2,793.4 million for the year ended December 31, 2024.

Commitments

As at 31 December 2025, the Group had capital commitments contracted but not provided of approximately RMB555.8 million. These capital commitments were mainly used to the construction and purchase of property, plant and equipment. Details of capital commitments are set out in note 31 to the financial statements.

Contingent Liabilities

As of December 31, 2025, the Group had no material contingent liabilities.

Pledge of Assets

As of December 31, 2025, the Group had pledged deposits of RMB100.8 million (December 31, 2024: RMB13.4 million), representing amounts required to be deposited in banks for securing letters of credit and letters of guarantee granted to the Group. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

Save for the aforementioned, the Group did not have any charges on its assets.

ANALYSIS ON INVESTMENTS

Significant Investments Held

As of December 31, 2025, the Group did not have any significant investments.

Future Plans for Material Investments and Capital Assets

Save as disclosed on the section headed "Issuance of Securities and Use of Net Proceeds from the Global Offering" in this report, as of December 31, 2025, the Group did not have any other plans for material investments and capital assets.

Material Acquisitions and/or Disposals

During the year ended December 31, 2025, the Group did not have any material acquisitions or disposals of subsidiaries, associates or joint ventures.

Management Discussion and Analysis

EMPLOYEES AND REMUNERATION POLICIES

As of December 31, 2025, the Group had a total of 20,602 employees. During the Reporting Period, total employee benefits expenses amounted to RMB7,517.4 million, accounting for approximately 23.8% of the Group's revenue. Our ability to attract, retain and motivate qualified personnel is crucial to our success. We offer remuneration packages to our employees that include a base salary and a variable portion linked to individual performance and overall company results, aiming to fully engage our employees and incentivize talent attraction, retention, and motivation. The Company has also established corporate performance evaluation and assessment mechanisms to align the remuneration of management members with their business performance, and makes timely revisions and refinements to such mechanisms based on their implementation.

Moreover, we provide a variety of benefits to meet the diverse needs of our workforce, including accessible facilities for disabled employees, lactation rooms for nursing mothers, specialized health screenings, regular health check-ups, medical insurance, team-building activities, hobby clubs, holiday events and gifts, and transportation and meal subsidies.

In addition, our Company also adopted the 2022 Employee Stock Ownership Scheme, the 2023 Employee Stock Ownership Scheme, the 2024 Employee Stock Ownership Scheme and the 2025 Employee Stock Ownership Scheme (collectively, the "**A Share Employee Stock Ownership Schemes**") during the period from September 8, 2022 to September 16, 2025, which were outstanding as of the date of this Report. The A Share Employee Stock Ownership Schemes aim to establish and improve the mechanism for sharing benefits between the Company, its Shareholders and its employees, motivate the enthusiasm and creativity of employees, enhance employee cohesion and the Company's competitiveness, which in return will promote the long-term, sustainable and healthy development of the Company.

PROSPECTS

In 2026, the Company will navigate evolving market landscapes by adhering to its patient-oriented approach. Building upon the Company's key strategic pillars of "Innovation and Globalization," the Company intends to focus on the following key strategic areas.

With respect to sales, the Company will ensure comprehensive high-quality compliance and solidify its risk prevention and control system. It will strengthen the dual-engine approach of marketing and medical affairs, enhance brand building, continuously improve professional academic capabilities, and conduct post-marketing clinical studies to highlight the leading role of medical affairs. In 2026, the Company will accelerate its transformation, concentrating resources to fully promote the rapid hospital access of innovative products, striving to achieve growth of over 30% in innovative drugs sales. Meanwhile, partially due to the impact of national and regional volume-based procurement policies, the Company will strategically reduce resource allocation for generic drugs, and generic drugs sales are expected to see a gradual decline. As innovative drugs sales are expected to continue growing, the proportion of generic drugs sales as a percentage of total revenue will decrease year over year, further optimizing the Company's revenue structure and securing its innovation-driven development.

With respect to R&D, the Company will continue to advance the development of its technology platforms, while efficiently utilizing R&D resources to enhance innovation efficiency and product differentiation, thereby accelerating the time-to-market for innovative products and new indications. The Company will further deepen external collaborations, explore diverse and flexible models of global partnership, and accelerate the realization of pipeline value by fostering a more open and mutually beneficial cooperative ecosystem that drives the successful implementation of additional high-quality external collaboration projects. By initiating global clinical trials for innovative products in an orderly manner and actively expanding its overseas R&D footprint, the Company aims to maximize the global market potential of its products. Over the next three years (2026-2028), we expect approximately 53 innovative products and indications to receive regulatory approvals, continuing to translate our innovation efforts into tangible value.

Management Discussion and Analysis

Future Launch of Innovative Products and Indications Expected to Be Approved in the Next Three Years (2026–2028)

No.	Treatment Field	Product Name/Code	Target	Indication
Projects Expected to be Launched in 2026 (12)				
1	Oncology	Retlirafusp-α*	PD-L1/TGF-β	First-line treatment of gastric cancer
2	Oncology	Dalpiciclib	CDK4/6	Adjuvant therapy for HR-positive breast cancer
3	Oncology	Trastuzumab Rezetecan*	HER2 ADC	Second-line / Second-line + treatment of HER2-positive breast cancer
4	Oncology	Hetrombopag olamine	TPO-R	Chemotherapy-induced thrombocytopenia
5	Oncology	Camrelizumab combined with famitinib	PD-1/VEGFR, FGFR, c-Kit, and other multikinases	First-line treatment of advanced cervical cancer
6	Oncology	Adebrelimab	PD-L1	Perioperative period of non-small cell lung cancer
7	Non-oncology	Hetrombopag olamine*	TPO-R	First-line treatment of severe aplastic anemia
8	Non-oncology	Hetrombopag olamine	TPO-R	Chronic primary immune thrombocytopenia in children and adolescents
9	Non-oncology	Cyclosporine A eye drops	Cyclosporine A	Xerophthalmia
10	Non-oncology	Ruzinurad sodium tablets (SHR4640)	URAT1	Primary gout with hyperuricemia
11	Non-oncology	Shudi Insulin (INS068)	Insulin	Type 2 diabetes mellitus
12	Non-oncology	Atropine eye drops	M-receptor blocker	Slowing the progression of myopia in children
Projects Expected to be Launched in 2027 (22)				
1	Oncology	Trastuzumab Rezetecan	HER2 ADC	HER2 positive colorectal cancer
2	Oncology	Trastuzumab Rezetecan	HER2 ADC	HER2 low breast cancer
3	Oncology	Fosrolapitant and palonosetron	NK-1RA/5-HT3RA	Nausea and vomiting caused by moderately emetogenic chemotherapy
4	Oncology	Irinotecan liposome	TOP1	Advanced colorectal cancer
5	Oncology	Trastuzumab Rezetecan	HER2 ADC	HER2-expressing advanced ovarian carcinoma
6	Oncology	Trastuzumab Rezetecan	HER2 ADC	Advanced cervical cancer
7	Oncology	Trastuzumab Rezetecan	HER2 ADC	Advanced biliary tract cancer
8	Oncology	Camrelizumab combined with apatinib	PD-1/VEGFR2	Unresectable hepatocellular carcinoma
9	Oncology	Fuzuloparib	PARP	Prostate cancer
10	Non-oncology	Ivarmacitinib sulfate tablets	JAK1	Non-radiographic axial spondyloarthritis
11	Non-oncology	HRS-5965	Factor B	Paroxysmal nocturnal hemoglobinuria, first-line treatment
12	Non-oncology	HRS-5965	Factor B	Paroxysmal nocturnal hemoglobinuria, second-line treatment
13	Non-oncology	Ribupatide (HRS9531)	GLP-1/GIP	Overweight or obesity
14	Non-oncology	SHR-1918	ANGPTL3	Homozygous familial hypercholesterolemia
15	Non-oncology	SHR7280	GnRH	Assisted reproductive technology
16	Non-oncology	Febuxostat sustained-release tablets (HR091506)	Xanthine oxidase	Hyperuricemia in gout patients
17	Non-oncology	HR17031	Insulin/GLP-1	Type 2 diabetes mellitus
18	Non-oncology	Ivarmacitinib ointment	JAK1	Atopic dermatitis
19	Non-oncology	Ribupatide (HRS9531)	GLP-1/GIP	Type 2 diabetes mellitus (alone/in combination with oral hypoglycemic drugs)
20	Non-oncology	SHR-2004	FXI	VTE prevention after orthopedic total knee replacement
21	Non-oncology	Remimazolam	GABAa	ICU sedation
22	Non-oncology	Remimazolam	GABAa	General anesthesia and sedation for children and adolescents

Management Discussion and Analysis

No.	Treatment Field	Product Name/Code	Target	Indication
Projects Expected to be Launched in 2028 (19)				
1	Oncology	Pyrotinib maleate	EGFR/HER2/HER4	Extended adjuvant therapy for HER2-positive breast cancer
2	Oncology	SHR-A2009	HER3 ADC	Non-small cell lung cancer
3	Oncology	Trastuzumab Rezetecan	HER2 ADC	First-line treatment of HER2-positive breast cancer
4	Oncology	Trastuzumab Rezetecan	HER2 ADC	Adjuvant therapy for HER2-positive breast cancer
5	Oncology	SHR-A2102	Nectin-4 ADC	Urothelial carcinoma
6	Oncology	Adebrelimab	PD-L1	Small cell lung cancer
7	Oncology	HRS-8080	SERD	Breast cancer
8	Oncology	SHR-8068	CTLA-4	Hepatocellular carcinoma
9	Non-oncology	Hetrombopag	TPO-R	Thrombocytopenia in chronic liver disease undergoing invasive surgery
10	Non-oncology	Ribupatide (HRS9531)	GLP-1/GIP	Type 2 diabetes mellitus (in combination with basal insulin)
11	Non-oncology	Ribupatide (HRS9531)	GLP-1/GIP	Obstructive sleep apnea
12	Non-oncology	Ribupatide (HRS9531)	GLP-1/GIP	Adult obesity
13	Non-oncology	HRS-9231	Gadolinium contrast agent	For magnetic resonance imaging examination of various parts of the body
14	Non-oncology	Vunakizumab	IL-17A	Psoriatic arthritis
15	Non-oncology	HRS-1893	Myosin	Obstructive hypertrophic cardiomyopathy
16	Non-oncology	HRS-7535	GLP-1	Overweight or obesity
17	Non-oncology	HRS-7535	GLP-1	Type 2 diabetes mellitus
18	Non-oncology	SHR-1819	IL-4R	Atopic dermatitis
19	Non-oncology	Ivarmacitinib sulfate tablets	JAK1	Psoriatic arthritis

* Products and indications approved for marketing in 2026.

Note:

The information disclosed by the Company regarding innovative products and indications anticipated to receive marketing approval over the next three years is based on current R&D progress and industry experience. Actual outcomes may differ from projections due to multiple factors, including clinical trial timelines and regulatory approval policies, and are therefore subject to uncertainty. Such projections do not constitute substantive commitments by the Company to investors. Final results shall be subject to the Company's formal announcements. Investors are advised to be mindful of investment risks.

With respect to operational management, the Company will continue to enhance its outstanding operational system, optimize resource allocation, and accelerate the processes of digitalization and informatization to comprehensively improve management efficiency. On the manufacturing end, the Company will strictly uphold the baseline of quality compliance and deeply promote lean manufacturing as well as cost reduction and efficiency enhancement. Meanwhile, the Company will focus on high-quality talent acquisition, strengthen the training of management personnel, and refine the performance assessment mechanism to continuously stimulate organizational vitality.

Corporate Governance Report

The Board is pleased to present the Corporate Governance Report contained in the Company's annual report for the year ended December 31, 2025.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to achieving high corporate governance standards, with an aim to uphold the highest standards of integrity and ethical conduct to foster a clean and transparent business environment, and to safeguard the Company's sound and sustainable development. Our corporate governance framework is designed to facilitate sound decision-making through systems and policies aligned with our corporate values and best industry practice. We have established four specialized board committees – the Audit Committee, the Remuneration and Evaluation Committee, the Nomination Committee and the Strategy Committee – each providing strategic guidance to our Board.

The Company is also continuously improving its corporate governance structure, and optimizing its internal management and controls as well as its business operations to enhance overall corporate governance standards. The corporate governance practices adopted by the Company are based on the principles and Code Provisions as set out in the CG Code and the Company has adopted the CG Code as its own code of corporate governance.

The Board believes that high corporate governance standards are essential in providing a framework for the Group to safeguard the interests of Shareholders and to enhance corporate value and accountability. The Board is of the view that the Company has complied with all the Code Provisions as set out in Part 2 of the CG Code since the Listing Date and up to December 31, 2025, and will periodically review and enhance its corporate governance practices to ensure that the Company continues to meet the requirements of the CG Code.

The Board is responsible for performing the functions set out in Code Provision A.2.1 of the CG Code, and in this regard, the Board has performed the following duties during the Reporting Period:

(a) developed and reviewed the Company's policies and practices on corporate governance;

(b) reviewed and monitored the training and continuous professional development of the Directors and senior management of the Company;

(c) reviewed and monitored the Company's policies and practices on compliance with legal and regulatory requirements;

(d) reviewed and monitored code of conduct and compliance manual (if any) applicable to the Directors and employees of the Company; and

(e) reviewed the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

Corporate Governance Report

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has devised its own code of conduct regarding Directors' dealings in the Company's securities (the "**Code of Conduct**") on terms no less exacting than the Model Code as set out in Appendix C3 to the Listing Rules. Having made specific enquiry of the Directors, all the Directors have confirmed that they have complied with the standards for securities transactions by directors as set out in the Code of Conduct since the Listing Date and up to December 31, 2025.

BOARD OF DIRECTORS

The Board possesses a balanced mix of skills, experience and perspectives appropriate to the requirements of the Company's business. The Board comprises six executive Directors, one non-executive Director and four independent non-executive Directors, ensuring that a strong independent element exists on the Board to facilitate the effective exercise of independent judgement.

Since the Listing Date and at the date of this report, the Board comprises 11 Directors, consisting of six executive Directors, one non-executive Director, and four independent non-executive Directors.

Position	Name
Executive Directors	Mr. Sun Piaoyang *(Chairman of the Board)* Mr. Dai Hongbin *(Deputy Chairman of the Board)* Ms. Feng Ji *(General Manager (President) and Chief Operating Officer)* Mr. Zhang Lianshan *(Executive Vice President)* Mr. Jiang Frank Ningjun *(Executive Vice President and Chief Strategy Officer)* Mr. Sun Jieping *(Senior Vice President)*
Non-executive Director	Ms. Guo Congzhao
Independent Non-executive Directors	Mr. Dong Jiahong Mr. Zeng Qingsheng Mr. Sun Jinyun Mr. Chow Kyan Mervyn

The biographical information of each Director is set out in the section headed "Biographical Details of Directors, Supervisors and Senior Management" under this report. All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and expertise to the Board for its efficient and effective functioning. Independent non-executive Directors are invited to serve on the audit, remuneration and evaluation, nomination and strategy committees.

Each of our Directors confirms that he or she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules in December 2024 (for all the Directors except Ms. Feng Ji) and April 2025 (for Ms. Feng Ji), and (ii) understands his or her obligations as a director of a listed issuer under the Listing Rules.

Corporate Governance Report

None of the Directors (including the Chairman of the Board) has any personal relationship (including financial, business, family or other material/relevant relationship) with any other Directors or the chief executive.

The Directors have agreed to disclose to the Company in a timely manner for any changes of the number and nature of offices held in public companies or organizations and other significant commitments, as well as the identity of such public companies or organizations and an indication of the time involved, as required by the Code Provisions.

RESPONSIBILITIES OF THE BOARD AND SENIOR MANAGEMENT

The Board assumes overall leadership responsibility for the Group, providing oversight of its strategic decisions and monitoring its business operations and performance. The Board retains decision-making authority over all significant matters of the Company, encompassing the approval and oversight of internal policies and regulations, corporate strategies and budgets, internal control and risk management frameworks, material transactions (particularly those with potential conflicts of interest), financial reporting, the appointment of Directors, and other key financial and operational matters. All Directors have full and timely access to all the information of the Company. Directors are also entitled to obtain independent professional advice in the discharge of their duties, with costs borne by the Company. Directors are encouraged to engage with and seek counsel from the Company's senior management independently.

Our Board has also established the audit, remuneration and evaluation, nomination and strategy committees, to which they have delegated various responsibilities. These committees operate in accordance with terms of reference established by our Board.

The daily management, administration and operation of the Group are delegated to the senior management of the Company. The delegated functions and responsibilities are periodically reviewed by the Board. Approval has to be obtained from the Board prior to any significant transactions entered into by the management.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Code Provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.

Mr. Sun Piaoyang, an executive Director and Chairman of the Board, is responsible for the overall strategic planning, business development and management of our Group. While no chief executive officer has been appointed by the Company, the role and responsibilities of the chief executive officer are collectively undertaken by the executive Directors and core management team members of the Company, including Ms. Feng Ji, an executive Director, General Manager (President) and Chief Operating Officer, who is primarily responsible for the overall business operations of our Group.

As all major decisions were made in consultation with members of the Board and relevant Board committees, and there have been four independent non-executive Directors on the Board offering independent advice, the Board is therefore of the view that the current management structure can effectively facilitate the Group's operations and there are adequate safeguards in place to ensure sufficient balance of powers within the Board.

The Board will review the corporate governance structure and practices from time to time and shall make necessary arrangements when the Board considers appropriate.

Corporate Governance Report

BOARD INDEPENDENCE MECHANISM

The Company acknowledges that Board independence is critical to good corporate governance. To ensure independent views and inputs are available to the Board, the Company has put in place effective mechanisms in the Company's corporate governance framework, which include policies and procedures for the appointment of Directors, review of the Board composition and assessment of the independence of independent non-executive Directors. The Nomination Committee, comprising a majority of independent non-executive Directors, assesses the suitability and independence of potential candidates to be appointed as independent non-executive directors and conducts review of the independence of each independent non-executive director. Independent professional advice is available to all Directors whenever necessary. During the period from the Listing Date and up to the date of this report, the Board reviewed the implementation and effectiveness of these mechanisms and the results were satisfactory.

During the Reporting Period, the Board has met the requirements of Rules 3.10(1) and 3.10(2) of the Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one possessing appropriate professional qualifications or accounting or related financial management expertise. The Company has also complied with Rule 3.10A of the Listing Rules, which relates to the appointment of independent non-executive Directors representing one-third of the Board.

The Company has received written annual confirmation from each of the independent non-executive Directors in respect of his/her independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors are independent.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Each of our Directors has entered into a service contract with our Company for a term of three years or from the date of taking the position until the expiry of the term of office of the existing Board session. Each Board session shall have a term of three years.

Directors (except employee representative Directors) shall be elected or replaced at the Shareholder's meeting and may be dismissed (including executive Directors) by the Shareholders' meeting prior to the expiry of the term of their office by way of an ordinary resolution. The employee representative Director shall be elected by the Company's employees at the employee representatives meeting, employee meeting or otherwise democratically. A Director shall serve a term of three years and may serve consecutive terms if re-elected upon the expiration of their terms in accordance with applicable laws, rules and regulations.

Corporate Governance Report

The procedures and process of appointment, re-election and removal of Directors are set out in the Articles of Association. The Nomination Committee is responsible for formulating the criteria, procedures and methods for selection of Directors, identifying suitable Director candidates, and making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors. Where a re-election fails to be carried out in a timely manner upon the expiry of the term of office of a Director, such Director shall continue to perform his/her duties as a Director until a re-elected Director takes office in accordance with the laws, administrative regulations, departmental rules and the Articles of Association.

Senior management officers may serve concurrently as Directors, provided that the total number of such Directors who concurrently serve as senior management personnel and the employee representatives shall not exceed a half of the total number of the Directors of the Company.

GENERAL MEETINGS, BOARD MEETINGS AND COMMITTEE MEETINGS

There are two types of general meetings: annual Shareholders' meetings and extraordinary Shareholders' meetings. A general meeting shall be convened by the Board. The annual Shareholders' meeting shall be convened once a year, and be held within six months after the end of the previous fiscal year. The Board shall inform each Shareholder of the time, place and the agenda of the meeting 21 days prior to the convening of an annual Shareholders' meetings, and shall inform each Shareholder of the meeting 15 days prior to the convening of an extraordinary Shareholders' meeting.

The Company convenes Board meetings regularly, at least at quarterly intervals in accordance with Code Provision C.5.1 of the CG Code. For regular Board meetings, the Company has put in place arrangements to ensure that all Directors are given an opportunity to include matters in the agenda, and written notice of at least 14 days are provided to give all Directors an opportunity to attend. For other Board meetings and Board committee meetings, reasonable notice is generally given by the Company.

The agenda and accompanying Board papers are dispatched to all Directors at least three days prior to the intended date of any regular Board meeting or Board committee meeting, and within a reasonable time prior to the date of any intended extraordinary Board meeting or Board committee meeting, so as to ensure that the Directors have sufficient time to review the papers and be adequately prepared for the meetings. When Directors or committee members are unable to attend a meeting, they will be advised of the matters to be discussed and given an opportunity to make their views known to the Chairman prior to the meeting.

Minutes of Board meetings and Board committee meetings are maintained by our company secretary and are open for inspection at any reasonable time on reasonable notice by all Directors. Minutes of the Board meetings and Board committee meetings are recorded in sufficient detail on the matters considered by the Board and the Board committees and the decisions reached, including any concerns raised by the Directors or dissenting views expressed. Draft and final signed versions of these meeting minutes will be sent to all Directors for their comments and records respectively, within a reasonable time after the Board meeting is held.

Corporate Governance Report

During Board meetings, the Company's senior management provides all Directors with updates on the Company's business operations and development. The executive Directors also maintain regular communication with the non-executive Directors to seek their views on the Company's business development and operational matters. If any Director or his/her associate (as defined under the Listing Rules) has related relationships with or interests in any proposed resolution to be considered at the Board meeting, such Director shall abstain from voting on such resolution. The Board is accountable to and reports its work at the general meeting. During the Reporting Period, all Directors diligently fulfilled their duties, thoroughly reviewed the proposals presented at Board and general meetings, and offered constructive recommendations that contributed meaningfully to the Company's decision-making process.

From the Listing Date and up to December 31, 2025, the Board had held six Board meetings, four Audit Committee meetings, one Remuneration and Evaluation Committee meeting, and one Nomination Committee meeting. No meeting was held for the Strategy Committee. Two general meetings were held during such period at which all Directors have attended to communicate with the Shareholders and encourage their participation. The attendance of the Directors at the relevant meetings held during such period is set out in the table below:

	From Listing Date and up to December 31, 2025 Number of actual attendance / Number of required attendance				
Directors	**General meeting**	**Board meeting**	**Audit Committee meeting**	**Remuneration and Evaluation Committee meeting**	**Nomination Committee meeting**
Executive Directors					
Mr. Sun Piaoyang	2/2	6/6	N/A	N/A	1/1
Mr. Dai Hongbin	2/2	6/6	N/A	1/1	N/A
Ms. Feng Ji (appointed on April 28, 2025, with effect from the Listing Date)	2/2	6/6	N/A	N/A	N/A
Mr. Zhang Lianshan	2/2	6/6	N/A	N/A	N/A
Mr. Jiang Frank Ningjun	2/2	6/6	N/A	N/A	N/A
Mr. Sun Jieping	2/2	6/6	N/A	N/A	N/A
Non-executive Director					
Ms. Guo Congzhao	2/2	6/6	N/A	N/A	N/A
Independent Non-executive Directors					
Mr. Dong Jiahong	2/2	6/6	4/4	N/A	1/1
Mr. Zeng Qingsheng	2/2	6/6	4/4	1/1	N/A
Mr. Sun Jinyun	2/2	6/6	4/4	1/1	1/1
Mr. Chow Kyan Mervyn (appointed on December 26, 2024, with effect from the Listing Date)	2/2	6/6	N/A	N/A	N/A

Corporate Governance Report

During the Reporting Period, the chairman of the Board had also held one meeting with the independent non-executive Directors without the presence of other Directors.

DIRECTORS' TRAINING

Directors shall keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that they remain informed and relevant for their contribution to the Board. Pursuant to part C.1 of the CG Code, all directors should participate in continuous professional development to develop and refresh their knowledge and skills for a proper understanding of the Company's business. This is to ensure that their contribution to the board remains informed and relevant.

The Company has put in place an on-going training and professional development program for Directors. The Company has also updated all Directors on any material changes in the Listing Rules and corporate governance practices from time to time. Furthermore, each newly appointed Director would receive an induction package covering the statutory and regulatory obligations and responsibilities of a director of a listed company and the Company's business and governance policies. During the Reporting Period, all Directors have actively participated in continuous professional development to develop and refresh their knowledge and skills with respect to operations of the securities market and the relevant regulations and rules of the Hong Kong Stock Exchange, further improving their ability to perform duties. This strengthened their understanding of matters including information disclosure, insider trading, and confidentiality, thereby enhancing the Company's management standards, reinforcing the Company's internal control system, and maintaining the standardized operation of the Company.

In addition, continuing briefing and professional development for Directors will be arranged whenever necessary. All Directors are encouraged to attend relevant training courses at the Company's expense and are required to submit signed training records to the Company on an annual basis.

Corporate Governance Report

The training received by the Directors for the Reporting Period is summarized as follows:

Directors	Type of training received
Executive Directors	
Mr. Sun Piaoyang	(1), (2)
Mr. Dai Hongbin	(1), (2)
Ms. Feng Ji	(1), (2)
Mr. Zhang Lianshan	(1), (2)
Mr. Jiang Frank Ningjun	(1), (2)
Mr. Sun Jieping	(1), (2)
Non-executive Director	
Ms. Guo Congzhao	(1), (2)
Independent Non-executive Directors	
Mr. Dong Jiahong	(1), (2)
Mr. Zeng Qingsheng	(1), (2)
Mr. Sun Jinyun	(1), (2)
Mr. Chow Kyan Mervyn	(1), (2)

Notes:

(1) Attending training sessions, including but not limited to, briefings, seminars, conferences and workshops.

(2) Reading or watching materials or videos regarding Directors' responsibilities and/or corporate governance and other related topics.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The Company has proactively established a performance evaluation and appraisal system that links the remuneration of management to the Company's operating performance, and makes timely revisions and improvements thereto in accordance with its implementation. The Remuneration and Evaluation Committee is responsible for, amongst others, formulating the evaluation criteria and conducting evaluation for the Company's senior management, and setting up and reviewing the remuneration policy and plan for the Directors and senior management. The Board and the Shareholders' general meeting are responsible for reviewing and approving the recommendations made by the Remuneration and Evaluation Committee, including the remuneration of the Directors and senior management.

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Details of emoluments of Directors and the five highest paid individuals of the Group during the year ended December 31, 2025 are set out in Notes 9 and 10 to the consolidated financial statements in this report.

Details of the remuneration of the Directors and senior management of the Company by band for the Reporting Period are set out as follows:

Remuneration band	Number of individuals
Nil to RMB3,000,000	8
RMB3,000,001 to RMB6,000,000	2
RMB6,000,001 to RMB9,000,000	4
Above RMB9,000,000	0

Mr. Dong Jiahong, an independent non-executive Director, has waived his entitlement to the director's emoluments in accordance with certain employment policies. During the year ended December 31, 2025, a director's fee of RMB100,000, being the annual remuneration approved by the Shareholders for independent non-executive Directors, was accrued but waived by Mr. Dong Jiahong.

Save as disclosed above, no other Director has waived or agreed to waive any emoluments during the year ended December 31, 2025.

BOARD COMMITTEES

The Board has established four committees, namely the Audit Committee, the Remuneration and Evaluation Committee, the Nomination Committee and the Strategy Committee, to oversee specific aspects of the Company's affairs. All the Board Committees of the Company are established in accordance with specific written terms of reference which clearly set out their authorities and responsibilities. The terms of reference of the Audit Committee, the Remuneration and Evaluation Committee, the Nomination Committee and the Strategy Committee are set out on the Company's website and the website of the Hong Kong Stock Exchange.

Audit Committee

We have established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the CG Code set out in Appendix C1 to the Listing Rules. The Audit Committee comprises three independent non-executive Directors, namely Mr. Zeng Qingsheng, Mr. Dong Jiahong and Mr. Sun Jinyun, with Mr. Zeng Qingsheng as the chairperson of the Audit Committee and is the director appropriately qualified as required under Rules 3.10(2) and 3.21 of the Listing Rules.

The major duties and responsibilities of the Audit Committee are set out clearly in its terms of reference. The primary duties of the Audit Committee include, without limitation, assisting our Board by providing an independent view of the effectiveness of the financial reporting process, internal control, compliance and risk management systems of our Group and reviewing and overseeing the audit process and the relationship with the independent external auditor.

Corporate Governance Report

The Audit Committee has reviewed this report and the audited financial results of the Group for the year ended December 31, 2025 together with the Group's auditors, Ernst & Young, and has discussed with the management the accounting principles and practices adopted by the Group and its internal controls and financial reporting matters.

From the Listing Date and up to December 31, 2025, the Audit Committee held four meetings to, amongst others:

- review and approve the proposal on the internal audit management system;
- review and approve the interim results of the Group for the six months ended June 30, 2025 and the quarterly results of the Group for the three months ended September 30, 2025;
- discuss on the audit plans of the auditors to the Company; and
- review the Group's financial reporting, operational and compliance controls, risk management and internal control systems, the effectiveness of the Company's internal audit function, and the appointment of the external auditor and its arrangement.

During the Reporting Period, the Audit Committee also met twice with the independent auditor in the absence of the executive Directors.

Remuneration and Evaluation Committee

We have established the Remuneration and Evaluation Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the CG Code set out in Appendix C1 to the Listing Rules. The Remuneration and Evaluation Committee comprises three members, including the independent non-executive Directors, Mr. Sun Jinyun, and Mr. Zeng Qingsheng, and one executive Director, Mr. Dai Hongbin. Mr. Sun Jinyun is the chairperson of the Remuneration and Evaluation Committee.

The major duties and responsibilities of the Remuneration and Evaluation Committee are set out clearly in its terms of reference. The primary duties of the Remuneration and Evaluation Committee include, without limitation, the following: (i) making recommendations to the Board on the remuneration plan or proposal, policy and structure for Directors; (ii) reviewing and approving remuneration proposals, service contracts and making recommendations to the Board on the remuneration packages of individual Directors and senior management; (iii) reviewing and approving matters relating to share schemes under Chapter 17 of the Listing Rules (if any); and (iv) conducting annual performance evaluations of Directors and senior management and proposing compensation amounts and incentive methods to the Board based on the evaluation results.

The emoluments of the Directors are determined by reference to the skills, experiences, responsibilities, employment conditions and time commitment in the Group's affairs and performance of each Director as well as salaries paid by comparable companies and the prevailing market conditions.

From the Listing Date to December 31, 2025, the Remuneration and Evaluation Committee held one meeting to approve the 2025 A Share Employee Stock Ownership Scheme.

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Nomination Committee

We have established a Nomination Committee with written terms of reference in compliance with Rule 3.27A of the Listing Rules and the CG Code set out in Appendix C1 to the Listing Rules. The Nomination Committee comprises three members, namely the independent non-executive Director, Mr. Dong Jiahong, the executive Director, Mr. Sun Piaoyang, and the independent non-executive Director, Mr. Sun Jinyun. Mr. Dong Jiahong is the chairperson of the Nomination Committee.

The primary duties of the Nomination Committee include, without limitation, (i) formulating the criteria, procedures and methods for selection of Directors and senior management of the Company; (ii) identifying individuals suitably qualified to serve as Directors, and making recommendations to the Board on matters relating to the appointment or re-appointment of Directors; (iii) evaluating the overall skills, knowledge and experience of Directors and senior management and assessing the independence of the independent non-executive Directors; and (iv) reviewing the Company's board diversity policy ("**Board Diversity Policy**") as well as its implementation and effectiveness.

From the Listing Date to December 31, 2025, the Nomination Committee held one meeting to review and approve the appointment of the Company's senior vice-president.

Strategy Committee

We have established the Strategy Committee with written terms of reference. The Strategy Committee comprises six members with a mix of executive and non-executive Directors, namely Mr. Sun Piaoyang, Mr. Dai Hongbin, Mr. Zhang Lianshan, Mr. Jiang Frank Ningjun, Ms. Guo Congzhao and Mr. Dong Jiahong. Mr. Sun Piaoyang serves as the chairperson of the Strategy Committee.

The primary duties of the Strategy Committee include, without limitation: (i) researching and making recommendations on the Company's long-term development strategic plans; (ii) researching and making recommendations on the major investment and financing proposals of the Company; (iii) researching and making recommendations on the Company's ESG strategies, vision and goals, as well as the implementation and management of the Company's ESG policies.

From the Listing Date to December 31, 2025, no meeting of the Strategy Committee was held.

NOMINATION PROCESS

The nomination process has been, and will continue to be, carried out in accordance with the Company's director nomination policy and the board diversity policy. The Board and the Nomination Committee will periodically review these policies and oversee their implementation to ensure their ongoing effectiveness and adherence to regulatory requirements and sound corporate governance practices.

The director nomination policy adopted by the Board establishes the framework to guide the Nomination Committee in the selection, appointment and re-appointment of directors, and to ensure that the Board maintains an appropriate balance of skills, experience, knowledge and diversity of perspectives suited to the needs of the Company's business.

Corporate Governance Report

The major terms of the director nomination policy are disclosed as follows:

(a) the Nomination Committee shall proactively engage with the relevant departments of the Company to assess the Company's requirements for new Directors and senior management, and prepare written materials in relation thereto;

(b) the Nomination Committee should conduct an extensive search for suitable candidates for Directors and senior management from within the Company, its controlling enterprises and the broader talent market;

(c) the Nomination Committee shall collect information regarding the occupation, academic qualifications, professional titles, detailed work experience and concurrent positions held by the preliminary candidates, and prepare written materials accordingly;

(d) no person shall be considered as a candidate for Director or senior management unless such person's prior consent to the nomination has been obtained;

(e) the Nomination Committee shall convene meetings to evaluate the qualifications of the preliminary candidates against the requisite criteria for Directors and senior management;

(f) the Nomination Committee shall submit its recommendations, together with all relevant supporting materials, to the Board in respect of the proposed candidates for Directors and senior management within a reasonable period prior to the election of new Directors or the appointment of new senior management; and

(g) the Nomination Committee shall undertake such other follow-up actions as may be required in accordance with the decisions and feedback of the Board.

In reviewing and making recommendations to the Board on any new Director appointment, the Nomination Committee will consider a range of factors including, without limitation, the structure, size and composition (including the skills, knowledge and experience, etc.) required for the Board, relevant requirements under the Company's Board Diversity Policy, the independence of independent non-executive Directors, succession plans for the Directors and the time commitment and dedication that the discharge of his or her relevant Director is able to devote to the duties.

Throughout the period from the Listing Date to the date of this report, there was no change in the composition of the Board.

The Nomination Committee will review the director nomination policy, as appropriate, to ensure its effectiveness.

Corporate Governance Report

BOARD AND WORKFORCE DIVERSITY POLICY

Board Diversity

Our Company has adopted the Board Diversity Policy, which sets out the approach to achieving diversity of the Board. Our Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level, including gender diversity, as an essential element in maintaining our Company's competitive advantage and enhancing our ability to attract, retain and motivate employees from the widest possible pool of available talent. In reviewing and assessing suitable candidates to serve as a director of our Company, the Nomination Committee will take into account the Board Diversity Policy. In considering a nomination, the Company will consider a number of factors, including but not limited to skills, regional and industry experience, professional experience, cultural and educational background, gender and age. The ultimate decision of the appointment will be based on merit and the contribution which the selected candidates will bring to the Board. Our Nomination Committee is responsible for monitoring the implementation of the Board Diversity Policy. In particular, in the recruitment process for Directors, the relevant departments shall ensure that at least one female candidate or candidate from a diverse background is included in the interview shortlist.

The proportion of female directors increased from 11% (one out of nine directors) in 2024 to 18% (two out of 11 directors) in 2025. Please see further details on the Board diversity analysis in the 2025 ESG Report. The Company has taken and will continue to take steps to promote and enhance gender diversity at all levels of the Company, including but without limitation at the Board and senior management levels.

Our Directors have a balanced mix of knowledge and skills, and we have five non-executive Directors, including four independent non-executive Directors, with different industry backgrounds. Our Directors are diverse in terms of age, gender and background. For details of the biographical information of our Directors, please refer to the section headed "Biographical Details of Directors, Supervisors and Senior Management" under this report. The Board will review the Board Diversity Policy periodically to evaluate its effectiveness.

Having reviewed the Board Diversity Policy, the Board's current composition, our existing business model and specific needs as well as the different background of our Directors, the Board is satisfied that the requirements of the Board Diversity Policy had been met and implemented with effectiveness in achieving the diversity of the Board for the year ended December 31, 2025.

Taking into account our existing business model and specific needs as well as the diversity of the Board's current composition, the Board and the Nomination Committee considered that the current composition of Board is sufficiently diverse and the Board has not set any measurable objectives. The Nomination Committee will from time to time discuss and agree on measurable objectives to ensure diversity, including gender diversity, on the Board and recommend them to the Board for adoption. In 2026, the Board and our Nomination Committee will continue to monitor and evaluate the implementation of the Board Diversity Policy from time to time to ensure its continued effectiveness.

Corporate Governance Report

Workforce Diversity

The Company has adopted an employee diversity policy (the "**Workforce Diversity Policy**") with the aim of fostering the development of the Company's corporate culture, establishing a fair, honest and trustworthy employment environment, eliminating all forms of bias and discrimination, and enabling all employees to feel a sense of wellbeing and belonging.

The Strategy Committee is responsible for formulating, overseeing and monitoring the implementation of the Workforce Diversity Policy and ensuring the effectiveness of diversity initiatives. The management and the human resources department shall collaborate to integrate the Workforce Diversity Policy into our business operations, implement diversity programmes, provide relevant training to employees, and promote a diverse, equal and inclusive workplace for every employee. During the Reporting Period, a total of 13,800 employees participated in diversity training, with a cumulative learning duration of 6,900 hours.

In the recruitment process, the Company adopts a professional and internationally-oriented talent attraction strategy, underpinned by a diversified, standardised and transparent hiring process designed to attract diverse talent. Hiring decisions are made on a fair and impartial basis, with a focus on candidates' competencies, experience, soft skills and potential, and any discrimination on the basis of gender, region, race, ethnicity, sexual orientation, marital status, disability, religion or other grounds is strictly prohibited. Notably, during the Reporting Period, 25 fair employment positions were provided for persons with disabilities.

In respect of promotion and career development, the Company is committed to diversity and fairness, offering employees cross-functional and multi-track career development pathways, with remuneration determined based on a combination of factors including the employee's role, experience, competency and performance. The Company continually enhances its training system, strengthens employees' awareness of diversity, equality and inclusion, and supports all employees – including full-time, part-time and contract employees – in accessing relevant degree programmes and professional certifications.

The measurable objectives for gender diversity in the Company's workforce include the following:

- by 2030, increase the proportion of female employees across the entire workforce to 45%, and continue to support the career development of female employees through initiatives such as women's leadership programmes;
- actively increase the proportion of women in management positions, with the long-term goal of promoting gender equality at managerial levels; and
- strive to achieve pay equity between men and women, and continuously monitor four key indicators: the mean gender pay gap, the median gender pay gap, the mean bonus gap and the median bonus gap.

We have made consistent progress towards achieving diversity in our workforce. The proportion of female employees among the total workforce (including senior management) reached 45.6% in 2025, demonstrating a stable increase of 0.7% from the previous year. The proportion of employees from ethnic minorities has increased to 4% in 2025, while the proportion of foreign employees has reached 0.43%. Please see further details on our diversity, inclusion initiatives and key performance indicators in the 2025 ESG Report.

The Board Diversity Policy and the Workforce Diversity Policy are available on the website of the Company.

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DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING

The Directors are responsible for the preparation of the consolidated financial statements for the year ended December 31, 2025 which give a true and fair view in accordance with IFRS Accounting Standards issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the Directors determine is necessary to enable the preparation of such consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

The statement of the external auditor of the Company about its reporting responsibilities on the financial statements is set out in the Independent Auditor's Report on pages 102 to 107 of this report.

DIVIDEND POLICY

We have adopted a dividend policy in relation to the declaration, payment or distribution of its profits as dividends to the Shareholders. We may distribute dividends in the form of cash or by other means permitted by our Articles of Association. A decision to declare or to pay dividends and the amount of dividends will be at the discretion of our Board and will depend on a number of factors, including our results of operations, cash flows, financial condition, payments by our subsidiaries of cash dividends to us, business prospects, statutory, regulatory restrictions on our declaration and payment of dividends and other factors that our Board may consider important. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the relevant laws. Our Shareholders may approve any declaration of dividends.

According to applicable PRC laws and our Articles of Association, we will pay dividends out of our profit after tax only after we have made the following allocations: recovery of the losses incurred in the previous year; allocations to the statutory reserve equivalent to 10% of our profit after tax; and allocations to a discretionary common reserve of certain percentage of our profit after tax that are approved by a Shareholders' meeting. All dividend decisions made by the Board from the Listing Date to the end of the Reporting Period were made in accordance with the Company's dividend policy.

Any distributable profits that are not distributed in any given year will be retained and become available for distribution in subsequent years. Pursuant to our dividend policy under our Articles of Association, the cumulative profit distributed by the Company in cash for every three years shall not be less than 30% of the average annual distributable profit realized in such three years, subject to certain specified conditions.

The Company will review the dividend policy from time to time and there can be no assurance that dividends will be paid in any particular amount for any given period.

Corporate Governance Report

JOINT COMPANY SECRETARIES

Ms. Liu Xiaohan and Ms. Leung Wing Han Sharon are the joint company secretaries of the Company. For the biography of Ms. Liu Xiaohan, please refer to the section headed "Biographical Details of Directors, Supervisors and Senior Management – Senior Management (other than Directors)" in this report.

Ms. Leung Wing Han Sharon possesses more than 15 years of experience in the company secretary profession. She is familiar with the Listing Rules, the Companies Ordinance as well as compliance work for offshore companies. Ms. Leung is currently a director of Company Secretarial Services of Tricor Services Limited and has been providing corporate secretarial and compliance services to a portfolio of clients including multinational corporations. Ms. Leung is a Chartered Secretary, a Chartered Governance Professional and a fellow member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom. She is also a member of the Hong Kong Institute of Certified Public Accountants. The primary contact person at the Company is Ms. Liu Xiaohan.

For the year ended December 31, 2025, each of Ms. Liu Xiaohan and Ms. Leung Wing Han Sharon had undertaken no less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

AUDITOR'S REMUNERATION

The remuneration paid to the Company's external auditor, Ernst & Young, in respect of the audit and non-audit services provided to the Company for the Reporting Period were approximately RMB2.6 million and RMB3.3 million, respectively. The non-audit services provided during the Reporting Period were mainly tax services.

RISK MANAGEMENT AND INTERNAL CONTROL

Our Board has the overall and collective responsibility to ensure an effective risk management and internal control mechanism with periodic review on its effectiveness in safeguarding our Group's assets and Shareholders' interests.

Risk Management

We are committed to establishing and maintaining a robust risk management system. Our comprehensive risk management policies address potential risks that may arise in various aspects of our business, including R&D, clinical trials, production, procurement, sale activities, inventory management, financial reporting, information system management, human resources, legal and compliance matters, and corporate governance. Our key risk management objectives include identifying and analyzing various types of risks and establishing corresponding mitigation strategies and policies.

We regularly review these strategies and policies in response to regulatory updates, market conditions, and changes in our operations, ensuring that they remain relevant and effective. Applying these strategies and policies, we have put in place a risk management system to identify, assess, monitor, and mitigate various operational, financial, and legal risks. This system encompasses dedicated policies, guidelines, notices, code of conduct, and employee handbooks on an array of topics.

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As part of our risk management system, our audit department leads our daily risk management work and is supported by our various business units and departments. The audit department regularly reports to our Board on risk management related matters. Its responsibilities also include setting the functions and responsibilities of our relevant business units and departments in risk management and working with our business units and departments to collect information for risk analysis and assessment. As an important part of our risk identification process, each relevant business unit and department collects information on risks related to our business, taking into consideration our strategic goals and annual business plans. The audit department then reviews this information to formulate targeted risk mitigation strategies and measures.

Internal Control

We have developed internal control policies and guidelines that specify standards for identifying internal control deficiencies, conducting internal audits, and managing follow-up actions. In line with these policies and guidelines, we conduct regular internal audits across all major aspects of our operations, and our Audit Committee oversees our internal controls and evaluates their effectiveness. Additionally, we have implemented a range of internal control measures addressing various areas including conflicts of interest, insider trading, confidentiality control, and business ethics for our employees, business partners, or other stakeholders. These measures aim to ensure comprehensive governance and ethical business conduct.

The Company implements an internal audit system which is equipped with dedicated audit personnel to conduct internal audits for supervision of financial income and expenditure and economic activities of the Company. The head of audit shall be accountable and report to the Board.

With strong emphasis on compliance, we have established a three-tier compliance management structure under the Board's leadership. Our compliance management committee, led by our Directors and senior executives, oversees our compliance strategy and major policy implementations. The compliance office, as our central compliance department, coordinates and monitors our compliance efforts and provides guidance and oversight to all of our departments and subsidiaries. The compliance departments at all levels within our Group are responsible for the routine management of compliance within their respective areas, to ensure adherence to applicable policies and regulations.

That said, such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

Risk and Internal Management Policies

Maintaining robust corporate governance is a primary objective of our risk and internal controls. To this end, we have adopted policies to comply with the listing rules of the Shanghai Stock Exchange and the Hong Kong Stock Exchange, which cover aspects such as risk management, connected transactions, financial reporting, and information disclosure. We also provide periodic compliance training sessions to our Directors, senior management and employees and offer targeted compliance training to our employees, thereby promoting sound decision-making and adherence to regulatory requirements.

In accordance with the requirements of Code Provision D.2.2 of the CG Code, the Company has established a sound risk management and internal control system to ensure that the Company has sufficient resources, qualified and experienced staffs, training courses and budget for its internal audit, financial reporting functions as well as those relating to the Company's ESG performance and reporting.

Corporate Governance Report

Effectiveness of Risk Management and Internal Control

The Board has conducted an annual review of the effectiveness of the Company's risk management and internal control systems. The review was carried out on the basis of ongoing daily monitoring and special supervision of internal controls, with a baseline date of December 31, 2025 (being the end of the Reporting Period).

The review was conducted in accordance with a risk-oriented approach to determine the principal entities, business activities and matters, as well as high-risk areas, to be included within the scope of evaluation. The evaluation scope covered the Company and 26 first-level subsidiaries, with the entities within the evaluation scope accounting for 100% of the Company's consolidated total assets and 100% of the Company's consolidated total operating revenue.

The principal business activities and matters covered by the review included: organisational structure, development strategy, human resources, social responsibility, corporate culture, capital activities, procurement, asset management, sales, R&D, engineering projects, financial reporting, contract management, and information systems. The high-risk areas of key concern included: sales risk, R&D risk, product quality risk, production management risk, financial reporting risk, human resources risk, and safety risk.

The evaluation was carried out in accordance with relevant rules and guidance as well as the Company's internal control policies and procedures.

In addition, the Company has engaged an external auditor, EY Hua Ming, to conduct an independent audit of the effectiveness of the Company's financial reporting internal controls as at December 31, 2025.

The Group will continue to pay close attention to changes in the business environment in order to take appropriate risk management and countermeasures in a timely manner. The Group's management will also maintain regular communication with the management at its subsidiary level to ensure an in-depth discussion on and a more comprehensive understanding of the potential risks faced by the Group.

With the support of the above findings, the Board considered that the risk management and internal control systems of the Group during the Reporting Period are effective and adequate.

Corporate Governance Report

Procedures and Internal Controls for the Handling and Dissemination of Inside Information

The Company has adopted an Information Disclosure Management Policy and an Insider Information Registration Management Policy (together, the "**Information Disclosure Policies**"), which set out comprehensive guidelines on the handling and dissemination of inside information. The Information Disclosure Policies provide detailed guidelines on the appropriate timing, content, format, internal vetting processes and dissemination procedures for information under different circumstances, including the review and disclosure procedures for periodic reports, ad hoc announcements and results announcements, together with duties of confidentiality binding on all persons with access to undisclosed information. The Company maintains complete insider records identifying all persons who have access to the information at each stage of deliberation, review and disclosure, and prepares a memorandum of progress in connection with any material transaction.

The Board is responsible for establishing and implementing the Information Disclosure Policies and ensuring the timeliness, fairness, truthfulness, accuracy and completeness of the Company's disclosures. The Information Disclosure Policies apply to, amongst others, the Company, Directors and senior management of the Company, the Company's 5% or more Shareholders and subsidiaries, and persons who may obtain inside information relating to the Company by virtue of their position within the Company or through business dealings with the Company.

The Company has designated the Board secretary to be responsible for information disclosure and receiving investor visits and inquiries, with the Securities Affairs Department acting as the management department for information disclosure affairs.

ANTI-MONEY LAUNDERING, ANTI-CORRUPTION, AND ANTI-BRIBERY RELATED POLICIES

To ensure regulatory compliance, we have implemented anti-money laundering, anti-corruption, and anti-bribery related policies and procedures. Our policies prohibit any form of bribery, corruption, or improper payments in our business operations. This prohibition applies to all employees and extends to all external stakeholders, including customers, suppliers and other third parties involved in our business activities. Prohibited improper payments include bribes, excessive gifts, or any form of valuable possessions or favors intended to secure an undue business advantage. Additionally, prohibited improper conduct includes participating in money laundering schemes, falsifying expenses, engaging in illegal tax evasion, or supporting any illegal activities.

Our internal control measures to ensure compliance in these areas include: (i) conducting regular internal audits focused on business ethics, anti-money laundering, anti-corruption, and anti-bribery policies; (ii) conducting regular compliance training sessions for employees to raise awareness of ethical standards and obligations; and (iii) maintaining multiple channels through which employees can report issues, complaints, or suspicions of illegal activities, including channels such as designated compliance emails, hotlines, and direct reporting to compliance officers.

Corporate Governance Report

In particular, we encourage employees, business partners, and other stakeholders to report any suspected corruption, bribery, fraud, conflicts of interest, or other potential violations. Reports will be investigated by our compliance office in accordance with our internal procedures to assess whether violations have occurred. Following the investigation, a comprehensive report will be issued detailing the findings and any necessary corrective actions. In addition, we are committed to protecting whistleblowers and their related information in accordance with applicable laws and regulations. The identity of the whistleblower will not be disclosed without their consent, except as required by applicable laws or by orders or directives issued by courts or regulatory authorities.

SANCTIONS AND EXPORT CONTROLS POLICY

To comply with applicable sanctions and export controls related regulations, we have formulated a dedicated compliance policy that sets out standard operating procedures for risk screening, identification, reporting, and assessment, compliance governance organization, and an inquiry and reporting mechanism. We have integrated this policy into our business processes, particularly in new business initiation and customer engagements.

SHAREHOLDERS' RIGHTS

Convening Extraordinary Shareholders' Meetings and Putting Forward Proposals at General Meetings

Pursuant to Article 51 of the Articles of Association, Shareholders who individually or collectively hold more than 10% of the Shares and request the Board to convene an extraordinary Shareholders' meeting, shall submit such request in writing to the Board. The Board shall in accordance with the provisions of laws, administrative regulations and the Articles of Association, provide written feedback on whether or not to convene the extraordinary Shareholders' meeting within 10 days after receiving the request.

Where the Board agrees to convene an extraordinary Shareholders' meeting, it shall issue a notice of convening the shareholders' meeting within five days after the resolution of the Board is made, and changes to the original request in the notice shall be subject to the consent of the relevant shareholders. Where the Board does not agree to convene an extraordinary Shareholders' meeting, or fails to give feedback within 10 days after receiving the request, shareholders who individually or collectively hold more than 10% of the Company's shares have the right to propose to the Audit Committee to hold an extraordinary Shareholders' meeting, and shall make a written request to the Audit Committee. Where the Audit Committee agrees to convene an extraordinary Shareholders' meeting, it shall issue a notice of convening the Shareholders' meeting within five days of receiving the request, and any changes to the original request in the notice shall be subject to the consent of the relevant Shareholders. Where the Audit Committee fails to issue a notice of the Shareholders' meeting within the prescribed time limit, it shall be deemed that the Audit Committee has not convened and presided over the Shareholders' meeting, and Shareholders who individually or collectively hold more than 10% of the Shares for more than 90 consecutive days may convene and preside over it on their own.

Corporate Governance Report

Shareholders that hold, individually or collectively, 1% or more of the Shares may submit ad hoc proposals in writing to the convener 10 days before the convening of the Shareholders' meeting. The convener shall give a supplemental notice of the Shareholders' meeting within two days upon receipt of the proposals and announce the contents of the ad hoc proposals and submit the ad hoc proposals to the Shareholders' meeting for consideration, except for the cases where ad hoc proposal violates the provisions of laws, administrative regulations or the Articles of Association, or does not fall within the terms of reference of the Shareholders' meeting. If the Shareholders' meeting is postponed due to the issuance of a supplementary notice of the Shareholders' meeting in accordance with the provisions of the Listing Rules, the convening of the Shareholders' meeting shall be postponed in accordance with the Listing Rules.

Putting Forward Enquiries to the Board

To put forward any enquiries to the Board of the Company, Shareholders may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries.

Contact Details

Shareholders may direct their enquiries as mentioned above to the following:

Address: Room 1920, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong

Email: ir@hengrui.com

For the avoidance of doubt, Shareholder(s) must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

AMENDMENTS TO THE CONSTITUTIONAL DOCUMENT

At the extraordinary Shareholders' meeting of the Company held on December 31, 2025, a special resolution was passed by the Shareholders to approve amendments to certain provisions of the Articles of association for the purpose of reflecting the expansion of business scope, the abolishment of the Supervisory Committee and other housekeeping changes. Details of the amendments were set out in the Company's announcement and circular dated December 10, 2025. The latest version of Articles of Association are also available on the websites of the Company and the Hong Kong Stock Exchange.

Corporate Governance Report

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONSHIP

The Company has adopted the Shareholders' communication policy (the "**Shareholders' Communication Policy**"), with the objective of ensuring that the Shareholders, and, in appropriate circumstances, the investment community at large, are provided with ready, equal and timely access to balanced and understandable information about the Company (including its financial performance, strategic goals and plans, material developments, governance and risk profile), in order to enable Shareholders to exercise their rights in an informed manner, and to allow Shareholders and the investment community to engage actively with the Company. A copy of the Shareholders' Communication Policy is available on the Company's website.

The Company has established a number of channels for maintaining an on-going dialogue with its Shareholders as follows:

Corporate Communications

Corporate Communications means any document issued or to be issued by the Company for the information or action of holders of any of its securities, including, but not limited to, the directors' report and annual accounts together with a copy of the auditor's report, the interim report, notices of meetings, circulars and proxy forms.

Corporate Communications will be provided to Shareholders in plain language and in both English and Chinese versions or, where permitted, in a single language in accordance with the Listing Rules to facilitate Shareholders' understanding. Shareholders have the right to choose the language (either English or Chinese) or means of receipt of the corporate communications (in hard copy or through electronic means).

As part of the Hong Kong Stock Exchange's decision to expand the paperless regime, Rule 2.07A of the Listing Rules came into effect from December 31, 2023. Pursuant to the said Rule 2.07A and the Articles of Association, the Company will disseminate the future corporate communications of the Company to its Shareholders electronically and only send corporate communications in printed form to the Shareholders upon written request. Please refer to the Company's announcement dated August 20, 2025 for the current arrangements of corporate communication dissemination.

Shareholders are encouraged to provide, amongst other things, in particular, their email addresses to the Company in order to facilitate timely and effective communications.

Corporate Governance Report

Corporate Website

A dedicated investor relations section is available on the Company's website (http://www.hengrui.com/investor/).

Information released by the Company to the Hong Kong Stock Exchange is also posted on the Company's website in a timely manner in accordance with the Listing Rules. Such information may include financial statements, results announcements, other announcements, circulars and notices of general meetings and associated explanatory documents, etc.

Shareholders' Meetings

Subject to such notice period required under any applicable provisions of the constitution of the Company from time to time, the Company should ensure that Shareholders are given sufficient notice of Shareholders' meetings. Shareholders are encouraged to participate in general meetings or to appoint proxies to attend and vote at meetings for and on their behalf if they are unable to attend the meetings. In addition, the chairman of a meeting should ensure that an explanation is provided of the detailed procedures for conducting a poll and answer any questions from Shareholders on voting by poll. Appropriate arrangements for general meetings shall be in place to encourage Shareholders' participation.

The process of the Company's general meeting will be monitored and reviewed on a regular basis, and, if necessary, changes will be made to ensure that Shareholders' needs are best served. The chairman of the Board and other Board members, in particular, the chairperson of Board committees or their delegates, appropriate management executives and external auditors shall attend annual general meetings to answer Shareholders' questions.

Shareholders are encouraged to attend Shareholders' activities organized by the Company, where information about the Company, including its latest strategic plan and services, etc. will be communicated.

From the Listing Date to the date of this report, the Company has ensured that all shareholders (especially minority shareholders) enjoyed equal status and are able to fully exercise their rights. The Company convened and held General Meetings strictly in accordance with the requirements of the Articles of Association, and selected venues that allow as many shareholders as possible to attend the General Meetings and exercise their voting rights.

Investment Market Communications

Investor/analysts briefings and one-on-one meetings, roadshows (both domestic and international), media interviews, marketing activities for investors and specialist industry forums, etc. may be available on a regular basis in order to facilitate communication between the Company, Shareholders and the investment community.

The Company's directors and employees who have contacts or dialogues with investors, analysts, media or other interested outside parties are required to comply with the disclosure obligations and requirements under the Company's Disclosure Policy.

Corporate Governance Report

General

During the Reporting Period, the Company maintained active and open communication with its investors through a variety of engagement channels. The Company engaged with investors through the Shanghai Stock Exchange e-Interaction Network Platform, results briefings, email correspondence, investor telephone calls, and investor exchange meetings, ensuring that shareholders and the investment community had timely access to information and adequate opportunities to engage with the Company's management. During the Reporting Period, the Company's information disclosure work was awarded Grade A (the highest grade) for information disclosure by the Shanghai Stock Exchange.

For enquiries about corporate governance or other matters to be put to the Board and the Company, the Company will not normally deal with verbal or anonymous enquiries unless it is any report or concerns raised about any possible improprieties in any matter related to the Company.

Shareholders may send written enquiries to the Company, for the attention of the Board by email or by post as set out in the section headed "Contact Details". Shareholders should direct their questions about their shareholdings to the Company's H Share Registrar, Tricor Investor Services Limited, by sending an email to is-enquiries@vistra.com or calling its hotline at +852 2980 1333, or go in person to its public counter at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

The Board has conducted a review of the implementation and effectiveness of the Shareholders' Communication Policy. Having considered the diverse channels of communication in place, the Board is satisfied that an effective Shareholders' communication policy has been properly implemented from the Listing Date to the date of this report.

Directors' Report

The Board is pleased to submit this report and audited consolidated financial statements of the Group for the year ended December 31, 2025.

PRINCIPAL BUSINESS

We are a leading innovative global pharmaceutical company rooted in China. We strategically focus on comprehensive therapeutic areas with significant unmet medical needs and growth potential, including (i) oncology, (ii) metabolic and cardiovascular diseases, (iii) immunological and respiratory diseases, and (iv) neuroscience. The H Shares of the Company were listed on the Main Board of the Hong Kong Stock Exchange on May 23, 2025.

Operating segment information of the Company for the year ended December 31, 2025 is presented in Note 4 to the consolidated financial statements. Details of the (1) names, (2) places and dates of incorporation/registration and places of operations, (3) nominal value of issued ordinary/registered share capital, (4) percentage of equity attributable to the Company, and (5) principal activities of the Company's principal subsidiaries are set out in Note 1 to the financial statements. There are no substantial changes in the principal business of the Group during the Reporting Period.

RESULTS

The operating results of the Group for the year ended December 31, 2025 and the financial positions of the Company and the Group as at the same date are set out on pages 108 to 115 of the consolidated financial statements.

DIVIDENDS

Pursuant to the resolutions of the shareholders of the Company dated April 28, 2025, the Company declared final dividends of RMB2.0 per ten Shares for the year ended December 31, 2024, amounting to a total of approximately RMB1,274.1 million. The distribution of such cash dividend was completed on May 23, 2025.

For the year ended December 31, 2025, the Board proposed to declare a final dividend of RMB2.0 (inclusive of tax) per ten Shares to all Shareholders based on the share capital of the Company as of the record date for dividend distribution, excluding Shares held in the stock repurchase account. Based on the number of Shares entitled to dividends as at March 16, 2026 (being 6,630,412,224 Shares), the aggregate amount of final dividends proposed for distribution is RMB1,326.1 million. In the event of any change in the Company's total share capital at the record date for dividend distribution, the Company intends to maintain the distribution ratio per Share unchanged and adjust the total distribution amount accordingly.

The aforesaid proposed dividend distribution is subject to the consideration and approval at the AGM. If the distribution proposal is approved at the AGM, it is expected that the final dividend for the year ended December 31, 2025 will be paid to the Shareholders within 2 months after the AGM in accordance with the Articles of Association.

Please refer to the 2025 AGM circular of the Company published on the Hong Kong Stock Exchange's website for details. The Company will announce further details regarding other specific matters on dividend distribution (including the record date, the period for closure of register of members, and the expected payment date for the dividends) upon approval by the Shareholders at the AGM.

There is no arrangement under which a Shareholder has waived or agreed to waive any dividends.

Directors' Report

BUSINESS REVIEW

Details of the business review and performance of the Group during the Reporting Period (including the description of the Group's achievements, the main risks and uncertainties faced by the Group, material events affecting the Company that have occurred since the end of the Reporting Period, the key financial performance and prospects) are set out in the "Financial Highlights" section on page 4 of this report, "Chairman's Statement"section on pages 8 to 9 of this report and "Management Discussion and Analysis" section on pages 10 to 44 of this report.

SUMMARY OF FINANCIAL INFORMATION

A summary of the consolidated results and the consolidated assets, liabilities and equity of the Group for the last four financial years is in the "Financial Highlights" section of this report on page 4. This summary does not form part of the audited consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of changes in the property, plant and equipment of the Group during the Reporting Period are set out in Note 14 to the consolidated financial statements.

SHARE CAPITAL

The Company had 258,197,600 H Shares in issue and 6,379,002,274 A Shares as at December 31, 2025, excluding treasury Shares held. Details of the changes in the Share capital of the Company during the year, together with the reasons therefor, are set out in Note 27 to the consolidated financial statements.

ISSUANCE OF SECURITIES AND USE OF NET PROCEEDS FROM THE GLOBAL OFFERING

On May 23, 2025, the Company's H Shares were successfully listed on the Main Board of the Hong Kong Stock Exchange, where 224,519,800 H Shares (before exercise of the over-allotment option) were issued and subscribed for at an offer price of HK$44.05 per H Share by way of initial public offering to Hong Kong and overseas investors. Net proceeds from such issue amounted to HK$9,747.3 million. On June 19, 2025, pursuant to the full exercise of the over-allotment option by the overall coordinators of the Global Offering (for themselves and on behalf of the international underwriters), the Company issued and allotted an aggregate of 33,677,800 H Shares at an offer price of HK$44.05 per H Share. The additional net proceeds from the full exercise of over-allotment option amounted to HK$1,471.5 million.

The total net proceeds from the Global Offering (taking into account the exercise of the over-allotment option and after deducting the underwriting fees and other expenses paid or payable by us in connection with the Global Offering) amounted to HK$11,218.8 million (approximately RMB10,285.0 million). The Company aims to, among others, raise additional capital for advancing its R&D initiatives and fund the construction, expansion or upgrade of new and existing production and R&D facilities through the issuance of its H Shares through the Global Offering.

Directors' Report

To the best knowledge of the Directors, there has neither been any material change nor delay in the use of proceeds during the year ended December 31, 2025. The following table sets forth a summary of the utilization of the net proceeds from the Global Offering as of December 31, 2025:

Purpose	Percentage of the total amount	Net proceeds from the Global Offering[1] *(RMB million)*	Utilized amount during the Reporting Period *(RMB million)*	Actual use of proceeds up to December 31, 2025 *(RMB million)*	Unutilized amount as of December 31, 2025 *(RMB million)*	Expected timeline for fully utilizing the unutilized amount[2]
Clinical studies for innovative drugs and drug candidates	45.0%	4,628.3	170.9	170.9	4,457.4	On or before December 31, 2030
Developing new innovative drugs	20.0 %	2,057.0	11.9	11.9	2,045.1	On or before December 31, 2030
Acquisitions and collaborations globally to strengthen our product pipeline and innovation capabilities	10.0%	1,028.5	–	–	1,028.5	On or before December 31, 2030
Construction of new production and R&D facilities in China and overseas markets	15.0%	1,542.8	24.6	24.6	1,518.2	On or before December 31, 2030
Working capital and other general corporate purposes	10.0%	1,028.5	31.6	31.6	996.9	On or before December 31, 2030
Total	**100%**	**10,285.0**	**239.0**	**239.0**	**10,046.0**	

Notes:

(1) Any discrepancies in this table between the total and sums of amounts are due to rounding.

(2) The expected timeline for utilization of the unutilized proceeds disclosed above is based on the best estimation from the Board in accordance with latest information as at the date of this report.

ISSUE OF DEBENTURE

The Group did not issue any debenture during the Reporting Period.

Directors' Report

PRE-EMPTIVE RIGHT

There are no provisions for pre-emptive rights under the Articles of Association or the applicable laws of the PRC where the Company is incorporated.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Repurchase of A Shares on the Open Market

On May 15, 2024, the Board approved the repurchase of a portion of issued A Shares by the Company using its own funds through centralized price bidding at the eighth meeting of the ninth session of the Board (the "**2024 Repurchase**"). The expected amount of funds for the 2024 Repurchase shall be not less than RMB0.6 billion and not more than RMB1.2 billion. The maximum repurchase price of the 2024 Repurchase will not exceed RMB67.38 per A Share, and all the A Shares repurchased will be used for employee stock ownership schemes or share incentives. Pursuant to the 2024 Repurchase, the Company has repurchased 12,905,144 A Shares with a total consideration of approximately RMB601.3 million during the Reporting Period.

On August 20, 2025, the Board approved the repurchase of a portion of issued A Shares by the Company using its own funds through centralized price bidding at the eighteenth meeting of the ninth session of the Board (the "**2025 Repurchase**"). The expected amount of funds for the 2025 Repurchase shall be no less than RMB1 billion and no more than RMB2 billion. The maximum repurchase price of the 2025 Repurchase will not exceed RMB90.85 per A Share, and all the A Shares repurchased will be used for employee stock ownership schemes or share incentives. Pursuant to the 2025 Repurchase, the Company has repurchased 8,898,740 A Shares with a total consideration of approximately RMB595.2 million during the Reporting Period.

As of December 31, 2025, 13,511,100 of the repurchased A Shares have been transferred to the designated securities repurchase account of the 2025 A Share Employee Stock Ownership Scheme.

As at the end of the Reporting Period, the Group held 3,738,950 A Shares as treasury shares. For the movement in treasury shares of the Company during the Reporting Period, please refer to Note 27 to the consolidated financial statements.

Directors' Report

From the Listing Date up to the end of the Reporting Period, the Company repurchased a total of 8,898,740 A Shares (representing approximately 0.13% of the total number of shares of the Company as at the end of the Reporting Period) on the Shanghai Stock Exchange with an aggregate repurchase amount of approximately RMB595.22 million under the A Share Employee Stock Ownership Schemes (as defined below). Details are summarized below:

Month	Number of A Shares repurchased *(shares)*	Highest repurchase price *(RMB per share)*	Lowest repurchase price *(RMB per share)*	Total repurchase amount *(RMB million)*
May 2025	0	N/A	N/A	N/A
June 2025	0	N/A	N/A	N/A
July 2025	0	N/A	N/A	N/A
August 2025	0	N/A	N/A	N/A
September 2025	4,572,400	70.00	67.20	315.40
October 2025	3,346,400	69.81	62.90	220.02
November 2025	979,940	63.28	59.32	59.79
December 2025	0	N/A	N/A	N/A

Save as disclosed above, from the Listing Date up to the end of the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Shares (including treasury Shares).

TAX RELIEF AND EXEMPTION

The Company is not aware of any tax relief and exemption available to the Shareholders due to their holding of the Company's securities.

RESERVES

Details of movements in the reserves of the Group and the Company during the Reporting Period are set out in the consolidated statement of changes in equity and Note 28 to the consolidated financial statements, respectively.

RESERVES AVAILABLE FOR DISTRIBUTION

The amount of the Company's retained profits available for distribution as at December 31, 2025, calculated in accordance with PRC rules and regulations, was RMB40,173.4 million (December 31, 2024: RMB33,865.5 million).

Directors' Report

MAJOR CUSTOMERS AND SUPPLIERS

In the Reporting Period, the Group's largest customer accounted for 25.82% of the Group's total revenue. The Group's five largest customers accounted for 55.7% of the Group's total revenue.

In the Reporting Period, the Group's largest supplier accounted for 7.68% of the Group's total purchase. The Group's five largest suppliers accounted for 28.7% of the Group's total purchase.

None of the Directors or any of their close associates (as defined under the Listing Rules) or any Shareholders (which, to the best knowledge of the Directors, owns more than 5% of the Company's issued share capital) has any beneficial interest in the Group's five largest suppliers or the Group's five largest customers.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Company's environmental protection measures mainly include: (i) establishing a standardized, science-based, and rational environmental management system; (ii) regularly conducting internal and external environmental monitoring and audit to ensure compliance with applicable environmental standards and mitigate the environmental impact of the Group's operations; (iii) implementing effective environmental emergency response plans and on-site management; and (iv) providing regular training sessions for employees to enhance their environmental awareness.

Our environmental policy also places a strong emphasis on addressing the impacts of climate change. Recognizing the significant impact that climate change can have on long-term business sustainability, we incorporate climate-related issues into our governance and decision-making processes. We proactively identify and mitigate climate-related risks, while tailoring our strategies to enhance our adaptability.

During the Reporting Period, the Company set energy-saving targets for major production plants and strictly assessed performance, achieving a 100% completion rate of annual energy-saving targets. We conducted targeted energy audits on manufacturing operating units, effectively identifying and addressing areas for improvement in energy management. The Company also adopted innovative packaging designs to achieved an annual cost savings on packaging materials of more than RMB1.2 million for the year ended December 31, 2025.

Moreover, we have integrated ESG into our employee management practices to ensure that our employees contribute to our sustainability goals. For instance, to effectively manage ESG issues, mitigate risks, and achieve sustainable growth, we tie executive and managerial compensation to performance metrics related to safety, environment protection, quality, and compliance.

In recognition of our ESG performance, our MSCI ESG rating, which measures our resilience to long-term, financially relevant ESG risks, was upgraded from "A" to "AA" during the Reporting Period.

For details on environmental policies and performance, please refer to the "2025 Environmental, Social and Governance Report" of the Company.

DONATIONS

During the Reporting Period, the Group made charitable and other donations in an aggregate amount of approximately RMB281.0 million.

Directors' Report

RELATIONSHIP WITH STAKEHOLDERS

In terms of relationship with its employees, the Company places strong emphasis on talent development. In 2025, the Company fully promoted the implementation of Individual Development Plans ("IDP"), completing IDP formulation for 100% of core backbone employees and all succession pipeline candidates. In November 2025, the Company officially launched the talent review and succession informatization system, achieving full-process digital closed-loop management of IDPs from formulation, quarterly review, to year-end evaluation. Furthermore, the Company views campus recruitment as a key part of its talent strategy and innovation ecosystem. During the Reporting Period, the Company held dedicated overseas recruitment sessions at renowned universities including Yale University, Harvard University, and Johns Hopkins University to attract international talent.

In terms of relationship with its customers, the Company conducted 128 quality audits during the Reporting Period, including 62 inspections requested by regulatory agencies such as the NMPA and the U.S. FDA, as well as 66 quality audits requested by customers. We also organized no fewer than eight internal quality reviews during the Reporting Period, promptly implementing corrective and preventative measures to address issues identified during audits, ensuring that product quality consistently meets high standards. As a result, the Company's overall customer satisfaction rate reached 97% for the year ended December 31, 2025.

In terms of relationship with its suppliers, the Group carried out a special initiative during the Reporting Period to reduce the number of sole-source suppliers, introducing at least one new qualified supplier for 33 categories of critical materials to replace the original sole-source supply, actively promoting supply chain diversification. The Company also deployed an SRM supplier management system, building a digitalized procurement management platform covering the full process of supplier management, sourcing, contracts, orders, delivery, and financial collaboration.

The Group understands the importance of maintaining a good relationship with its employees, customers and suppliers to meet its immediate and long-term business goals. During the Reporting Period, there was no material and significant dispute between the Group and its employees, customers and suppliers.

COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS

As the Group mainly operates in China, it is subject to PRC laws and regulations relating to the R&D, manufacturing, distribution and procurement of pharmaceutical products and the medical industry, including but not limited to those on quality, safety, environmental protection, intellectual property, labor and human resources. As a company incorporated in the PRC and listed on the Shanghai Stock Exchange and the Hong Kong Stock Exchange, the Company is also governed by the PRC Company Law, the Civil Code of the PRC, the Drug Administration Law of the PRC, the Listing Rules, the SFO, the Listing Rules of the Shanghai Stock Exchange, and other applicable regulations, policies and regulatory legal documents promulgated pursuant thereto.

During the year ended December 31, 2025, to the best knowledge of the Board, the Group does not have any incidence of non-compliance with the relevant laws and regulations that would have a significant impact on the Group's business.

Directors' Report

DIRECTORS

The Directors during the Reporting Period and as at the date of this report are as follows:

Executive Directors

Mr. Sun Piaoyang *(Chairman of the Board)*

Mr. Dai Hongbin *(Deputy Chairman of the Board)*

Ms. Feng Ji (*General Manager (President) and Chief Operating Officer*)

Mr. Zhang Lianshan (*Executive Vice President*)

Mr. Jiang Frank Ningjun (*Executive Vice President and Chief Strategy Officer*)

Mr. Sun Jieping (*Senior Vice President*)

Non-executive Director

Ms. Guo Congzhao

Independent Non-executive Directors

Mr. Dong Jiahong

Mr. Zeng Qingsheng

Mr. Sun Jinyun

Mr. Chow Kyan Mervyn

BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Biographical details of the Directors, Supervisors and the senior management of the Group are set out on pages 94 to 101 of this report.

MANAGEMENT CONTRACT

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the Reporting Period (other than the service contracts with any Directors or Supervisors or any of the full-time employees of the Company).

PENSION SCHEME

The employees of the Company and its subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. The Company and the subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme. Details of the pension scheme of the Group are set out in Note 2.4 to the consolidated financial statements.

Directors' Report

CHANGE IN DIRECTORS' AND SUPERVISORS' INFORMATION

There is no change in the Directors' and Supervisors' information which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules during the Reporting Period.

SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

None of the Directors nor Supervisors has entered into any unexpired service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation other than statutory compensation.

DIRECTORS' AND SUPERVISORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE AS WELL AS COMPETING BUSINESS

Save as disclosed in the section headed "Continuing Connected Transactions", "Related Party Transactions" and Note 32 to the consolidated financial statements headed "Related Party Transactions" set out in this report, none of the Directors or Supervisors nor any entity connected with the Directors or Supervisors had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party subsisting during or at the end of the Reporting Period.

None of our Directors has any interest in a business which competes or is likely to compete with our Group's business and would require disclosure under Rules 8.10(2) of the Listing Rules.

RELATED PARTY TRANSACTIONS

Details of material related party transactions are set out in Note 32 to the consolidated financial statements. Save for the connected transactions as disclosed in the section headed "Connected Transactions" under the "Directors' Report" in this report, none of such related party transactions constitutes a connected transaction or continuing connected transaction (as the case may be) pursuant to Chapter 14A of the Listing Rules. Our Company had complied with the disclosure requirements under Chapter 14A of the Listing Rules.

CONTINUING CONNECTED TRANSACTIONS

We have entered into agreements for continuing connected transactions with connected persons under the Listing Rules in the ordinary and usual course of our business and in compliance with the requirements under Chapter 14A of the Listing Rules. Details of the continuing connected transactions of the Group are set out below.

Licensing Agreement and Commercialization Services Framework Agreement with Hansoh Pharma

As disclosed in the announcement of the Company dated December 28, 2025, (i) on December 26, 2025, the Company (as licensor) entered into the Licensing Agreement with Hansoh Pharma (as licensee), pursuant to which the Company agreed to grant Hansoh Pharma an exclusive license to develop, manufacture and commercialize the Licensed Product for the Licensing Field within PRC, and Hansoh agreed to make certain upfront, milestone and royalty payments to the Company; and (ii) on December 26, 2025, Chengdu Suncadia (a direct non-wholly owned subsidiary of the Company) entered into the Commercialization Services Framework Agreement with Jiangsu Hansoh (a wholly-owned subsidiary of Hansoh Pharma). Pursuant to the Commercialization Services Framework Agreement, Jiangsu Hansoh and/or its associates will provide non-exclusive commercialization services to Chengdu Suncadia for the Paricalcitol Soft Capsules within the PRC in the treatment of human.

Directors' Report

The spouse of Mr. Sun Piaoyang (the chairman of the Board and an executive Director) is a controlling shareholder of Hansoh Pharma. Accordingly, Hansoh Pharma and Jiangsu Hansoh (which is wholly-owned by Hansoh Pharma) are connected persons of the Company under Rule 14A.07 of the Listing Rules respectively and the transactions contemplated under the Licensing Agreement and the Commercialization Services Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Term

The Licensing Agreement is effective from the date of its execution and shall continue for a period of twenty (20) years from the effective date, unless earlier terminated. The term of the Commercialization Services Framework Agreement is from December 26, 2025 to December 31, 2027.

Consideration

Pursuant to the Licensing Agreement, Hansoh Pharma is required to pay the Company (i) an upfront payment of RMB30 million; (ii) regulatory milestone payment(s), and a commercial milestone payment associated with the inclusion of the Licensed Product in the NRDL of up to RMB190 million upon achieving the specified milestones; and (iii) tiered royalty payments of up to 9% based on net quarterly sales of the Licensed Product, in each case subject to the terms and conditions of the Licensing Agreement.

The commercialization service fees payable by Chengdu Suncadia under the Commercialization Services Framework Agreement shall be made on a quarterly basis and shall be determined by multiplying the actual net sales of the Paricalcitol Soft Capsules by the applicable commercialization service fee rate, which shall be determined separately and set out in definitive agreements to be entered into between Chengdu Suncadia and Jiangsu Hansoh. The commercialization service fee rate shall be determined after arm's length negotiations with reference to, amongst others, the listed drug price of Paricalcitol Soft Capsules, the expected costs and expenses of conducting the commercialization services, rates charged in historical transactions of the Group for similar commercialization services.

Annual caps

The proposed annual caps for the consideration payable by Hansoh Pharma to the Company under the Licensing Agreement and Commercialization Services Framework Agreement for the year ended December 31, 2025 are nil and nil, respectively. The actual transaction amounts pursuant to the Licensing Agreement and the Commercialization Services Framework Agreement for the year ended December 31, 2025 are nil and nil, respectively.

The Company has complied and will continue to comply with relevant requirements pursuant to Chapter 14A of the Listing Rules in respect of connected transactions, including, among others, conducting an annual review of the continuing connected transactions. The Company will also adhere strictly to its pricing policies in determining the price and terms of the continuing connected transactions to be conducted.

For further details, please refer to the Company's announcement dated December 28, 2025.

Opinion of the Board

The Board (including independent non-executive Directors) has reviewed the continuing connected transactions as described above and confirmed that in 2025, such transactions have been entered into:

(i) in the ordinary and usual course of business of the Group;

(ii) on normal commercial terms; and

(iii) in accordance with the relevant agreements governing such transactions on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

Directors' Report

Confirmation of the auditor

The auditors of the Company issued a letter to the Board, confirming (among which) in respect of the continuing connected transactions as mentioned above:

1. nothing has come to their attention that causes the auditors to believe that the disclosed continuing connected transactions have not been approved by the Board;
2. for transactions involving the provision of goods or services by the Group, nothing has come to their attention that causes the auditors to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Group;
3. nothing has come to their attention that causes the auditors to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and
4. nothing has come to their attention that causes the auditors to believe that the disclosed continuing connected transactions have exceeded the maximum aggregate annual cap.

OTHER INFORMATION

The Company does not have any other disclosure obligations pursuant to Rules 13.20, 13.21 and 13.22 of the Listing Rules. All references above to other sections, reports or notes in this report form part of this Directors' report.

EVENTS AFTER THE REPORTING PERIOD

Approval for Marketing of Retlirafusp alfa Injection

In January 2026, the NMPA granted approval for the marketing of the Class 1 innovative drug Retlirafusp alfa Injection independently developed by the Company. This product in combination with fluorouracil and platinum-based drugs is used for the first-line treatment of locally advanced unresectable, recurrent or metastatic gastric and gastroesophageal junction adenocarcinoma that is PD-L1 positive (CPS ≥ 1) by a fully validated test. For details, please refer to the Company's announcement dated January 7, 2026.

Approval for Marketing of Hetrombopag Olamine Tablets

In March 2026, the NMPA granted approval for a new indication of the Class 1 innovative drug Hetrombopag Olamine Tablets self-developed by the Company. The newly approved indication covers the use of this product, in combination with immunosuppressive therapy, for patients aged 15 years and older with treatment-naive severe aplastic anemia (SAA). For details, please refer to the Company's announcement dated March 13, 2026.

Approval for Marketing of Trastuzumab Rezetecan for Injection

In March 2026, the NMPA granted approval for a new indication of the Class 1 innovative drug Trastuzumab Rezetecan for Injection (SHR-A1811) self-developed by the Company. The newly approved indication covers the use of this product for the treatment of adult patients with locally advanced or metastatic HER2-positive breast cancer who have previously received one or more anti-HER2 therapies. For details, please refer to the Company's announcement dated March 20, 2026.

Proposed Election of New Session of the Board, Retirement and Proposed Appointment of Independent Non-Executive Director

As the term of office of the ninth session of the Board is due, the tenth session of the Board shall therefore be elected and formed according to the Articles of Association. The Directors (save for Mr. Dong Jiahong, an independent non-executive Director who will not stand for re-election for the tenth session of the Board) have been recommended by the Nomination Committee for re-election. With effect from the date of the conclusion of the AGM, Mr. Dong Jiahong will retire from the positions of an independent non-executive Director, the chairperson of the Nomination Committee, a member of the Audit Committee and a member of the Strategy Committee. Upon the retirement taking effect, Mr. Dong will no longer hold any position in the Company. The Board, upon recommendation by the Nomination Committee, proposes to appoint Mr. Lou Liguang as an independent non-executive Director. For details, please refer to the Company's announcement dated March 2, 2026 and circular dated March 25, 2026.

Save as disclosed above, there is no material event affecting the Company during the period from December 31, 2025 to the date of this report.

Directors' Report

INTERESTS AND SHORT POSITIONS OF THE DIRECTORS, SUPERVISORS, AND THE CHIEF EXECUTIVE OF THE COMPANY IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As of December 31, 2025, the interests or short positions of the Directors, Supervisors or chief executive in the Shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or (ii) required to be entered into the register required to be kept by the Company pursuant to Section 352 of the SFO, or (iii) otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code set out in Appendix C3 of the Listing Rules were as follows:

1. Interest in shares or underlying shares of our Company

Name of Director, Supervisor or chief executive	Nature of interest[1]	Class of Shares	Number of Shares or underlying shares directly or indirectly held	Approximate percentage of shareholding in the relevant class of shares (%)[2]	Approximate percentage of shareholding in the Company's issued share capital (%)[2]
Mr. Sun Piaoyang (孫飄揚先生)	Interest held by controlled corporation[3]	A Shares	1,538,184,187	24.11%	23.18%
Mr. Dai Hongbin (戴洪斌先生)	Beneficial owner	A Shares	2,086,842	0.03%	0.03%
Ms. Feng Ji (馮佶女士)	Beneficial owner	A Shares	330,000	0.01%	Less than 0.01%
Mr. Zhang Lianshan (張連山先生)	Beneficial owner	A Shares	803,152	0.01%	0.01%
Mr. Jiang Frank Ningjun (江寧軍先生)	Beneficial owner	A Shares	306,000	Less than 0.01%	Less than 0.01%
Mr. Sun Jieping (孫杰平先生)	Beneficial owner	A Shares	1,851,992	0.03%	0.03%
Mr. Yuan Kaihong (袁開紅先生)[4]	Beneficial owner	A Shares	1,346,000	0.02%	0.02%
Ms. Xu Yu (徐煜女士)[4]	Beneficial owner	A Shares	10,400	Less than 0.01%	Less than 0.01%

Notes:

(1) All interests stated are long positions.

(2) The calculation is based on the total issued Shares of 6,637,199,874 shares as of December 31, 2025 (including 6,379,002,274 A Shares and 258,197,600 H Shares).

(3) As of December 31, 2025, (i) Hengrui Group directly held 1,538,184,187 A Shares; and (ii) Mr. Sun Piaoyang, our chairman of the Board and one of our executive Directors, held an 89.2% equity interest in Hengrui Group. Therefore by virtue of the SFO, Mr. Sun Piaoyang is deemed to be interested in the A Shares held by Hengrui Group.

(4) The Supervisory Committee was dissolved on December 31, 2025.

Directors' Report

2. *Interest in shares of associated corporations of our Company*

Name of Director, Supervisor or chief executive	Nature of interest	Name of associated corporation	Approximate percentage of shareholding
Mr. Sun Piaoyang (孫飄揚先生)	Beneficial owner	Chengdu Suncadia	1.22%
	Beneficial owner	Ruilidi Biopharmaceuticals (Shanghai) Co., Ltd. (瑞利迪(上海)生物醫藥有限公司)	40.00%
	Interest in controlled corporation[1]	Shanghai Shengdi Biopharmaceuticals Private Investment Fund Partnership (Limited Partnership) (上海盛迪生物醫藥私募投資基金合夥企業(有限合夥))	48.54%
	Interest in controlled corporation[1]	Shanghai Regenelead Therapies Co., Ltd. (上海瑞宏迪醫藥有限公司)	28.00%
Mr. Dai Hongbin (戴洪斌先生)	Beneficial owner	Chengdu Suncadia	0.12%
Mr. Zhang Lianshan (張連山先生)	Beneficial owner	Chengdu Suncadia	0.11%
Mr. Sun Jieping (孫杰平先生)	Beneficial owner	Chengdu Suncadia	0.12%
	Interest in controlled corporation[2]	Shanghai Shengdi Private Equity Management Co., Ltd. (上海盛迪私募基金管理有限公司) ("**Shanghai Shengdi Private Equity**")	40.00%

Notes:

(1) As of December 31, 2025, (i) Hengrui Group held 48.5% equity interest in Shanghai Shengdi Biopharmaceuticals Private Investment Fund Partnership (Limited Partnership) (上海盛迪生物醫藥私募投資基金合夥企業(有限合夥)) and 28.0% equity interest in Shanghai Ruihongdi Pharmaceutical Co.,Ltd. (上海瑞宏迪醫藥有限公司); and (ii) Mr. Sun Piaoyang, our chairman of the Board and one of our executive Directors, held an 89.2% equity interest in Hengrui Group. As such, Mr. Sun Piaoyang is deemed to be interested in the shares held by Hengrui Group.

(2) As of December 31, 2025, (i) Shanghai Yaorong Enterprise Management Center (Limited Partnership) (上海曜嶸企業管理中心(有限合夥)) ("**Shanghai Yaorong**") held 40.0% equity interest in Shanghai Shengdi; and (ii) Mr. Sun Jieping, one of our executive Directors, held 50.0% interest in Shanghai Yaorong in the capacity as executive and general partner. As such, Mr. Sun Jieping is deemed to be interested in the shares held by Shanghai Yaorong.

Directors' Report

Save as disclosed above, as of December 31, 2025, so far as the Directors, the Supervisors and the chief executive of the Company are aware, none of the Directors, the Supervisors or the chief executive of the Company had or were deemed to have any interest or short position in any Shares or underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which was required (i) to be notified to the Company and the Hong Kong Stock Exchange under Divisions 7 and 8 of Part XV of the SFO; (ii) to be recorded in the register required to be kept by the Company under Section 352 of the SFO; or (iii) as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND/OR SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As of December 31, 2025, the interests of relevant persons (other than a Director or a Supervisor) who had interests or short positions in the Shares or the underlying shares, which were required to be notified under Divisions 2 and 3 of Part XV of the SFO or recorded in the register required to be kept by the Company under Section 336 of the SFO, were as follows:

Name of Shareholder	Capacity/ Nature of interest	Class of Shares	Long position/ Short Position/ Lending Pool	Number of Shares or underlying shares directly or indirectly held	Approximate percentage of shareholding in the relevant class of shares (%)[1]	Approximate percentage of shareholding in the Company's issued share capital (%)[1]
Hengrui Group	Beneficial owner	A Shares	Long Position	1,538,184,187[2]	24.11%	23.18%
Mr. Cen Junda (岑均達先生)	Interest in controlled corporation	A Shares	Long Position	952,752,304[3]	14.94%	14.35%
GIC Private Limited	Investment manager	H Shares	Long Position	59,462,200	23.03%	0.90%
Morgan Stanley International Holdings Inc.	Interest in controlled corporation	H Shares	Long Position	21,214,380[4]	9.45%	0.32%
Wellington Management Group LLP	Investment manager	H Shares	Long Position	21,482,238[5]	8.32%	0.32%
The Capital Group Companies, Inc.	Interest in controlled corporation	H Shares	Long Position	19,745,800[6]	7.65%	0.30%
JPMorgan Chase & Co.	Beneficial owner	H Shares	Long Position	6,292,776[7]	2.44%	0.09%
	Beneficial owner	H Shares	Short Position	6,634,033[7]	2.57%	0.10%
	Investment manager	H Shares	Long Position	2,319,200[7]	0.90%	0.03%
	Investment manager	H Shares	Short Position	2,600[7]	Less than 0.01%	Less than 0.01%
	Person having a security interest in shares	H Shares	Long Position	10,000[7]	Less than 0.01%	Less than 0.01%
	Trustee	H Shares	Long Position	1,000[7]	Less than 0.01%	Less than 0.01%
	Approved lending agent	H Shares	Long Position	9,195,957[7]	3.56%	0.14%
Mr. Tong Xiaomeng (童小幪先生)	Interest in controlled corporation	H Shares	Long Position	14,074,800[8]	5.45%	0.21%

Directors' Report

Notes:

(1) The calculation is based on the total issued Shares of 6,637,199,874 shares as of December 31, 2025 (including 6,379,002,274 A Shares and 258,197,600 H Shares).

(2) Mr. Sun Piaoyang, our chairman of the Board and one of our executive Directors, held an 89.2% equity interest in Hengrui Group. Therefore by virtue of the SFO, Mr. Sun Piaoyang is deemed to be interested in the A Shares held by Hengrui Group. Accordingly, the 1,538,184,187 shares of the Company in which Hengrui Group was interested were duplicated with the interests attributed to Mr. Sun Piaoyang.

(3) These shares are held by Tibet Dayuan Enterprise Management Co., Ltd. ("**Tibet Dayuan**"). Tibet Dayuan is owned as to 79.17% by Shanghai Qianying Enterprise Management Partnership (Limited Partnership) ("**Shanghai Qianying**"), which in turn is owned by Shenzhen Yingtai Asset Management Co., Ltd. ("**Shenzhen Yingtai**") and Shanghai Yaoye Technology Co., Ltd. ("**Shanghai Yaoye**") as to 100% and 99.00%, respectively. Shanghai Yaoye is owned as to 99.00% by HongKong Jieyuan Investment Co., Limited ("**Hong Kong Jieyuan**"). As Shenzhen Yingtai and HongKong Jieyuan are wholly-owned by Mr. Cen Junda, Tibet Dayuan, Shanghai Qianying, Shenzhen Yingtai, Shanghai Yaoye and HongKong Jieyuan are deemed to be interested in these Shares.

(4) These Shares are held by Morgan Stanley & Co. International plc ("**MSCI**"). MSCI is wholly-owned by Morgan Stanley Investments (UK), which in turn is wholly-owned by Morgan Stanley International Limited ("**MSIL**"). MSIL is wholly owned by Morgan Stanley International Holdings Inc. Accordingly, Morgan Stanley International Holdings Inc. is deemed to be interested in the Shares held by the aforementioned subsidiaries. Out of the equity interests held by Morgan Stanley International Holdings Inc. in the Company, 13,471,200 Shares were held through physically settled unlisted derivatives.

(5) These Shares, of which 5,622,544 Shares are held by Wellington Management International Ltd ("**Wellington International**"), of which 1,296,129 Shares are held by Wellington Management Hong Kong Ltd ("**Wellington Hong Kong**") and of which 14,563,565 Shares are held by Wellington Management Company LLP ("**Wellington MC LLP**"). Wellington MC LLP is owned as to 99.99% by Wellington Investment Advisors Holdings LLP ("**Wellington Advisors**"). Wellington Hong Kong and Wellington International are wholly-owned by Wellington Management Global Holdings, Ltd. ("**Wellington MGH**"), which in turn is owned as to 94.10% by Wellington Advisors. Wellington Advisors is owned as to 99.99% by Wellington Group Holdings LLP, which in turn is owned as to 99.70% by Wellington Management Group LLP.

(6) These Shares, of which 17,649,400 Shares are held by Capital Research and Management Company ("**CRMC**"), of which 1,656,200 Shares are held by Capital International, Inc. of which 207,600 Shares are held by Capital International Sarl and of which 232,600 Shares are held by Capital Group Private Client Services, Inc.. CRMC is wholly-owned by The Capital Group Companies, Inc. ("**TCGC**"). Capital International Sarl and Capital International, Inc. are both wholly-owned by Capital Group International, Inc., which in turn is a direct wholly-owned subsidiary of CRMC. CRMC is a wholly-owned subsidiary of TCGC.

Directors' Report

(7) These Shares, of which 9,195,957 Shares are held by JPMorgan Chase Bank, National Association ("**JPM, NA**"), of which 1,000 Shares are held by J.P. Morgan SE, of which 6,174,409 Shares and 6,505,666 Shares in short position are held by J.P. Morgan Securities Plc ("**JPM Securities Plc**"), of which 2,028,800 Shares are held by JPMorgan Asset Management (Asia Pacific) Limited ("**JPM AM AP**"), of which 25,400 Shares are held by JPMorgan Asset Management (Taiwan) Limited ("**JPM AM Taiwan**"), of which 28,967 Shares and 28,967 Shares in short position are held by J.P. Morgan Securities LLC ("**JPM Securities**"), of which 264,000 Shares are held by J.P. Morgan Investment Management Inc., of which 99,400 Shares and 99,400 Shares in short position are held by J.P. Morgan Prime Inc., of which 1,000 Shares are held by J.P. Morgan Trust Company of Delaware, of which 2,600 Shares in short position are held by J.P. Morgan Alternative Asset Management, Inc.. J.P. Morgan SE is a wholly-owned subsidiary of J.P. Morgan International Finance Limited ("**JPM Finance**"), which is an indirect wholly-owned subsidiary of JPMorgan Chase & Co. through JPM, NA. JPM Securities Plc is an indirectly wholly-owned subsidiary of JPMorgan Chase & Co through J.P. Morgan Capital Holdings Limited, a directly wholly-owned subsidiary of JPM Finance. JPM AM AP and JPM AM Taiwan are wholly-owned by JPMorgan Asset Management (Asia) Inc., which is in turn wholly-owned by JPMorgan Asset Management Holdings Inc., an indirectly wholly-owned subsidiary of JPMorgan Chase & Co. through JPMorgan Chase Holdings LLC ("**JPM Holdings**"). JPM Securities is an indirectly wholly-owned subsidiary of JPMorgan Chase & Co. through J.P. Morgan Broker-Dealer Holdings Inc., a directly wholly-owned subsidiary of JPM Holdings. The equity interests and short positions of JPMorgan Chase & Co. included a lending pool of 9,195,957 Shares. Besides, 726,995 Shares (long position) and 1,453,989 Shares (short position) were held through physically settled unlisted derivatives and 2,285,405 Shares (long position) and 1,029,637 Shares (short position) were held through cash settled unlisted derivatives.

(8) These Shares, of which 7,037,400 Shares are held by Cordial Solar Limited, of which 5,897,341 Shares are held by Boyu Capital Opportunities Master Fund ("**BCOMF**") and of which 1,140,059 Shares are held by Boyu Capital Vantage Master Fund ("**BCVMF**"). Cordial Solar Limited is owned as to 83.80% by BCOMF, while BCOMF and BCVMF are in turn wholly-owned by Boyu Capital Investment Management Limited ("**BCIM**"). BCIM is wholly-owned by Boyu Capital Group Holdings Ltd., which is in turn wholly-owned by Boyu Group, LLC. Boyu Group, LLC is owned as to 45.70% by XYXY Holdings Ltd., a wholly-owned company of Mr. Tong Xiaomeng.

Saved as disclosed above, as of December 31, 2025, so far as the Directors are aware, no other person (not being a Director, former Supervisor or chief executive of the Company) had or was deemed to have any interest or short position in any Shares or underlying shares of the Company which was required to be notified under Divisions 2 and 3 of Part XV of the SFO or recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the sections headed "Interests and Short Positions of the Directors, Supervisors, and the Chief Executive of the Company in the Shares, Underlying Shares and Debentures of the Company and its Associated Corporations", "A Share Employee Stock Ownership Schemes" and Note 29 to the consolidated financial statements in this report, no arrangements to which the Company or any of its subsidiaries is or was a party enabling the Directors and the chief executive of the Company to acquire benefits by means of acquisitions of shares or debentures of the Company or any other body corporate subsisted at any time during and as at the end of the Reporting Period.

Directors' Report

PERMITTED INDEMNITY PROVISION

In addition to the indemnities provisions as set out in the Articles of Association, Directors' liability insurance is currently in place, and was in place from the Listing Date up to the end of the Reporting Period, to protect the Directors of the Company against potential costs and liabilities arising from claims against them.

SUFFICIENT PUBLIC FLOAT

The Hong Kong Stock Exchange has granted the Company a waiver from strict compliance with the minimum public float requirement under the then Rule 8.08(1)(b) (currently repealed) and Rule 19A.13A of the Listing Rules. Pursuant to the waiver, the minimum percentage of the Shares from time to time held by the public shall be no less than 3.895% of the Company's total issued share capital, being the higher of (a) 3.4% (assuming no exercise of the over-allotment option) and (b) such percentage of H Shares to be held by the public immediately after completion of the Global Offering, as increased by the H Shares to be issued upon any exercise of the over-allotment option, of the total enlarged issued share capital of the Company (excluding A Shares repurchased and held in the Company's stock repurchase account).

Based on the information publicly available to the Company and to the best knowledge of the Directors, as at the date of this report, the Company has been maintaining sufficient public float as required by the Listing Rules.

A SHARE EMPLOYEE STOCK OWNERSHIP SCHEMES

Our Company adopted the A Share Employee Stock Ownership Schemes, which are outstanding as of the date of this report. The terms of the A Share Employee Stock Ownership Schemes are not subject to the provisions of Chapter 17 of the Listing Rules as the A Share Employee Stock Ownership Schemes do not involve the issuance of new shares.

A summary of the principal terms of the A Share Employee Stock Ownership Schemes is set out below.

(i) Purpose

The Scheme was implemented by the Company to establish and improve the mechanism for sharing benefits between the Company, its Shareholders and its employees, motivate the enthusiasm and creativity of employees, enhance employee cohesion and the Company's competitiveness, which in return will promote the long-term, sustainable and healthy development of the Company.

(ii) Participants of the schemes

The participants of the A Share Employee Stock Ownership Schemes include directors, supervisors*, senior management, core management and key personnel as set out in the schemes.

* The Supervisory Committee was dissolved on December 31, 2025.

Directors' Report

(iii) Total number of shares available

Under the 2022 Employee Stock Ownership Scheme, the Company shall repurchase no more than 12 million A Shares (including reserved units), representing approximately 0.19% of the total share capital of the Company as at the date of the announcement of the draft 2022 Employee Stock Ownership Scheme and approximately 0.18% of the total share capital of the Company (excluding treasury shares) as at the date of this report.

Under the 2023 Employee Stock Ownership Scheme, the Company shall repurchase no more than 11.5 million A Shares (including reserved units), representing approximately 0.18% of the total share capital of the Company as at the date of the announcement of the draft 2023 Employee Stock Ownership Scheme and approximately 0.17% of the total share capital of the Company (excluding treasury shares) as at the date of this report.

Under the 2024 Employee Stock Ownership Scheme, the Company shall repurchase no more than 12.2 million A Shares (including reserved units), representing approximately 0.19% of the total share capital of the Company as at the date of the announcement of the draft 2024 Employee Stock Ownership Scheme and approximately 0.18% of the total share capital of the Company (excluding treasury shares) as at the date of this report.

Under the 2025 Employee Stock Ownership Scheme, the Company shall repurchase no more than 14 million A Shares (including reserved units), representing approximately 0.21% of the total share capital of the Company as at the date of the announcement of the draft 2025 Employee Stock Ownership Scheme and approximately 0.21% of the total share capital of the Company (excluding treasury shares) as at the date of this report.

The final number of Underlying Shares held under the A Share Employee Stock Ownership Schemes shall be subject to the actual implementation. After implementation, the total number of shares held by all valid employee stock ownership schemes of the Company shall not exceed 10% of the total share capital of the Company in aggregate, and the number of Underlying Shares held by any individual holder shall not exceed 1% of the total share capital of the Company.

(iv) Maximum entitlement of each participant

The number of Underlying Shares corresponding to the A Share Employee Stock Ownership Scheme shares held by any individual holder shall not exceed 1% of the total share capital of the Company.

(v) Duration and remaining life

Each A Share Employee Stock Ownership Scheme is valid for a period of 60 months, commencing from the date of approval by the Shareholders and upon publication of an announcement by our Company regarding the transfer of relevant A Shares from our Company stock repurchase account to the relevant employee stock ownership scheme (the "**Announcement Date**").

Directors' Report

The Announcement Date and expiry of the term of each of the A Share Employee Stock Ownership Scheme is set out as follows:

	Announcement Date	Date of Expiry
2022 Employee Stock Ownership Scheme	November 8, 2022	November 7, 2027
2023 Employee Stock Ownership Scheme	December 28, 2023	December 27, 2028
2024 Employee Stock Ownership Scheme	December 30, 2024	December 29, 2029
2025 Employee Stock Ownership Scheme	November 8, 2025	November 7, 2030

Early termination or extension may be granted upon approval by the Board if all Shares under the A Share Employee Stock Ownership Schemes are sold or transferred during the duration of the scheme.

(vi) Vesting of the shares

Each participants' entitlement to the corresponding portion of A Shares (together with any dividend) held by the A Share Employee Stock Ownership Schemes shall be vested in three tranches in the proportion of 40%, 30% and 30%, upon expiry of a period of 12 months, 24 months and 36 months from the Announcement Date, respectively. The vesting of A Shares shall be subject to attainment of corporate performance targets and personal evaluation for each participant. The vested A Shares shall either be sold by the Scheme Management Committee, with the proceeds to be distributed to the participants proportionately, or transferred to the relevant participant.

(vii) Amount payable on grant

The purchase price payable on grant under each of the A Share Employee Stock Ownership Scheme is as follows:

2022 Employee Stock Ownership Scheme	RMB4.97 per Share
2023 Employee Stock Ownership Scheme	RMB23.85 per Share
2024 Employee Stock Ownership Scheme	RMB21.20 per Share
2025 Employee Stock Ownership Scheme	RMB30.95 per Share

Directors' Report

(viii) Basis of determining the purchase price

For 2022 Employee Stock Ownership Scheme, the purchase price shall be 15% of the average repurchase price of the Shares.

For 2023, 2024 and 2025 Employee Stock Ownership Scheme, the purchase price shall be no less than the par value of the Shares and no less than the higher of the following two benchmarks:

(1) 50% of the average trading price of A Shares of the Company on the trading day before the announcement of the draft Scheme; and

(2) 50% of the average trading price of A Shares of the Company on the 60 (for the 2023 and 2024 Employee Stock Ownership Schemes) or 120 (for the 2025 Employee Stock Ownership Scheme) trading days before the announcement of the draft Scheme.

Should there be any issuance of rights or dividends (such as conversion of capital reserves into share capital, gift of shares, or payment of dividends) during the period from the announcement date of the Board resolution to the completion date of the transfer of repurchased shares, the number and price of the aforementioned purchase price shall be adjusted accordingly.

The purchase price involves a partial discount compared to the current market price, which is intended to encourage employees to participate in the A Share Employee Stock Ownership Schemes, improve participation and coverage of employee stock ownership, and to deeply intertwine employees' interests with corporate interests, thereby fully realizing the incentive effect.

(ix) Source of shares and participants' interest in the schemes

Our Company will repurchase A Shares from the open market, and transfer a prescribed number of such A Shares to the relevant employee stock ownership schemes at a certain purchase price, as set out under each scheme. The purchase of A Shares to be held for each scheme shall be funded by the legal income of the employees, self-raised funds or other sources permitted by laws and regulations. Each participant of the A Share Employee Stock Ownership Schemes holds a certain percentage of interest in the relevant A Share Employee Stock Ownership Scheme.

(x) Administration of the schemes

The A Share Employee Stock Ownership Schemes are subject to the approval of the Shareholders. Each scheme is administered by a committee (the "**Scheme Management Committee**"), the members of which are elected by the participants of that scheme. The Scheme Management Committees oversee the day-to-day management of the A Share Employee Stock Ownership Schemes, and exercise shareholders' rights in respect of the A Shares held under each scheme on behalf of its participants.

Directors' Report

(xi) Changes in the number of A Shares held under the A Share Employee Stock Ownership Schemes during the Reporting Period and validity period of the Scheme

2022 Employee Stock Ownership Scheme

							Number of Shares				
Participant(s)	**Grant date[1]**	**Grant price[2]** *(RMB per Share)*	**Closing price[3]** *(RMB per Share)*	**Fair value[4]** *(RMB per Share)*	**Lock-up period[5]**	**Granted**	**Not yet vested as at January 1, 2025**	**Granted during the Reporting Period**	**Vested during the Reporting Period[6]**	**Lapsed/ cancelled during the Reporting Period**	**Not yet vested as at December 31, 2025**
Directors, Supervisors and Senior Management											
Dai Hongbin	November 4, 2022	4.97	42.09	36.83	The lock-up period of the	120,000	36,000	0	36,000	0	0
Feng Ji	October 27, 2025	4.97	65.50	62.04	Shares granted under the	120,000	0	120,000	120,000	0	0
Zhang Lianshan	November 4, 2022	4.97	42.09	36.83	A Share Employee Stock	100,000	30,000	0	30,000	0	0
Jiang Frank Ningjun	May 31, 2023; November 30, 2023	4.97	48.29 47.67	40.58 43.05	Ownership Schemes shall be 12 months, 24 months and 36 months from	120,000	40,000	0	40,000	0	0
Sun Jieping	November 4, 2022	4.97	42.09	36.83	the completion date of	60,000	18,000	0	18,000	0	0
Yuan Kaihong	November 4, 2022	4.97	42.09	36.83	registration of the grant	40,000	12,000	0	12,000	0	0
Xu Yu	November 4, 2022	4.97	42.09	36.83	of the Shares of the 2022	4,000	1,200	0	1,200	0	0
Sub-total		-	-	-	Employee Stock Ownership Scheme, respectively, subject to any subsequent adjustments.	564,000	137,200	120,000	257,200	0	0
Other employees	November 4, 2022 to November 7, 2025	4.97	39.55-65.30	34.58-62.04		11,084,463	2,957,808	201,648	2,123,141	1,036,315	0
Total	-	-	-		-	**11,648,463**	**2,975,008**	**321,648**	**2,380,341**	**1,036,315**	**0**

Notes:

(1) The grant date is the date on which the repurchased A Shares are transferred to the designated securities repurchase account of the 2022 A Share Employee Stock Ownership Scheme or the date on which the relevant subscription agreement was signed, whichever the later.

(2) The grant price was RMB4.97 per Share, being be 15% of the average repurchase price of the Shares. Please refer to the Company's A Share announcement dated September 9, 2022 for details.

(3) The closing price of the A Shares immediately before the grant date.

(4) The fair value of the Shares as at the grant date. With respect to the accounting standard and policy adopted in determination of such fair value, please refer to Note 29 to the consolidated financial statements.

Directors' Report

(5) The units granted to holders under the 2022 Employee Stock Ownership Scheme shall be vested upon fulfilment of certain vesting conditions of the 2022 Employee Stock Ownership Scheme (including Group level performance appraisal and individual level performance appraisal of the participants). Please refer to the Company's A Share announcement dated September 9, 2022 for details. Upon expiry of the relevant unlocking period, the vested A Shares shall either be sold by the Scheme Management Committee, with the proceeds to be distributed to the participants proportionately, or transferred to the relevant participant.

(6) The A Shares under the 2022 Employee Stock Ownership Scheme were vested on November 8, 2025 upon expiration of the third lock-up period. The closing price of the A Shares on the trading day immediately before the third unlocking date was RMB61.58 per A Share.

2023 Employee Stock Ownership Scheme

							Number of Shares				
Participant(s)	Grant date[1]	Grant price[2] *(RMB per Share)*	Closing price[3] *(RMB per Share)*	Fair value[4] *(RMB per Share)*	Lock-up period[5]	Granted	Not yet vested as at January 1, 2025	Granted during the Reporting Period	Vested during the Reporting Period[6]	Lapsed/ cancelled during the Reporting Period	Not yet vested as at December 31, 2025
Directors, Supervisors and Senior Management											
Dai Hongbin	December 26, 2023	23.85	44.00	20.13	The lock-up period of the	130,000	130,000	0	52,000	0	78,000
Feng Ji	October 27, 2025	23.85	65.50	43.16	Shares granted under the	150,000	0	150,000	0	0	150,000
Zhang Lianshan	December 26, 2023	23.85	44.00	20.13	A Share Employee Stock	110,000	110,000	0	44,000	0	66,000
Jiang Frank Ningjun	December 26, 2023	23.85	44.00	20.13	Ownership Schemes shall	110,000	110,000	0	44,000	0	66,000
Sun Jieping	December 26, 2023	23.85	44.00	20.13	be 12 months, 24 months	70,000	70,000	0	28,000	0	42,000
Yuan Kaihong	December 26, 2023	23.85	44.00	20.13	and 36 months from	40,000	40,000	0	16,000	0	24,000
Xu Yu	December 26, 2023	23.85	44.00	20.13	the completion date of	4,000	4,000	0	1,600	0	2,400
Sub-total	-	-	-	-	registration of the grant of the Shares of 2023 Employee Stock Ownership Scheme, respectively, subject to any subsequent adjustments.	614,000	464,000	150,000	185,600	0	428,400
Other employees	December 26, 2023 to October 27, 2025	23.85	43.63-66.26	20.13-43.16		11,189,774	10,246,767	690,407	3,974,926	1,073,354	5,888,894
Total	**-**	**-**	**-**		**-**	**11,803,774**	**10,710,767**	**840,407**	**4,160,526**	**1,073,354**	**6,317,294**

Notes:

(1) The grant date is the date on which the repurchased A Shares are transferred to the designated securities repurchase account of the 2023 A Share Employee Stock Ownership Scheme or the date on which the relevant subscription agreement was signed, whichever the later.

(2) The grant price was RMB23.85 per Share, being no less than the par value of the Shares and no less than the higher of the following: (1) 50% of the average trading price of A Shares on the trading day before the announcement of the draft 2023 Employee Stock Ownership Scheme; or (2) 50% of the average trading price of A Shares on the 60 trading days before the announcement of the draft 2023 Employee Stock Ownership Scheme. Please refer to the Company's A Share announcement dated November 24, 2023 for details.

(3) The closing price of the A Shares immediately before the grant date.

(4) The fair value of the Shares as at the grant date. With respect to the accounting standard and policy adopted in determination of such fair value, please refer to Note 29 to the consolidated financial statements.

(5) The units granted to holders under the 2023 Employee Stock Ownership Scheme shall be vested upon fulfilment of certain vesting conditions of the 2023 Employee Stock Ownership Scheme (including Group level performance appraisal and individual level performance appraisal of the participants). Please refer to the Company's A Share announcement dated November 24, 2023 for details. Upon expiry of the relevant unlocking period, the vested A Shares shall either be sold by the Scheme Management Committee, with the proceeds to be distributed to the participants proportionately, or transferred to the relevant participant.

(6) The A Shares under the 2023 Employee Stock Ownership Scheme were vested on March 30, 2025 upon expiration of the first lock-up period. The closing price of the A Shares on the trading day immediately before the first unlocking date was RMB48.62 per A Share.

2024 Employee Stock Ownership Scheme

							Number of Shares				
Participant(s)	**Grant date[1]**	**Grant price[2]** *(RMB per Share)*	**Closing price[3]** *(RMB per Share)*	**Fair value[4]** *(RMB per Share)*	**Lock-up period[5]**	**Granted**	**Not yet vested as at January 1, 2025**	**Granted during the Reporting Period**	**Vested during the Reporting Period**	**Lapsed/ cancelled during the Reporting Period**	**Not yet vested as at December 31, 2025**
Directors, Supervisors and Senior Management											
Dai Hongbin	December 27, 2024	21.20	46.11	24.90	The lock-up period of the	150,000	150,000	0	0	0	150,000
Zhang Lianshan	December 27, 2024	21.20	46.11	24.90	Shares granted under the	120,000	120,000	0	0	0	120,000
Jiang Frank Ningjun	December 27, 2024	21.20	46.11	24.90	A Share Employee Stock	120,000	120,000	0	0	0	120,000
Sun Jieping	December 27, 2024	21.20	46.11	24.90	Ownership Schemes shall	70,000	70,000	0	0	0	70,000
Yuan Kaihong	December 27, 2024	21.20	46.11	24.90	be 12 months, 24 months	30,000	30,000	0	0	0	30,000
Xu Yu	December 27, 2024	21.20	46.11	24.90	and 36 months from	4,000	4,000	0	0	0	4,000
Sub-total	-	-	-	-	the completion date of registration of the grant of the Shares of the 2024 Employee Stock Ownership Scheme, respectively, subject to any subsequent adjustments.	494,000	494,000	0	0	0	494,000
Other employees	December 27, 2024 to December 31, 2025	21.20	45.94-63.03	24.90-41.83		13,391,056	10,950,900	2,440,156	0	629,000	12,762,056
Total	**-**	**-**	**-**			**13,885,056**	**11,444,900**	**2,440,156**	**0**	**629,000**	**13,256,056**

Notes:

(1) The grant date is the date on which the repurchased A Shares are transferred to the designated securities repurchase account of the 2024 A Share Employee Stock Ownership Scheme or the date on which the relevant subscription agreement was signed, whichever the later.

(2) The grant price was RMB21.20 per Share, being no less than the par value of the Shares and no less than the higher of the following: (1) 50% of the average trading price of A Shares on the trading day before the announcement of the draft 2024 Employee Stock Ownership Scheme; or (2) 50% of the average trading price of A Shares on the 60 trading days before the announcement of the draft 2024 Employee Stock Ownership Scheme. Please refer to the Company's A Share announcement dated September 9, 2024 for details.

Directors' Report

(3) The closing price of the A Shares immediately before the grant date.

(4) The fair value of the Shares as at the grant date. With respect to the accounting standard and policy adopted in determination of such fair value, please refer to Note 29 to the consolidated financial statements.

(5) The units granted to holders under the 2024 Employee Stock Ownership Scheme shall be vested upon fulfilment of certain vesting conditions of the 2024 Employee Stock Ownership Scheme (including Group level performance appraisal and individual level performance appraisal of the participants). Please refer to the Company's A Share announcement dated September 9, 2024 for details. Upon expiry of the relevant unlocking period, the vested A Shares shall either be sold by the Scheme Management Committee, with the proceeds to be distributed to the participants proportionately, or transferred to the relevant participant.

2025 Employee Stock Ownership Scheme

							Number of Shares				
Participant(s)	Grant date[1]	Grant price[2] *(RMB per Share)*	Closing price[3] *(RMB per Share)*	Fair value[4] *(RMB per Share)*	Lock-up period[5]	Granted	Not yet vested as at January 1, 2025	Granted during the Reporting Period	Vested during the Reporting Period	Lapsed/ cancelled during the Reporting Period	Not yet vested as at December 31, 2025
Directors, Supervisors and Senior Management											
Dai Hongbin	November 6, 2025	30.95	61.96	31.47	The lock-up period of the	150,000	0	150,000	0	0	150,000
Feng Ji	November 6, 2025	30.95	61.96	31.47	Shares granted	180,000	0	180,000	0	0	180,000
Zhang Lianshan	November 6, 2025	30.95	61.96	31.47	under the A Share	120,000	0	120,000	0	0	120,000
Jiang Frank Ningjun	November 6, 2025	30.95	61.96	31.47	Employee Stock Ownership	120,000	0	120,000	0	0	120,000
Sun Jieping	November 6, 2025	30.95	61.96	31.47	Schemes shall be 12	70,000	0	70,000	0	0	70,000
Xu Yu	November 6, 2025	30.95	61.96	31.47	months, 24 months and	4,000	0	4,000	0	0	4,000
Sub-total	-	-	-	-	36 months from the completion date of registration of the grant of the Shares of the 2025 Employee Stock Ownership Scheme, respectively, subject to any subsequent adjustments.	644,000	0	644,000	0	0	644,000
Other employees	November 6, 2025	30.95	61.96	31.47		12,867,100	0	12,867,100	0	0	12,867,100
Total	**-**	**-**	**-**		**-**	**13,511,100**	**0**	**13,511,100**	**0**	**0**	**13,511,100**

Notes:

(1) The grant date is the date on which the repurchased A Shares are transferred to the designated securities repurchase account of the 2025 A Share Employee Stock Ownership Scheme or the date on which the relevant subscription agreement was signed, whichever the later.

Directors' Report

(2) The grant price was RMB30.95 per Share, being no less than the par value of the Shares and no less than the higher of the following: (1) 50% of the average trading price of A Shares on the trading day before the announcement of the draft 2025 Employee Stock Ownership Scheme; or (2) 50% of the average trading price of A Shares on the 120 trading days before the announcement of the draft 2025 Employee Stock Ownership Scheme. Please refer to the Company's A Share announcement dated September 16, 2025 for details.

(3) Closing price of the A Shares immediately before the grant date.

(4) The fair value of the Shares as at the grant date. With respect to the accounting standard and policy adopted in determination of such fair value, please refer to Note 29 to the consolidated financial statements.

(5) The units granted to holders under the 2025 Employee Stock Ownership Scheme shall be vested upon fulfilment of certain vesting conditions of the 2025 Employee Stock Ownership Scheme (including Group level performance appraisal and individual level performance appraisal of the participants). Please refer to the Company's announcement dated September 16, 2025 for details. Upon expiry of the relevant unlocking period, the vested A Shares shall either be sold by the Scheme Management Committee, with the proceeds to be distributed to the participants proportionately, or transferred to the relevant participant.

CORPORATE GOVERNANCE

Details of the principal corporate governance practices adopted by the Company are set out in the section of "Corporate Governance Report" of this report.

AUDITOR

The Company has appointed EY Hua Ming as the Company's domestic auditor and Ernst & Young as its international auditor. Since the issuance of H Shares and the listing on the Main Board of the Hong Kong Stock Exchange on May 23 2025, the Company has not changed its international auditor.

Suya Jincheng Certified Public Accountants (Special General Partnership) served as the Company's domestic auditor for the year ended December 31, 2023 and was subsequently replaced by EY Hua Ming, which has served as the Company's domestic auditor for the years ended December 31, 2024 and December 31, 2025, following an assessment and selection process conducted pursuant to the relevant rules and regulations. Save as disclosed above, there is no change to the auditors of the Company for the last three years.

The consolidated financial statements for the year ended December 31, 2025 have been audited by Ernst & Young, who and EY Hua Ming will retire at the conclusion of the forthcoming annual general meeting and, being eligible, offer themselves for re-appointment. A resolution on the re-appointment of EY Hua Ming as the Company's domestic auditor and Ernst & Young as the international auditor of the Company will be proposed at the AGM.

For and on behalf of the Board

Mr. Sun Piaoyang *(Chairman of the Board)*

March 25, 2026

Biographical Details of Directors, Supervisors and Senior Management

EXECUTIVE DIRECTORS

Mr. Sun Piaoyang (孫飄揚先生), aged 67, is the Chairman of the Board and has been our Director since April 1997. Mr. Sun is primarily responsible for the overall strategic planning, business development and management of our Group. He also serves as the chairperson of the Strategy Committee and a member of the Nomination Committee.

Mr. Sun is an industry veteran with over 43 years of experience in the pharmaceutical industry. He joined our Group in August 1982 and held several positions over the years, including as the factory director of Lianyungang Pharmaceutical Factory (連雲港製藥廠), the predecessor of our Company. Mr. Sun was a Director since April 1997 and he served as the Chairman of the Board from April 1997 to January 2020 and was re-appointed subsequently in August 2021. Mr. Sun has also been serving as an independent non-executive director of Abbisko Cayman Limited (HKEX: 2256) since September 2021.

Mr. Sun served as a representative of the 11th, 12th and 13th National People's Congress of the PRC (全國人民代表大會), and currently serves as a representative of the 14th National People's Congress of the PRC (全國人民代表大會). He is currently an executive member of the China Pharmacopoeia Commission (國家藥典委員會) and a vice chairperson of the Chinese Pharmaceutical Association (中國藥學會). He is also a recipient of the State Council Special Allowance (國務院特殊津貼).

Mr. Sun received his bachelor's degree in Science (Pharmaceutical Chemistry) from China Pharmaceutical University (中國藥科大學) in the PRC in July 1982. He received his doctoral degree in Organic Chemistry from Nanjing University (南京大學) in the PRC in December 2004.

Mr. Sun also serves as a director of several subsidiaries of the Company.

Mr. Dai Hongbin (戴洪斌先生), aged 49, is the Deputy Chairman of the Board since April 2025. Mr. Dai has been our Director since January 2020 and was our General Manager (President) from May 2022 to April 2025. Mr. Dai is primarily responsible for assisting the Chairman of the Board with strategic planning, strategic investments and audit-related management of the Board. He also serves as a member of the Remuneration and Evaluation Committee and a member of the Strategy Committee.

Mr. Dai has over 25 years of industry experience. Mr. Dai joined our Group in July 2000, and successively served as our director of general office from July 2000 to April 2003 and our board secretary from April 2003 to May 2016. He was also our Deputy General Manager from April 2013 to May 2022.

Mr. Dai received his bachelor's degrees in Law and Economics from Zhongnan University of Economics and Law (中南財經政法大學) in the PRC in June 2000 and his master's degree in Business Management from Wuhan University (武漢大學) in the PRC in June 2011. He received his doctoral degree in Pharmacy (Social and Administrative Pharmacy) from China Pharmaceutical University (中國藥科大學) in the PRC in June 2024.

Mr. Dai also serves as a director of several subsidiaries of the Company.

Biographical Details of Directors, Supervisors and Senior Management

Ms. Feng Ji (馮佶女士), aged 55, has been appointed as our Director, since May 2025, and has been our General Manager (President) and our Chief Operating Officer since April 2025. Ms. Feng is primarily responsible for the overall business operations of our Group.

Ms. Feng has over 30 years of experience in the healthcare and pharmaceutical industry. Prior to joining the Group, Ms. Feng has worked at different multinational pharmaceutical companies and healthcare institutions, including serving as a neurologist at the Renji Hospital Affiliated to Shanghai Jiaotong University School of Medicine (上海交通大學醫學院附屬仁濟醫院) from July 1994 to February 1998, after which she worked at Beijing Novartis Pharma Co., Ltd. (北京諾華製藥有限公司) until September 2000. In September 2003, Ms. Feng joined AstraZeneca (LSE/STO/NASDAQ: AZN). Throughout her tenure of more than 20 years there, she served in various positions including, among others, the general manager of China from May 2017 to December 2018, and the senior vice president of Asia from January 2019 to October 2022. Ms. Feng was eventually appointed as the senior vice president of global insights and business excellence (全球洞察與卓越業務資深副總裁) in November 2022, where she was responsible for advising on the commercialization development of pre-launch products and providing overall market intelligence and industry insights for products.

Ms. Feng obtained her bachelor's degree in clinical medicine from Shanghai Jiao Tong University School of Medicine (上海交通大學醫學院) (formerly known as Shanghai Second Medical University (上海第二醫學院)) in the PRC in July 1994 and her master's degree in business administration from the Olin Business School, Washington University in Saint Louis in the U.S. in December 2011.

Ms. Feng also serves as a director and a senior management member of a subsidiary of the Company.

Mr. Zhang Lianshan (張連山先生), aged 65, has been our Director since April 2012 and our Deputy General Manager from August 2010 to December 2024. Mr. Zhang has been appointed as our Executive Vice President since December 2024. Mr. Zhang is primarily responsible for R&D of our Group. He also serves as a member of the Strategy Committee.

Mr. Zhang has over 43 years of experience in the biomedical research and pharmaceutical industry. Before joining our Group, Mr. Zhang worked as a research assistant at the Institute of Organic Chemistry in Eberhard Karls University of Tübingen in Germany from 1992 until he subsequently joined the Department of Microbiology and Immunology at Vanderbilt University in the U.S., working as a postdoctoral researcher from 1994 to 1998. From March 1998 to July 2008, he served as senior chemist, chief research scientist, and research advisor at Eli Lilly and Company (NYSE: LLY). Mr. Zhang subsequently served as the senior director of chemistry at Marcadia Biotech Inc. in the U.S. from August 2008 to April 2010.

Mr. Zhang received his bachelor's degree in Science (Pharmaceutical Chemistry) from China Pharmaceutical University (中國藥科大學) in the PRC in 1982. He received his doctoral degree in Organic Chemistry from Eberhard Karls University of Tübingen in Germany in 1992.

Mr. Zhang also serves as a director of a subsidiary of the Company.

Biographical Details of Directors, Supervisors and Senior Management

Mr. Jiang Frank Ningjun (江寧軍先生), aged 65, has been our Director since February 2023, and was our Deputy General Manager from February 2023 to December 2024. Mr. Jiang has been appointed as our Executive Vice President since December 2024. Mr. Jiang is also the Chief Strategy Officer and is primarily responsible for clinical development, business development and capital markets activities of our Group. He serves as a member of the Strategy Committee.

Mr. Jiang has over 40 years of experience in the medical/pharmaceutical industry, including over 35 years of experience and expertise in medical and clinical research in the U.S., Canada, and China. He served as a team leader in the clinical research of cardiovascular disease at Eli Lilly and Company (NYSE: LLY). Mr. Jiang served several key roles at Sanofi (NASDAQ: SNY, EPA: SAN), including the global clinical research director from July 2002 to June 2006, the Global VP (Clinical Operations) from July 2008 to November 2010 and the Global VP and Head of Asia Pacific R&D from November 2010 to June 2016. Subsequently, he served as the founding chief executive officer, executive director and chairman of the board of directors of CStone Pharmaceuticals (HKEX: 2616) from July 2016 to August 2022.

Mr. Jiang was certified as a physician in the U.S. by the Educational Commission for Foreign Medical Graduates in May 1995.

Mr. Jiang received his bachelor's degree in Medicine from Nanjing Medical University (南京醫科大學) (formerly known as Nanjing Medical College (南京醫學院)) in the PRC in 1982. He received his doctoral degree in Immunology from the University of British Columbia in Canada in 1992. He completed a postdoctoral fellowship in clinical chemistry in 1994, an internship in internal medicine in June 1997, and a clinical residency in internal medicine in June 1999 at Washington University School of Medicine in the U.S..

Mr. Sun Jieping (孫杰平先生), aged 55, has been our Director since January 2020 and our Deputy General Manager from April 2013 to December 2024. Mr. Sun has been appointed as our Senior Vice President since December 2024. Mr. Sun is primarily responsible for the overall financial management of our Group.

Mr. Sun joined our Group in September 1998 and served as our Finance Director. Prior to that, he worked at Lianyungang Pharmaceutical Procurement and Supply Station (連雲港市醫藥採購供應站) (the predecessor of Jiangsu Kangyuan Pharmaceutical Commercial Co., Ltd. (江蘇康緣醫藥商業有限公司)) from July 1992 to September 1998, serving as accountant, accountant in charge, deputy finance manager, and audit manager successively.

Mr. Sun received his bachelor's degree in Accounting from Tianjin College of Commerce (天津商學院) in the PRC in 1992 and his master's degree in Professional Accountancy from The Chinese University of Hong Kong in December 2004.

Mr. Sun also serves as a director or supervisor of several subsidiaries of the Company.

Biographical Details of Directors, Supervisors and Senior Management

NON-EXECUTIVE DIRECTOR

Ms. Guo Congzhao (郭叢照女士), aged 53, has been our Director since January 2020. Ms. Guo is primarily responsible for providing recommendations on the strategic development of our Group. She also serves as a member of the Strategy Committee.

Ms. Guo joined our Group in January 2020 and has been serving as our Director since then. Prior to joining our Group, from August 1996 to September 2017, she served in various roles at the Ministry of Finance of PRC. From September 2017, Ms. Guo served several roles in China National Pharmaceutical Investment Co., Ltd. (中國醫藥投資有限公司), including the general manager of the equity investment division, the general manager of industrial development division and investment director, and she has also served as the deputy general manager in charge of daily operations and the finance director of Sinopharm Private Equity Fund Management (Beijing) Co., Ltd. (國藥集團私募基金管理(北京)有限公司), and the executive director of Guoyao Yicai Supply Chain Technology (Beijing) Co., Ltd. (國藥易採供應鏈科技(北京)有限公司). Since November 2025, Ms. Guo has been serving as the director, the general manager and the finance director of Sinopharm Private Equity Fund Management (Beijing) Co., Ltd. (國藥集團私募基金管理(北京)有限公司).

Ms. Guo received her bachelor's degree and master's degree in Economics from Zhongnan University of Economics (中南財經大學) (currently known as Zhongnan University of Economics and Law (中南財經政法大學)) in the PRC in July 1993 and June 1996 respectively.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Dong Jiahong (董家鴻先生), aged 65, has been our independent non-executive Director since May 2021. Mr. Dong is primarily responsible for supervising and providing independent opinion and judgment to the Board. He also serves as the chairperson of the Nomination Committee, a member of the Audit Committee and a member of the Strategy Committee.

Mr. Dong served in the hepatobiliary surgery department of The Southwestern Hospital of the Third Military Medical University (第三軍醫大學西南醫院) (currently known as The Southwest Hospital of Army Medical University (陸軍軍醫大學西南醫院)) from January 1986 to December 2007 and the Chinese PLA General Hospital (中國人民解放軍總醫院) from January 2007 to March 2015. Further, Mr. Dong has been serving various roles at Tsinghua University (清華大學), including the Dean of the School of Clinical Medical and the president of Beijing Tsinghua Changgung Hospital (北京清華長庚醫院).

Mr. Dong received his bachelor's degree in medicine from Xuzhou Medical School (徐州醫學院) (currently known as Xuzhou Medical University (徐州醫科大學)) in the PRC in December 1982. He received his doctoral degree in General Surgery from the Third Military Medical University of the People's Liberation Army (解放軍第三軍醫大學) in the PRC in 1993.

Biographical Details of Directors, Supervisors and Senior Management

Mr. Zeng Qingsheng (曾慶生先生), aged 51, has been our independent non-executive Director since February 2023. Mr. Zeng is primarily responsible for supervising and providing independent opinion and judgment to the Board. He also serves as the chairperson of the Audit Committee and a member of the Remuneration and Evaluation Committee.

Mr. Zeng has also been serving as an independent non-executive director of Haitong UniTrust International Leasing Co., Ltd. (海通恆信國際租賃股份有限公司) (HKEX: 1905) since May 2017 and an independent director of Huatai Securities (Shanghai) Asset Management Co., Ltd. (華泰證券(上海)資產管理有限公司) since December 2025. Since March 2010, Mr. Zeng has successively served as an associate professor, doctoral supervisor, professor, and vice dean of the School of Accountancy at Shanghai University of Finance and Economics (上海財經大學) in the PRC. From April 2005 to March 2010, he served as a lecturer and then an associate professor in the Accounting Department of Antai College of Economics and Management at Shanghai Jiao Tong University (上海交通大學安泰經濟與管理學院) in the PRC.

Mr. Zeng received his bachelor's degree in Accounting from China Textile University (currently known as Donghua University (東華大學)) in the PRC in July 1998. He further received his master's degree in Accounting from Shanghai University of Finance and Economics (上海財經大學) in the PRC in March 2001 and a PhD degree in Accounting from Shanghai University of Finance and Economics (上海財經大學) in the PRC in March 2005. Mr. Zeng obtained the qualification of non-practicing member issued by The Chinese Institute of Certified Public Accountants in December 2002. Mr. Zeng was a visiting scholar at Rensselaer Polytechnic Institute in the U.S. from August 2010 to August 2011.

Mr. Sun Jinyun (孫金雲先生), aged 53, has been our independent non-executive Director since February 2023. Mr. Sun is primarily responsible for supervising and providing independent opinion and judgment to the Board. He serves as the chairperson of the Remuneration and Evaluation Committee, a member of the Audit Committee and a member of the Strategy Committee.

Mr. Sun has been an associate professor in the School of Management of Fudan University (復旦大學) in the PRC since June 2012. Mr. Sun served as an independent director of Paslin Digital Technology Co., Ltd. (派斯林數字科技股份有限公司) (SHA: 600215) from July 2018 to November 2024. He has been serving as an independent director of Kennede Electronics Mfg. Co., Ltd. (廣東小崧科技股份有限公司) (SHE:002723) since June 2023 and an independent director of Zhejiang Meili High Technology Co., Ltd. (浙江美力科技股份有限公司) (SHE: 300611) since January 2026.

Mr. Sun received his bachelor's degree in Silicate Engineering from Zhejiang University (浙江大學) in the PRC in June 1994 and master's and doctoral degree in Business Administration from Fudan University (復旦大學) in the PRC in July 2002 and June 2011 respectively.

Biographical Details of Directors, Supervisors and Senior Management

Mr. Chow Kyan Mervyn (周紀恩先生), aged 54, has been appointed as our independent non-executive Director since May 2025. Mr. Chow is primarily responsible for supervising and providing independent opinion and judgment to the Board. Mr. Chow is a member of the Advisory Board of Carret Private Wealth Management since March 2023 and a member of the Listing Committee of the Hong Kong Stock Exchange since July 2024. He was a member of the Chairman Pool for the Listing Review Committee of the Hong Kong Stock Exchange from 2021 to 2024.

Mr. Chow was a partner of Hillhouse Capital Management Limited from 2018 to 2021. Mr. Chow has over 20 years of experience in Asia Pacific investment banking. Prior to joining Hillhouse Capital Management Limited, he was the Chief Executive Officer for Greater China and Co-Head of Investment Banking and Capital Markets Asia Pacific for Credit Suisse (Hong Kong) Limited. He was responsible for the bank's sector and country corporate coverage groups, mergers & acquisitions and capital markets in Asia as well as the overall strategy for the bank in Greater China. Mr. Chow served as a non-executive director of Topsports International Holdings Limited (滔搏國際控股有限公司) (HKEX: 6110) from June 2019 to October 2020.

Mr. Chow received his bachelor of Arts in Economics from the University of California at Berkeley in May 1994 and his master of Arts in International Policy Studies from Stanford University in June 1995.

SUPERVISORS

Mr. Yuan Kaihong (袁開紅先生) served as Chairperson of our Supervisory Committee. He was appointed as a Supervisor in February 2023 and was primarily responsible for exercise of supervision over the directors and senior management until December 31, 2025.

Mr. Xiong Guoqiang (熊國強先生) served as our Supervisor from March 2010 to December 31, 2025 and was primarily responsible for exercise of supervision over the directors and senior management.

Ms. Xu Yu (徐煜女士) served as our Employee Supervisor from July 2022 to December 31, 2025 and was primarily responsible for exercise of supervision over the directors and senior management.

Biographical Details of Directors, Supervisors and Senior Management

SENIOR MANAGEMENT (OTHER THAN DIRECTORS)

Mr. Zhu Guoxin (朱國新先生), aged 56, is our Senior Vice President. He joined our Group as the Senior Vice President of our Company in December 2025, and is primarily responsible for early stage R&D management of our Group.

Mr. Zhu possesses over 30 years leadership experience in global multidisciplinary drug discovery, spanning all phases from target assumption to early clinical trials across multiple therapeutic areas, including diabetes/obesity and related complications, immunology, neurological disorders, pain, and oncology. Between June 1998 and November 2025, Mr. Zhu held a number of positions at Eli Lilly and Company ("Eli Lilly") under various roles, including as the vice president of the center for research and development of novel drugs, where he led multiple drug discovery and research, as well as early stage development projects. As chairperson of the small molecule strategy group at Eli Lilly, he supervised the research and delivery of over 100 clinical small molecule drug candidates. He also served as a core member of the therapeutic area strategy group at Eli Lilly, contributing to investment portfolios and external research collaboration strategies across multiple therapeutic modalities (small molecules, peptides, antibodies, and siRNA).

Mr. Zhu received his bachelor's degree in 1990 at Zhejiang University, his master's and doctoral degrees at Shanghai Institute of Organic Chemistry in 1992 and 1995, respectively, and completed postdoctoral research at Pennsylvania State University.

Mr. Lau Kin Chun (劉健俊先生), aged 48, is our Financial Controller. He was appointed as the Financial Controller of our Company in November 2021, and is primarily responsible for the overall implementation of financial strategy of our Group. He joined our Group in June 2021 and served as the deputy general manager in one of our subsidiaries. Prior to that, he held various positions in KPMG Huazhen LLP, from March 2008 to September 2019 and he was an audit partner of KPMG Huazhen LLP from October 2019 to May 2021.

Mr. Lau received both his bachelor's degree of Arts in Accountancy and master of Professional Accounting from Hong Kong Polytechnic University in Hong Kong in December 1999 and December 2005 respectively. He received his doctoral degree in Finance from Shanghai University of Finance and Economics (上海財經大學) in the PRC in June 2012. He has been a member of the Association of Chartered Certified Accountants (ACCA) since July 2003, a member of the Hong Kong Institute of Certified Public Accountants (HKICPA) since February 2004 and a member of The Chinese Institute of Certified Public Accountants (CICPA) since May 2015. He is also a Chartered Financial Analyst of the CFA Institute since September 2013.

Biographical Details of Directors, Supervisors and Senior Management

Ms. Liu Xiaohan (劉笑含女士), aged 40, is our Board Secretary. She was appointed as the Board Secretary in May 2016 and is responsible for Board related matters, capital markets and corporate governance of our Group. Ms. Liu joined our Group in August 2011. She served as a deputy director in the securities legal department and the representative for securities affairs in our Group from April 2013 to May 2016.

Ms. Liu received her bachelor's degree and master's degree in Law from East China University of Political Science and Law (華東政法大學) in the PRC in July 2008 and June 2011 respectively. She obtained the legal professional qualification certificate (國家法律職業資格證) issued by the Bureau of Legal Professional Qualifications Administration (法律職業資格管理局) in the PRC in March 2010 and the qualification certificate of board secretary (董事會秘書資格證) issued by the Shanghai Stock Exchange (上海證券交易所) in September 2012.

JOINT COMPANY SECRETARY

Ms. Liu Xiaohan (劉笑含女士) is currently our Board Secretary and has been appointed as a joint company secretary in December 2024, with effect from the Listing Date. For the biography of Ms. Liu, see "－Senior Management" in this section.

Ms. Leung Wing Han Sharon (梁潁嫻女士) has been appointed as a joint company secretary of our Company in December 2024, with effect from the Listing Date. Ms. Leung possesses more than 15 years of experience in the company secretary profession. She is familiar with the Listing Rules, the Companies Ordinance as well as compliance work for offshore companies. Ms. Leung is currently a director of Company Secretarial Services of Tricor Services Limited and has been providing corporate secretarial and compliance services to a portfolio of clients including multinational corporations.

Ms. Leung is a Chartered Secretary, a Chartered Governance Professional and a fellow member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom. She is also a member of the Hong Kong Institute of Certified Public Accountants.

Ms. Leung received a bachelor's degree in Business Administration and a master's degree in Law.

Notes:

(1) The Supervisory Committee was dissolved on December 31, 2025. For further biographical details of the Supervisors who served on the Supervisory Committee prior to its dissolution, please refer to the section headed "Directors, Supervisors and Senior Management – Supervisors" of the Prospectus.

(2) As at the date of this report, Mr. Sun Piaoyang is the director of Hengrui Group. Hengrui Group was interested in the shares of the Company, which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Independent Auditor's Report

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To the shareholders of Jiangsu Hengrui Pharmaceuticals Co., Ltd.
(Incorporated in People's Republic of China with limited liability)

OPINION

We have audited the consolidated financial statements of Jiangsu Hengrui Pharmaceuticals Co., Ltd. (the "**Company**") and its subsidiaries (the "**Group**") set out on pages 108 to 183, which comprise the consolidated statement of financial position as at December 31, 2025, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("**IASB**") and have been properly prepared in compliance with the disclosure requirements of Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") as issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "**Code**"), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Independent Auditor's Report

KEY AUDIT MATTERS *(Continued)*

Key audit matter	How our audit addressed the key audit matter
Revenue Recognition For the year ended December 31, 2025, the Group recognised revenue of RMB31.63 billion. As revenue is one of the key performance indicators of the Group and has a significant impact on the consolidated financial statements as a whole, there are inherent risks in being manipulated to achieve the projections, and therefore we identified revenue recognition as a key audit matter. Related disclosures are included in note 2.4 "Material Accounting Policies" and note 5 "Revenue, Other income and Gains" to the consolidated financial statements.	Our audit procedures included, among others: • understood and evaluated the related internal control of revenue recognition; and performed tests on key internal controls to assess the effectiveness of the design and operation of the key internal controls; • reviewed the sales contracts and analysed the key contract terms, on a sample basis, to evaluate the compliance of the Group's revenue recognition policy with the relevant accounting standards; • performed analytical review procedures to evaluate the reasonableness of fluctuation in revenue and gross profit margin; • selected samples of transactions related to revenue recognition and reviewed supporting documents, including sales contracts, invoices, goods delivery notes, logistics delivery confirmation records, and intellectual property licensing confirmation letters etc.; • selected samples of drug sales and licensing revenue transactions and performed confirmation procedures to verify the revenue amount and the licensing contract execution progress, respectively; • performed cut-off test on the revenue before and after the balance sheet date; • evaluated the appropriateness of the relevant disclosures in the notes to the consolidated financial statements.

Independent Auditor's Report

KEY AUDIT MATTERS *(Continued)*

Key audit matter	How our audit addressed the key audit matter
Capitalisation of development expenditure For the year ended December 31, 2025, the Group incurred research and development expenditure amounting to approximately RMB8.72 billion, of which RMB1.76 billion was capitalised. The expenditure on development activities was capitalised and deferred when all criteria mentioned in note 2.4 "Material Accounting Policies" were satisfied. Determining whether the development expenditure met the capitalisation criteria required significant judgments and estimation of the management, and therefore we identified the capitalisation of development expenditure as a key audit matter. Related disclosures are included in notes 2.4 "Material Accounting Policies", note 3 "Significant Accounting Judgements and Estimates" and note 15 "Intangible Assets" to the consolidated financial statements.	Our audit procedures included, among others: • understood and evaluated the related internal control of the capitalisation of development expenditure; and performed tests on key internal controls to assess the effectiveness of the design and operation of the key internal controls • evaluated the compliance of the Group's policy for the capitalisation of development expenditure with the relevant accounting standards; • selected samples of capitalised development projects and reviewed clinical trial approval documents, platform public disclosure information, project initiation reports, or other relevant supporting documents to assess whether the capitalisation criteria have been met; • selected samples of additions of development expenditures during the year and reviewed supporting documents, including contracts, invoices, and payment vouchers etc., to evaluate the accuracy of the measurement of development expenditure; • evaluated the appropriateness of the relevant disclosures in the notes to the consolidated financial statements related.

Independent Auditor's Report

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Independent Auditor's Report

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Independent Auditor's Report

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is HO Siu Fung, Terence (practising certificate number: P04202).

Ernst & Young
Certified Public Accountants
Hong Kong
March 25, 2026

Consolidated Statement of Profit or Loss

Year ended December 31, 2025

	Notes	2025 RMB'000	2024 RMB'000
REVENUE	5	**31,629,416**	27,984,605
Cost of sales		**(4,362,656)**	(3,848,177)
Gross profit		**27,266,760**	24,136,428
Other income and gains	5	**1,472,049**	1,174,630
Selling and distribution expenses		**(9,106,426)**	(8,336,069)
Research and development expenses		**(6,961,155)**	(6,582,916)
Administrative expenses		**(3,071,726)**	(2,815,094)
Other expenses	6	**(780,385)**	(380,149)
Finance costs	8	**(14,349)**	(5,559)
Share of profits and losses of associates		**(97,143)**	(21,581)
PROFIT BEFORE TAX	7	**8,707,625**	7,169,690
Income tax expenses	11	**(990,623)**	(832,695)
PROFIT FOR THE YEAR		**7,717,002**	6,336,995
Attributable to:			
Owners of the parent		**7,711,055**	6,336,527
Non-controlling interests		**5,947**	468
		7,717,002	6,336,995
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	13		
Basic (RMB)		**1.19**	1.00
Diluted (RMB)		**1.18**	1.00

Consolidated Statement of Comprehensive Income

Year ended December 31, 2025

	Notes	**2025** **RMB'000**	2024 RMB'000
PROFIT FOR THE YEAR		**7,717,002**	6,336,995
OTHER COMPREHENSIVE INCOME			
Other comprehensive income/(expense) that may be reclassified to profit or loss in subsequent periods:			
Exchange differences:			
Exchange differences on translation of foreign operations		**10,995**	(624)
OTHER COMPREHENSIVE INCOME/(EXPENSE) FOR THE YEAR, NET OF TAX		**10,995**	(624)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**7,727,997**	6,336,371
Attributable to:			
Owners of the parent		**7,722,047**	6,334,175
Non-controlling interests		**5,950**	2,196
		7,727,997	6,336,371

Consolidated Statement of Financial Position

December 31, 2025

	Notes	**2025** **RMB'000**	2024 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	**8,048,926**	7,094,142
Intangible assets	15	**6,228,718**	4,556,283
Right-of-use assets	16	**676,678**	582,246
Investments in associates	17	**557,381**	666,354
Other non-current assets	18	**611,688**	479,107
Financial assets at fair value through profit or loss ("**FVTPL**")	22	**1,472,595**	1,065,411
Deferred tax assets	26	**780,958**	377,174
Total non-current assets		**18,376,944**	14,820,717
CURRENT ASSETS			
Inventories	19	**2,878,413**	2,417,119
Trade and bills receivables	20	**5,909,408**	6,159,470
Prepayments, other receivables and other assets	21	**1,633,228**	1,649,088
Financial assets at FVTPL	22	**113,841**	273,345
Pledged deposits and restricted cash	23	**100,750**	13,430
Cash and bank balances	23	**40,854,732**	24,802,475
Total current assets		**51,490,372**	35,314,927
CURRENT LIABILITIES			
Trade and other payables	24	**3,792,847**	3,189,738
Income tax payables		**632,912**	242,938
Contract liabilities	25	**1,912,553**	159,793
Lease liabilities	16	**30,926**	41,126
Total current liabilities		**6,369,238**	3,633,595
NET CURRENT ASSETS		**45,121,134**	31,681,332
TOTAL ASSETS LESS CURRENT LIABILITIES		**63,498,078**	46,502,049

Consolidated Statement of Financial Position

December 31, 2025

	Notes	**2025**	2024
		RMB'000	RMB'000
NON-CURRENT LIABILITIES			
Lease liabilities	16	**43,307**	69,036
Deferred income		**376,425**	225,650
Deferred tax liabilities	26	**116,963**	117,112
Contract liabilities	25	**1,164,560**	–
Total non-current liabilities		**1,701,255**	411,798
Net assets		**61,796,823**	46,090,251
EQUITY			
Equity attributable to owners of the parent			
Share capital	27	**6,637,200**	6,379,002
Treasury shares	27	**(1,929,076)**	(1,228,624)
Reserves	28	**56,563,944**	40,369,484
		61,272,068	45,519,862
Non-controlling interests		**524,755**	570,389
Total equity		**61,796,823**	46,090,251

Consolidated Statement of Changes in Equity

Year ended December 31, 2025

	Attributable to owners of the parent								
	Share capital RMB'000 (note 27)	Treasury shares RMB'000 (note 27)	Share premium* RMB'000 (note 28)	Other reserves* RMB'000 (note 28)	Surplus reserve* RMB'000 (note 28)	Retained profits* RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total RMB'000
At January 1, 2025	**6,379,002**	**(1,228,624)**	**2,626,748**	**578,295**	**3,298,912**	**33,865,529**	**45,519,862**	**570,389**	**46,090,251**
Profit for the year	–	–	–	–	–	7,711,055	7,711,055	5,947	7,717,002
Other comprehensive income for the year:									–
Exchange differences on translation of foreign operations	–	–	–	10,992	–	–	10,992	3	10,995
Total comprehensive income for the year	–	–	–	10,992	–	7,711,055	7,722,047	5,950	7,727,997
Issue of H shares	258,198	–	10,180,990	–	–	–	10,439,188	–	10,439,188
Share issue costs	–	–	(154,146)	–	–	–	(154,146)	–	(154,146)
Final 2024 dividend declared and paid	–	–	–	–	–	(1,274,130)	(1,274,130)	–	(1,274,130)
Shares vested under A share stock ownership schemes (note 29)	–	277,700	–	(164,405)	–	–	113,295	–	113,295
Repurchase of shares under A share stock ownership schemes	–	(978,152)	–	–	–	–	(978,152)	–	(978,152)
Recognition of equity-settled share-based payments (note 29)	–	–	–	282,189	–	–	282,189	1,206	283,395
Impact of changes of interests in certain subsidiaries	–	–	–	(398,085)	–	–	(398,085)	(52,790)	(450,875)
Transfer from retained profits	–	–	–	–	129,099	(129,099)	–	–	–
At December 31, 2025	**6,637,200**	**(1,929,076)**	**12,653,592**	**308,986**	**3,428,011**	**40,173,355**	**61,272,068**	**524,755**	**61,796,823**

Consolidated Statement of Changes in Equity

Year ended December 31, 2025

	Attributable to owners of the parent								
	Share capital RMB'000 (note 27)	Treasury shares RMB'000 (note 27)	Share premium* RMB'000 (note 28)	Other reserves* RMB'000 (note 28)	Surplus reserve* RMB'000 (note 28)	Retained profits* RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total RMB'000
At January 1, 2024	6,379,002	(1,091,851)	2,638,761	438,201	3,298,912	28,802,770	40,465,795	567,291	41,033,086
Profit for the year	–	–	–	–	–	6,336,527	6,336,527	468	6,336,995
Other comprehensive income for the year:									
Exchange differences on translation of foreign operations	–	–	–	(2,352)	–	–	(2,352)	1,728	(624)
Total comprehensive income for the year	–	–	–	(2,352)	–	6,336,527	6,334,175	2,196	6,336,371
Final 2023 dividend declared and paid	–	–	–	–	–	(1,273,768)	(1,273,768)	–	(1,273,768)
Shares vested under A share stock ownership schemes (note 29)	–	91,653	(12,013)	(65,907)	–	–	13,733	–	13,733
Repurchase of shares under A share stock ownership schemes	–	(228,426)	–	–	–	–	(228,426)	–	(228,426)
Recognition of equity-settled share-based payments (note 29)	–	–	–	208,353	–	–	208,353	902	209,255
At December 31, 2024	6,379,002	(1,228,624)	2,626,748	578,295	3,298,912	33,865,529	45,519,862	570,389	46,090,251

* These reserve accounts comprised the consolidated other reserves of RMB56,563,944,000 (2024: RMB40,369,484,000) in the consolidated statement of financial position.

Consolidated Statement of Cash Flows

Year ended December 31, 2025

	Notes	2025 RMB'000	2024 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax:		**8,707,625**	7,169,690
Adjustments for:			
Finance costs		**14,349**	5,559
Share of Profits and losses of associates		**97,143**	21,581
Dividends received from financial assets at FVTPL	5	**(24,799)**	(37,017)
Gain on financial assets at FVTPL	5	**(188,437)**	(117,062)
Gain on termination of lease contracts	7	**–**	(7,566)
Depreciation of property, plant and equipment	7	**786,907**	749,811
Amortization of intangible assets	7	**99,951**	55,237
Depreciation of right-of-use assets	7	**55,612**	65,771
Equity-settled share-based payment expense	7	**283,395**	209,255
Impairment losses under expected credit loss model, net of reversal	6	**23,882**	(28,997)
Impairment loss recognized on non-financial assets	6	**86,914**	32,538
(Gain)/loss on disposal of property, plant and equipment	6	**(1,076)**	7,113
Loss on lease termination/modification	6	**312**	–
Revenue from non-cash consideration	30	**(230,376)**	(354,116)
Net foreign exchange loss/(gain)		**375,861**	(10,449)
		10,087,263	7,761,348
Decrease in other non-current assets		**–**	49,057
Increase in trade and bills receivables		**(1,055,481)**	(3,208,010)
Increase in pledged deposits and restricted cash		**(30,064)**	(3,852)
Increase/(decrease) in prepayments, other receivables and other assets		**(61,748)**	255,834
(Increase)/decrease in inventories		**(479,237)**	(135,631)
Increase in trade and other payables		**774,167**	3,227,787
Increase/(decrease) in contract liabilities		**2,917,320**	(38,298)
Increase in deferred income		**150,775**	186,700
Decrease/(Increase) in deposits and other receivables		**(135,806)**	–
Cash generated from operations		**12,167,209**	8,094,935
Income tax paid		**(931,831)**	(672,182)
Net cash flows from operating activities		**11,235,378**	7,422,753

Consolidated Statement of Cash Flows

Year ended December 31, 2025

	Notes	2025 RMB'000	2024 RMB'000
Net cash flows from operating activities		**11,235,378**	7,422,753
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends received from financial assets at FVTPL		**24,799**	37,017
Dividends received from an associate		**11,830**	7,056
Proceeds from disposal of items of property, plant and equipment		**18,912**	21,902
Purchases of items of property, plant and equipment		**(1,027,403)**	(196,288)
Purchase of land use right		**(93,500)**	(27,102)
Additions to other intangible assets		**(1,841,005)**	(1,745,808)
Purchases of financial assets at FVTPL		**–**	(622,680)
Proceeds from disposal of financial assets at FVTPL		**165,865**	613,917
Net cash flows used in investing activities		**(2,740,502)**	(1,911,986)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of H shares		**10,351,938**	–
Payments for H share issue costs		**(66,895)**	–
New borrowings		**1,495,573**	799,909
Repayment of bank borrowings		**(1,500,000)**	(799,909)
Interest paid to borrowings		**(10,125)**	(1,020)
Payments for additional interests in certain subsidiary		**(450,876)**	–
Repayment of other borrowings		**(159,992)**	–
Payments for repurchase of shares for A share stock ownership schemes		**(978,152)**	(228,426)
Proceeds from employees under A share stock ownership schemes		**418,168**	–
Repayment of lease liabilities	16	**(43,802)**	(47,375)
Dividends paid		**(1,274,130)**	(1,273,768)
Net cash flows from/(used in) financing activities		**7,781,707**	(1,550,589)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**16,276,583**	3,960,178
Cash and cash equivalents at beginning of year		**24,239,102**	20,271,524
Effect of foreign exchange rate changes, net		**(360,132)**	7,400
CASH AND CASH EQUIVALENTS AT END OF YEAR		**40,155,553**	24,239,102
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and cash equivalents		**40,155,553**	24,239,102
Interest receivable		**699,179**	563,373
Cash and bank balances as stated in the consolidated statements of financial position		**40,854,732**	24,802,475

Notes to Financial Statements

1. CORPORATE INFORMATION

Jiangsu Hengrui Pharmaceutical Co., Ltd. (the "**Company**") is a joint stock company with limited liability established in Lianyungang, Jiangsu, People's Republic of China (the "**PRC**") on April 28, 1997. The Company was listed on the Shanghai Stock Exchange (stock code: 600276) on October 18, 2000, and subsequently listed on the Main Board of the Stock Exchange of Hong Kong Limited (stock code: 1276) on May 23, 2025. The registered office address of the Company is No. 38 Huanghe Road, Economic and Technological Development Zone, Lianyungang, Jiangsu, the Chinese mainland.

During the year, the Company and its subsidiaries (collectively referred to as the "**Group**") was principally engaged in the research and development, manufacture and sale of pharmaceutical products.

Information about subsidiaries

Particulars of the Company's principal subsidiaries are as follows:

Name	Place of incorporation/ registration and place of operations	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Jiangsu Kexin Pharmaceutical Sales Co., Ltd. 江蘇科信醫藥銷售有限公司* (Jiangsu Kexin)	PRC/ Chinese mainland	RMB10,000,000	–	100%	Sale of pharmaceutical products
Shanghai Hengrui Pharmaceuticals Co., Ltd. 上海恒瑞醫藥有限公司* (Shanghai Hengrui)	PRC/ Chinese mainland	RMB72,000,000	100%	–	Research and development, manufacturing and sale of pharmaceutical products
Shanghai Shengdi Pharmaceutical Co., Ltd. 上海盛迪醫藥有限公司* (Shanghai Shengdi)	PRC/ Chinese mainland	RMB250,000,000	100%	–	Research and development, manufacturing and sale of pharmaceutical products
Suzhou Suncadia Biopharmaceuticals Biomedicine Co., Ltd. 蘇州盛迪亞生物醫藥有限公司* (Suzhou Suncadia)	PRC/ Chinese mainland	RMB100,000,000	100%	–	Research and development, manufacturing and sale of pharmaceutical products
Chengdu Suncadia Medicine Co., Ltd. 成都盛迪醫藥有限公司* (Chengdu Suncadia)	PRC/ Chinese mainland	RMB822,664,900	97.39%	–	Research and development, manufacturing and sale of pharmaceutical products

* The English names of these companies registered in the Chinese mainland represent the best effort made by the directors of the Company (the "**Directors**") to translate the Chinese names as these companies have not been registered with any official English names.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group.

Notes to Financial Statements

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with IFRS Accounting Standards (which include all International Financial Reporting Standards, International Accounting Standards ("**IASs**") and Interpretations) as issued by the International Accounting Standards Board ("**IASB**"). and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for certain financial instruments which have been measured at fair value. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended December 31, 2025. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries is prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognizes the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognized in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

Notes to Financial Statements

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted amendments to IAS 21 Lack of Exchangeability for the first time for the current year's financial statements. The Group has not early adopted any other standard or amendment that has been issued but is not yet effective.

Amendments to IAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. As the currencies that the Group had transacted in and the functional currencies of overseas subsidiaries for translation into the Group's presentation currency were exchangeable, the amendments did not have any impact on the Group's financial statements.

In addition, the IASB has issued amendments to Illustrative Examples on IFRS 7, IFRS 18, HKAS 1, IAS 8, IAS 36 and IAS 37 Disclosures about Uncertainties in the Financial Statements, which added illustrative examples in the corresponding IFRS Accounting Standards. These examples reflect existing requirements in the corresponding IFRS Accounting Standards to report the effects of uncertainties in the financial statements using climate-related examples. Therefore, the amendments do not have an effective date or transitional provisions.

2.3 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

The Group has not applied the following new and amended IFRS Accounting Standards, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these new and amended IFRS Accounting Standards, if applicable, when they become effective.

IFRS 18	*Presentation and Disclosure in Financial Statements*[2]
IFRS 19 and its amendments	*Subsidiaries without Public Accountability: Disclosures*[2]
Amendments to IFRS 9 and IFRS 7	*Contracts Referencing Nature-dependent Electricity*[1]
Amendments to IFRS 9 and IFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[1]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to IAS 21	*Translation to a Hyperinflationary Presentation Currency*[2]
Annual Improvements to IFRS Accounting Standards – Volume 11	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7[1]

[1] Effective for annual periods beginning on or after January 1, 2026

[2] Effective for annual/reporting periods beginning on or after January 1, 2027

[3] No mandatory effective date yet determined but available for adoption

Notes to Financial Statements

2.3 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS *(Continued)*

IFRS 18 replaces IAS 1 Presentation of Financial Statements. While a number of sections have been brought forward from IAS 1 with limited changes, IFRS 18 introduces new requirements for presentation within the statement of profit or loss and other comprehensive income, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss and other comprehensive income into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in IAS 1 are moved to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, which is renamed as IAS 8 Basis of Preparation of Financial Statements. As a consequence of the issuance of IFRS 18, limited, but widely applicable, amendments are made to IAS 7 Statement of Cash Flows, IAS 33 Earnings per Share and IAS 34 Interim Financial Reporting. In addition, there are minor consequential amendments to other IFRS Accounting Standards. The application of IFRS 18 is not expected to have a material impact on the financial position of the Group but is expected to affect the presentation of the statement of profit or loss and other comprehensive income and statement of cash flows and additional disclosure will be included in the financial statements.

Except for IFRS 18, the directors of the Company anticipate that these new and revised IFRS Accounting Standards are not expected to have a material impact on the Group's financial performance and financial position in the foreseeable future.

2.4 MATERIAL ACCOUNTING POLICIES

Investments in associates

An associate is an entity in which the Group has a long-term interest of generally not less than 20% of the equity voting rights and over which it has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investments in associates are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. The Group's share of the post-acquisition results and other comprehensive income of an associate is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognized directly in the equity of an associate, the Group recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the Group's investment in the associate, except where unrealized losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates is included as part of the Group's investment in an associate.

Upon loss of significant influence over the associate, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

Notes to Financial Statements

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Fair value measurement

The Group measures certain financial instruments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for a non-financial asset is required (other than inventories, contract costs, deferred tax assets and other non-current assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Notes to Financial Statements

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Impairment of non-financial assets (Continued)

An impairment loss is recognized only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognized impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognized impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortization) had no impairment loss been recognized for the asset in prior years. A reversal of such an impairment loss is credited to the statement profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

  (i) has control or joint control over the Group;

  (ii) has significant influence over the Group; or

  (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

  (i) the entity and the Group are members of the same group;

  (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

  (iii) the entity and the Group are joint ventures of the same third party;

  (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

  (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

  (vi) the entity is controlled or jointly controlled by a person identified in (a);

  (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

  (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Notes to Financial Statements

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis or sum-of-the-years basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The estimated useful lives are as follows:

Leasehold improvements	**Shorter of the remaining lease terms and estimated useful lives**
Buildings	20 years
Electronic devices and others	3 to 5 years
Machinery	10 years
Motor vehicles	4 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognized in profit or loss in the year the asset is derecognized is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Notes to Financial Statements

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each financial year end.

Intangible assets with indefinite useful lives or intangible assets not yet available for use are tested for impairment annually or more frequently if indicators of impairment exist. Such intangible assets are not amortized. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

Software

Acquired software licenses are capitalised on the basis of costs incurred to acquire and bring to use the specific software. These software licenses are stated at cost less any impairment losses and amortized over their estimated useful lives of 3 to 5 years.

Research and development expenditure

All research costs are charged to profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Capitalized development costs are stated at cost less any impairment losses and are amortized using the straight-line basis over the commercial lives of the underlying products not exceeding ten years, commencing from the date when the products are put into commercial production.

Notes to Financial Statements

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognized at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Where applicable, the cost of a right-of-use asset also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Plant, offices and laboratories	2 to 10 years
Leasehold land	42 to 50 years

(b) Lease liabilities

Lease liabilities are recognized at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognized as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

Notes to Financial Statements

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Leases (Continued)

***Group as a lessee** (Continued)*

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of office and warehouse (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment that are considered to be of low value. Lease payments on short-term leases and leases of low-value assets are recognized as an expense on a straight-line basis over the lease term.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income ("**FVTOCI**"), and FVTPL.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortized cost or FVTOCI, it needs to give rise to cash flows that are solely payments of principal and interest ("**SPPI**") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at FVTOCI are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are generally recognized on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Notes to Financial Statements

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Investments and other financial assets (Continued)

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortized cost (debt instruments)

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

Financial assets at FVTOCI (debt instruments)

For debt investments at FVTOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in other comprehensive income. Upon derecognition, the cumulative fair value change recognized in other comprehensive income is recycled to profit or loss.

Financial assets at FVTPL

Financial assets at FVTPL are carried in the statement of financial position at fair value with net changes in fair value recognized in profit or loss.

This category includes wealth management products and equity investments which the Group had not irrevocably elected to classify at FVTOCI. Dividends on the equity investments are also recognised as other income in profit or loss when the right of payment has been established.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Notes to Financial Statements

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Impairment of financial assets

The Group recognizes an allowance for expected credit losses ("**ECLs**") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 360 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

For debt investments at FVTOCI, the Group applies the low credit risk simplification. At each reporting date, the Group evaluates whether the debt investments are considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the external credit ratings of the debt investments. Debt investments graded in the top investment categories are considered to be low credit risk investments. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk of debt investments since origination, the allowance will be based on the lifetime ECL.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Notes to Financial Statements

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Impairment of financial assets (Continued)

***General approach** (Continued)*

Debt investments at FVOCI and financial assets at amortized cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

Stage 1	Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
Stage 2	Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
Stage 3	Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at the end of each reporting period. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings, or payables, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, and interest-bearing borrowings.

Notes to Financial Statements

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Financial liabilities (Continued)

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortized cost (trade and other payables, and borrowings)

After initial recognition, trade and other payables, and interest-bearing borrowings are subsequently measured at amortized cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included in finance costs in the statement of profit or loss and other comprehensive income.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognized in the statement of profit or loss and other comprehensive income.

Treasury shares

Own equity instruments which are reacquired and held by the Company (treasury shares) are recognized directly in equity at cost. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on weighted average method and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above.

Notes to Financial Statements

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognized outside profit or loss is recognized outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting date, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, and the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognized to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Notes to Financial Statements

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Income tax (Continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognized at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual installments or deducted from the carrying amount of the asset and released to profit or loss by way of a reduced depreciation charge.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognized when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Notes to Financial Statements

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Revenue recognition (Continued)

***Revenue from contracts with customers** (Continued)*

(a) Drug sales

Revenue from the drug sales is recognized at the point in time when the Group transfer the controls of goods at a point in time and has rights to payment from the customers upon acceptance by the customers or delivery of the products.

(b) Licensing revenue

The Group's licensing revenue may contain more than one performance obligation, including grants of licenses to the intellectual property rights, agreement to provide research and development services, grants of options to license intellectual property and other deliverables. As part of the accounting for these arrangements, the Group must develop assumptions that require judgement to determine the stand-alone selling price for each performance obligation identified in the contract. In developing the stand-alone selling price for a performance obligation, the Group considers competitor pricing for a similar or identical product, market awareness of and perception of the product, expected product life and current market trends. In general, the consideration allocated to each performance obligation is recognized when the respective obligation is satisfied on acceptance of a good or a service, limited to the consideration that is not constrained. Non-refundable payments received before all of the relevant criteria for revenue recognition are satisfied are recorded as contract liabilities.

Licenses of intellectual property: Upfront non-refundable payments for licensing the Group's intellectual property are evaluated to determine if the license is distinct from the other performance obligations identified in the arrangement. For licenses determined to be distinct, the Group recognizes revenues from non-refundable, up-front fees allocated to the license at a point in time, when the license is transferred to the licensee and the licensee is reasonably able to use and benefit from the licensee.

Options to license intellectual property: Upfront non-refundable payments for options to license the Group's intellectual property are evaluated to determine if the option represents a material right and is distinct from the other performance obligations identified in the arrangement. For options determined to be a material right and distinct, the Group defers the non-refundable up-front fees allocated to the option and recognized revenues at a point in time, at the earlier of when the option is exercised and when those future goods or services are transferred or when the option period expires.

Notes to Financial Statements

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Revenue recognition (Continued)

***Revenue from contracts with customers** (Continued)*

(b) Licensing revenue (Continued)

Milestone payments: At the inception of each arrangement that includes development milestone payments, the Group evaluates whether the milestones are considered probable of being reached and estimates the amount to be included in the transaction price using the most likely amount method. If it is probable that a significant revenue reversal would not occur, the associated milestone value is included in the transaction price. Milestones related to the development-based activities may include initiation of various phases of clinical trials. Due to the uncertainty involved in meeting these development-based targets, they are generally fully constrained at contract inception. The Group will assess whether the variable consideration is fully constrained in each reporting period based on the facts and circumstances surrounding the clinical trials. Upon changes to the constraint associated with the developmental milestones, variable consideration will be included in the transaction price when a significant reversal of revenue recognized is not expected to occur and allocated to the separate performance obligations. Regulatory milestones are fully constrained until the period in which those regulatory approvals are achieved due to the inherent uncertainty of the approval process. Regulatory milestones are included in the transaction price in the period in which regulatory approval is obtained.

Royalties: For arrangements that include sales-based royalties, including milestone payments based on the level of sales, and the license is deemed to be the predominant item to which the royalties relate, the Group recognizes revenue at the later of (i) when the related sales occur, and (ii) when the performance obligation to which some or all of the royalty has been allocated has been satisfied (or partially satisfied).

Other income

Interest income is recognized on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend income is recognized when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Contract liabilities

A contract liability is recognized when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognized as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Notes to Financial Statements

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Share-based payments

The Group operates share award schemes. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("**equity-settled transactions**"). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value of share award refers to the fair value of the underlying ordinary shares of the Company on the respective dates of grant. Further details are included in note 30 to the financial statements.

The cost of equity-settled transactions is recognized in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognized as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognized. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognized as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognized for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately.

The dilutive effect of outstanding restricted shares is reflected as additional share dilution in the computation of earnings per share.

Notes to Financial Statements

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Other employee benefits

Pension scheme

The employees of the Company and the Group's subsidiaries which operate in Chinese mainland are required to participate in a central pension scheme operated by the local municipal government. The Company and the subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends are recognized as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements.

Foreign currencies

The financial statements are presented in RMB, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of each reporting period. Differences arising on settlement or translation of monetary items are recognized in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognized in other comprehensive income or profit or loss is also recognized in other comprehensive income or profit or loss, respectively).

Notes to Financial Statements

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Foreign currencies (Continued)

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognizes the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries and associates are currencies other than RMB. As at the end of each of reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of each reporting period and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognized in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognized in profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into RMB at the average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognized in the financial statements:

Research and development expenses

All research costs are charged to profit or loss as incurred. Expenditure incurred on projects to develop new products is capitalized and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred. Determining the amounts of development costs to be capitalised requires the use of judgements and estimation.

Notes to Financial Statements

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

Judgements (Continued)

Recognition of income taxes and deferred tax assets

Determining income tax provision involves judgement on the future tax treatment of certain transactions and when certain matters relating to the income taxes have not been confirmed by the local tax bureau. Management evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatments of such transactions are reconsidered periodically to take into account all changes in tax legislation.

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Provision for expected credit losses on trade and bills receivables

The Group uses a provision matrix to calculate ECLs for trade and bills receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At the end of each reporting period, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade and bills receivables is disclosed in note 20 to the financial statements.

Notes to Financial Statements

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

Estimation uncertainty (Continued)

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each reporting period. Indefinite life intangible assets or intangible assets not yet available for use are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Assessment of useful lives of capitalized development costs

In assessing the estimated useful lives of capitalized development costs when the products are put into commercial production, the Group takes into account factors such as expected life span of the underlying pharmaceutical products based on past experience or from a change in the market demand for the products. The estimation of the useful lives is based on the experience of management.

Estimated useful lives and residual values of property, plant and equipment

The Group's management determines the estimated useful lives, residual values and related depreciation and amortization charges for the Group's property, plant and equipment with reference to the estimated periods that the Group intends to derive future economic benefits from the use of these assets. Management will revise the depreciation and amortization charges where useful lives are different to that of previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives and actual residual values may differ from estimated residual values. Periodic review could result in a change in depreciable lives and residual values and therefore depreciation and amortization charges in future periods.

Fair value measurement for unlisted investments

The Group made unlisted investments in a wide variety of companies and those investments are accounted for as financial assets at fair value through profit or loss. The fair values of those investments are determined using valuation techniques and the Group uses its judgement to select a variety of methods and makes assumptions that are mainly based on market conditions existing at the end of each reporting period. Further details are included in note 35. Should any of the estimates and assumptions changed, it may lead to a material change in the respective fair values of these financial assets.

Notes to Financial Statements

4. OPERATING SEGMENT INFORMATION

Operating segment information

For management purposes, the Group has only one reportable operating segment, which is research and development, manufacture and sale of pharmaceutical products. Since this is the only reportable operating segment of the Group, no further operating segment analysis thereof is presented.

Geographical information

(a) Revenue from external customers

	2025	2024
	RMB'000	RMB'000
Chinese mainland	**26,858,535**	24,517,344
Other countries/regions	**4,770,881**	3,467,261
Total revenue	**31,629,416**	27,984,605

(b) Non-current assets

	2025	2024
	RMB'000	RMB'000
Chinese mainland	**16,109,735**	13,366,915
Other countries/regions	**13,656**	11,217
Total non-current assets	**16,123,391**	13,378,132

The non-current asset information of continuing operations above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

Information about major customers

Revenue from each major customer, including revenue from a group of entities which are known to be under common control with that customer, which accounted for 10% or more of the Group's revenue during the reporting date is set out below:

	2025	2024
	RMB'000	RMB'000
Customer A	**8,165,952**	7,494,799
Customer B	**3,749,330**	3,444,493
Customer C	**3,247,894**	2,927,688

Notes to Financial Statements

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2025 RMB'000	2024 RMB'000
Revenue from contracts with customers	**31,629,416**	27,984,605

Revenue from contracts with customers

(a) Disaggregated revenue information

	2025 RMB'000	2024 RMB'000
Types of goods or services		
Drug sales	**28,013,448**	25,009,582
Licensing revenue	**3,392,410**	2,700,433
Others	**223,558**	274,590
Total	**31,629,416**	27,984,605
Geographical markets		
Chinese mainland	**26,858,535**	24,517,344
Other countries/regions	**4,770,881**	3,467,261
Total	**31,629,416**	27,984,605
Timing of revenue recognition		
At a point in time	**30,839,418**	27,955,567
Over time	**789,998**	29,038
Total	**31,629,416**	27,984,605

The following table shows the amounts of revenue recognized in the current reporting period, that were included in the contract liabilities at the beginning of the reporting period and recognized from performance obligations satisfied in previous periods:

	2025 RMB'000	2024 RMB'000
Revenue recognized that was included in contract liabilities at the beginning of the year:		
Drug sales	**159,793**	198,091

Notes to Financial Statements

5. REVENUE, OTHER INCOME AND GAINS *(Continued)*

Revenue from contracts with customers (Continued)

(b) Performance obligations

Information about the Group's performance obligations is summarized below:

Drug sales

The performance obligation is satisfied upon acceptance by the customers or delivery of the products. Payment is generally due within 30 to 90 days from the invoice date.

Licensing revenue

During the year, the Group entered into multiple license agreements with third parties (the "**Licensees**"), pursuant to which the Licensees shall obtain exclusive licenses for developing, manufacture, and commercializing certain innovative therapies developed by the Group in certain territories. In general, the consideration allocated to each performance obligation is recognized when the respective obligation is satisfied on acceptance of a good or a service. The Group usually receives non-refundable upfront payments in accordance with license agreements and is eligible to receive milestone payments and tiered royalty payments based on net sales in the territories.

The amounts of transaction prices (not include variable consideration) allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are as follows:

	2025	2024
	RMB'000	RMB'000
Amounts expected to be recognised as revenue:		
Within one year	**1,912,553**	159,793
After one year	**1,164,560**	-
Total	**3,077,113**	159,793

The amounts of transaction prices allocated to the remaining performance obligations which are expected to be recognised as revenue after one year relate to licensing revenue, of which the performance obligations are to be satisfied within four years after the balance sheet date. All the other amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue within one year. The amounts disclosed above do not include variable consideration which is constrained.

Notes to Financial Statements

5. REVENUE, OTHER INCOME AND GAINS *(Continued)*

Revenue from contracts with customers (Continued)

***(b) Performance obligations** (Continued)*

Licensing revenue (Continued)

An analysis of other income and gains is as follows:

	2025 RMB'000	2024 RMB'000
Other income		
Bank interest income	**785,387**	603,277
Government grants income*	**461,791**	394,266
Dividend income from financial assets at FVTPL	**24,799**	37,017
Total other income	**1,271,977**	1,034,560
Gains		
Gain on financial assets at FVTPL	**188,437**	117,062
Gain on disposal of items of property, plant and equipment	**1,076**	–
Others	**10,559**	23,008
Total gains	**200,072**	140,070
Total other income and gains	**1,472,049**	1,174,630

* The government grants mainly represent subsidies received from the government that relate to both expenses and assets. Government grants are released to profit or loss either over the periods that the expenses for which they are intended to compensate are expensed, or over the expected useful life of the relevant asset, when all attaching conditions and requirements are complied with.

6. OTHER EXPENSES

An analysis of other expenses is as follows:

	2025 RMB'000	2024 RMB'000
Donations	**280,978**	323,216
Foreign exchange losses, net	**363,378**	24,045
Impairment loss recognized on non-financial assets	**86,914**	32,538
Impairment losses under expected credit loss model, net of reversal	**23,882**	(28,997)
Discount on derecognition of bills receivables	**22,704**	19,589
Loss on disposal of items of property, plant and equipment	**–**	7,113
Others	**2,529**	2,645
Total other expenses	**780,385**	380,149

Notes to Financial Statements

7. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Notes	**2025**	2024
		RMB'000	RMB'000
Cost of inventories sold*		**4,183,891**	3,736,881
Depreciation of property, plant and equipment	14	**786,907**	749,811
Amortization of intangible assets	15	**99,951**	55,237
Depreciation of right-of-use assets	16	**55,612**	65,771
(Gain)/Loss on disposal of property, plant and equipment	5/6	**(1,076)**	7,113
Donations	6	**280,978**	323,216
Lease payments not included in the measurement of lease liabilities	16(c)	**101,392**	107,814
Dividend income from equity investments at FVTPL	5	**(24,799)**	(37,017)
Gain on financial assets at FVTPL	5	**(188,437)**	(117,062)
Bank interest income	5	**(785,387)**	(603,277)
Government grants income	5	**(461,791)**	(394,266)
Foreign exchange losses, net	6	**363,378**	24,045
Discount on derecognition of bills receivables	6	**22,704**	19,589
Impairment losses recognized on non-financial assets	6	**86,914**	32,538
Impairment losses under expected credit model, net of reversal	6	**23,882**	(28,997)
Auditor's remuneration		**2,600**	1,585
Employee benefit expenses (excluding directors', supervisors' and chief executive's remuneration (note 9))			
– Salaries, bonuses, allowances and benefits in kind		**6,600,457**	5,546,298
– Pension scheme contributions		**648,228**	596,691
– Equity-settled Share-based payments expenses		**268,683**	199,790
Total employee benefits expenses		**7,517,368**	6,342,779

* The "Cost of inventories sold" amount includes the following expenses which are also included in the respective total amounts of the items disclosed above.

Amortization of intangible assets

Depreciation of property, plant and equipment

Depreciation of right-of-use assets

Employee benefit expenses (excluding directors', supervisors' and chief executive's remuneration)

Notes to Financial Statements

8. FINANCE COSTS

An analysis of finance costs is as follows:

	2025 RMB'000	2024 RMB'000
Interest on borrowings	**10,125**	1,020
Interest on lease liabilities (note 16)	**4,224**	4,539
Total	**14,349**	5,559

9. DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors', supervisors' and chief executive's remuneration as recorded during the year, disclosed pursuant to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "**Listing Rules**"), section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is set out below:

	2025 RMB'000	2024 RMB'000
Fees	**433**	200
Other emoluments:		
Salaries, bonuses, allowances and benefits in kind	**25,702**	19,669
Pension scheme contributions	**309**	148
Equity-settled share-based payment expenses	**14,712**	9,465
Subtotal	**40,723**	29,282
Total	**41,156**	29,482

During the year, certain directors were granted shares under A share stock ownership schemes of the Company, in respect of their services to the Group, further details of which are included in the disclosures in note 29 to the financial statements. The fair value of such awarded shares, which has been recognized in profit or loss, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above directors' remuneration disclosures.

Notes to Financial Statements

9. DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S REMUNERATION *(Continued)*

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year are as follows:

	2025 RMB'000	2024 RMB'000
Mr. Dong Jiahong	**–**	–
Mr. Zeng Qingsheng	**100**	100
Mr. Sun Jinyun	**100**	100
Mr. Chow Kyan Mervyn	**233**	–
Total	**433**	200

Mr. Dong Jiahong was appointed as the independent non-executive director of the Company since May 2021. Mr. Zeng Qingsheng and Mr. Sun Jinyun were appointed as the independent non-executive directors of the Company from February 2023. Mr. Chow Kyan Mervyn was appointed as the independent non-executive director on December 2024 with effect from May 2025.

(b) Directors, supervisors and the chief executives

	Fees RMB'000	**Salaries, bonuses, allowances and benefits in kind RMB'000**	**Pension scheme contributions RMB'000**	**Equity-settled share-based payment expenses RMB'000**	**Total RMB'000**
2025					
Director and chairman of the Board:					
Mr. Sun Piaoyang (note (i))	–	2,015	–	–	2,015
Directors and executives:					
Dr. Dai Hongbin (note (ii))	–	4,228	71	3,896	8,195
Ms. Feng Ji (note (iii))	–	6,586	48	1,681	8,315
Dr. Zhang Lianshan (note (iv))	–	4,037	–	3,158	7,195
Dr. Jiang Frank Ningjun (note (v))	–	4,406	–	3,205	7,611
Mr. Sun Jieping (note (vi))	–	2,124	60	1,876	4,060
Director:					
Ms. Guo Congzhao (note (vii))	–	–	–	–	–
Supervisors:					
Mr. Yuan Kaihong (note (viii))	–	1,287	21	787	2,095
Mr. Xiong Guoqiang (note (ix))	–	574	48	–	622
Ms. Xu Yu (note (x))	–	445	61	109	615
Total	–	25,702	309	14,712	40,723

The Company convened an extraordinary general meeting of shareholders in December 2025, at which a proposal to abolish the board of supervisors was deliberated and passed.

Notes to Financial Statements

9. DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S REMUNERATION *(Continued)*

(b) Directors, supervisors and the chief executives (Continued)

	Fees RMB'000	Salaries, bonuses, allowances and benefits in kind RMB'000	Pension scheme contributions RMB'000	Equity-settled share-based payment expenses RMB'000	Total RMB'000
2024					
Director and chairman of the Board:					
Mr. Sun Piaoyang (note (i))	–	1,653	–	–	1,653
Directors and executives:					
Mr. Dai Hongbin (note (ii))	–	4,842	35	2,556	7,433
Mr. Zhang Lianshan (note (iv))	–	3,900	–	2,151	6,051
Mr. Jiang Frank Ningjun (note (v))	–	4,253	–	2,531	6,784
Mr. Sun Jieping (note (vi))	–	2,450	30	1,344	3,824
Director:					
Ms. Guo Congzhao (note (vii))	–	–	–	–	–
Supervisors:					
Mr. Yuan Kaihong (note (viii))	–	1,892	34	803	2,729
Mr. Xiong Guoqiang (note (ix))	–	325	20	–	345
Ms. Xu Yu (note (x))	–	354	29	80	463
Total	–	19,669	148	9,465	29,282

There was no arrangement under which directors or the chief executive waived or agreed to waive any remuneration during the year, except that the director's fee of Dong Jiahong and Guo Congzhao for 2024 and 2025 were waived with their authorisation.

Notes:

(i) Mr. Sun Piaoyang was appointed as the director of the Company since April 1997 and the chairman of the Board with effect from August 2021.

(ii) Mr. Dai Hongbin was appointed as the director of the Company with effect from January 2020 and the general manager (president) from May 2022.

(iii) Ms. Feng Ji was appointed as the director of the Company with effect from April 2025.

(iv) Mr. Zhang Lianshan was appointed as the director of the Company with effect from April 2012.

(v) Mr. Jiang Frank Ningjun was appointed as the director of the Company with effect from February 2023.

(vi) Mr. Sun Jieping was appointed as the director of the Company with effect from January 2020.

(vii) Ms. Guo Congzhao was appointed as the director of the Company with effect from January 2020.

(viii) Mr. Yuan Kaihong was appointed as the supervisor of the Company with effect from February 2023 to December 2025.

(ix) Mr. Xiong Guoqiang was appointed as the supervisor of the Company with effect from April 2010 to December 2025.

(x) Ms. Xu Yu was appointed as the supervisor of the Company with effect from July 2022 to December 2025.

Notes to Financial Statements

10. FIVE HIGHEST PAID EMPLOYEES

For the year ended December 31, 2025, the five highest paid employees of the group included 5 directors (2024: 3 directors), details of whose remuneration are set out in note 9 above. Details of the remuneration for the remaining nil (2024: 2) highest paid employees who were neither a director nor chief executive of the Company are as follows:

	2025	2024
	RMB'000	RMB'000
Salaries, bonuses, allowances and benefits in kind	–	6,031
Equity-settled share-based payment expenses	–	3,494
Total	–	9,525

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	2025	2024
	RMB'000	RMB'000
HK$4,500,001 to HK$5,000,000	–	2
Total	–	2

During prior years, certain non-director and non-chief executive highest paid employees were granted shares under A share stock ownership schemes of the Company, in respect of their services to the Group, further details of which are included in the disclosures in note 29 to the financial statements. The fair value of such awarded shares, which has been recognized in profit or loss over the vesting period, was determined as at the date of grant and the amounts included in the financial statements for the current year are included in the above non-director and non-chief executive highest paid employees' remuneration disclosures.

Notes to Financial Statements

11. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Chinese mainland

The provision for corporate income tax in Chinese mainland is based on the statutory rate of 25% of the taxable profits determined in accordance with the Enterprise Income Tax Law, which was approved and became effective on January 1, 2008, except for the Company and certain subsidiaries of the Group in Chinese mainland which are granted tax concession and are taxed at preferential tax rates.

The Company and certain subsidiaries were qualified as High and New Technology Enterprises to enjoy a preferential income tax rate of 15% during the reporting period.

United States

The subsidiaries incorporated in United States are subject to statutory federal corporate income tax at a rate of 21%. They are also subject to the state income tax which generally ranges from 1% to 10%.

The Group is within the scope of the Pillar Two model rules. The Group has applied the mandatory exception to recognising and disclosing information about deferred tax assets and liabilities arising from Pillar Two income taxes, and will account for the Pillar Two income taxes as current tax when incurred.

The Group has assessed its potential exposure based on the information available regarding the financial performance of the Group in the year ended December 31, 2025. As such, it may not be entirely representative of future circumstances. Based on the assessment, the Group should benefit from the transitional safe harbour for most of the jurisdictions in which the Group operates As such, the Group does not expect to have any material Pillar Two exposure (including current tax) arising in these jurisdictions during the year ended December 31, 2025.

Notes to Financial Statements

11. INCOME TAX *(Continued)*

The income tax expense of the Group for the year is analysed as follows:

	2025	2024
	RMB'000	RMB'000
Current income tax	**1,394,556**	855,836
Deferred income tax	**(403,933)**	(23,141)
Total	**990,623**	832,695

A reconciliation of the tax expense applicable to profit before tax at the preferential tax rate for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates, are as follows:

	2025	2024
	RMB'000	RMB'000
Profit before tax	**8,707,625**	7,169,690
Tax at the preferential tax rate of 15%	**1,306,144**	1,075,453
Different tax rates enacted by local authorities	**39,993**	(51,755)
Adjustments in respect of current income tax of previous periods	**(15,642)**	29,205
Expenses not deductible for tax	**301,733**	452,247
Additional deductible allowance for qualified research and development costs	**(881,374)**	(828,163)
Tax losses not recognized	**254,256**	155,708
Tax losses utilized from previous periods	**(14,487)**	–
Tax charge at the Group's effective rate	**990,623**	832,695

12. DIVIDENDS

	2025	2024
	RMB'000	RMB'000
Final dividends in respect of the previous year, declared or paid during the year (tax inclusive)	**1,274,130**	1,273,768

The final dividends of RMB2.0 and RMB2.0 (inclusive of tax) for every 10 ordinary shares to all shareholders whose names were registered in the register of members and were entitled to participate in the distribution on the record date in respect of the years ended December 31, 2024 and 2023 were approved by the Annual General Meeting of the Company.

In March 2026, the Board proposes the cash dividend of RMB1,326,082,000, which is approved by board meeting on March 25, 2026. The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

Notes to Financial Statements

13. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts is based on the profit attributable to ordinary equity holders of the parent, adjusted to reflect the cash dividends distributed to the expected vested shares under A share stock ownership schemes, and the weighted average number of ordinary shares outstanding (excluding treasury shares) during the year.

The calculation of the diluted earnings per share amounts is based on the profit attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares outstanding during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed conversion of all dilutive potential ordinary shares arising from A share stock ownership schemes into ordinary shares.

The calculations of basic and diluted earnings per share are based on:

	2025	2024
	RMB'000	RMB'000
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	**7,711,055**	6,336,527
Less: Cash dividends distributed to the expected vested shares under A share stock ownership schemes	**(6,350)**	(5,078)
Adjusted profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	**7,704,705**	6,331,449
Cash dividends distributed to the expected vested shares under A share stock ownership schemes	**6,350**	5,078
Adjusted profit attributable to ordinary equity holders of the parent, used in the diluted earnings per share calculation	**7,711,055**	6,336,527

	2025	2024
Shares		
Weighted average number of ordinary shares outstanding during the year, used in the basic earnings per share calculation	**6,500,204,914**	6,350,096,645
Effect of dilution – potential ordinary shares arising from A share stock ownership schemes	**9,107,601**	7,035,954
Total	**6,509,312,515**	6,357,132,599

Notes to Financial Statements

14. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Electronic devices and others RMB'000	Machinery RMB'000	Motor vehicles RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
At December 31, 2025							
At 1 January 2025							
Cost	3,974,560	251,012	5,744,341	108,412	537,729	1,687,526	12,303,580
Accumulated depreciation	(1,149,654)	(188,551)	(3,517,912)	(90,235)	(263,086)	–	(5,209,438)
Net carrying amount	2,824,906	62,461	2,226,429	18,177	274,643	1,687,526	7,094,142
At 1 January 2025, net of accumulated depreciation and impairment	2,824,906	62,461	2,226,429	18,177	274,643	1,687,526	7,094,142
Additions	36,671	4,715	93,643	1,915	21,722	1,600,591	1,759,257
Transfers	876,973	21,655	368,248	1,305	13,561	(1,281,742)	–
Depreciation provided during the year	(204,316)	(21,377)	(458,242)	(5,269)	(97,703)	–	(786,907)
Disposals	(19)	(193)	(16,187)	(1,437)	–	–	(17,836)
Exchange realignment	–	16	257	–	(3)	–	270
At December 31, 2025, net of accumulated depreciation	3,534,215	67,277	2,214,148	14,691	212,220	2,006,375	8,048,926
At 31 December 2025							
Cost	4,892,378	272,399	6,147,901	102,975	310,208	2,006,375	13,732,236
Accumulated depreciation	(1,358,163)	(205,122)	(3,933,753)	(88,284)	(97,988)	–	(5,683,310)
Net carrying amount	3,534,215	67,277	2,214,148	14,691	212,220	2,006,375	8,048,926

Notes to Financial Statements

14. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

	Buildings RMB'000	Electronic devices and others RMB'000	Machinery RMB'000	Motor vehicles RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
At January 1, 2024							
Cost	3,853,773	231,893	5,620,269	116,858	504,312	1,100,995	11,428,100
Accumulated depreciation	(972,600)	(173,491)	(3,125,702)	(99,547)	(168,296)	–	(4,539,636)
Net carrying amount	2,881,173	58,402	2,494,567	17,311	336,016	1,100,995	6,888,464
At January 1, 2024, net of accumulated depreciation and impairment	2,881,173	58,402	2,494,567	17,311	336,016	1,100,995	6,888,464
Additions	11,417	18,880	59,475	9,519	26,826	859,325	985,442
Transfers	111,656	5,322	148,648	577	6,591	(272,794)	–
Depreciation provided during the year	(179,323)	(19,610)	(449,158)	(6,930)	(94,790)	–	(749,811)
Disposals	(17)	(552)	(26,145)	(2,300)	–	–	(29,014)
Exchange realignment	–	19	(958)	–	–	–	(939)
At December 31, 2024, net of accumulated depreciation	2,824,906	62,461	2,226,429	18,177	274,643	1,687,526	7,094,142
At December 31, 2024							
Cost	3,974,560	251,012	5,744,341	108,412	537,729	1,687,526	12,303,580
Accumulated depreciation	(1,149,654)	(188,551)	(3,517,912)	(90,235)	(263,086)	–	(5,209,438)
Net carrying amount	2,824,906	62,461	2,226,429	18,177	274,643	1,687,526	7,094,142

As at December 31, 2025, the Group has not obtained the certificates for certain of the buildings with an aggregate net carrying amount of approximately RMB1,349,487,000. The directors were of the opinion that the aforesaid matter did not have any significant impact on the Group's financial position as at December 31, 2025.

Notes to Financial Statements

15. INTANGIBLE ASSETS

	Software RMB'000	Exclusive distribution rights RMB'000	Capitalized development costs RMB'000	Total RMB'000
December 31, 2025				
At January 1, 2025				
Cost	**44,715**	**44,434**	**4,561,889**	**4,651,038**
Accumulated amortization and impairment	**(19,793)**	**(2,267)**	**(72,695)**	**(94,755)**
Net carrying amount	**24,922**	**42,167**	**4,489,194**	**4,556,283**
At January 1, 2025, net of accumulated amortization and impairment	**24,922**	**42,167**	**4,489,194**	**4,556,283**
Additions/(decreases)	**9,337**	**–**	**1,762,698**	**1,772,035**
Exchange realignment	**351**	**–**	**–**	**351**
Amortization provided during the year	**(8,163)**	**(11,833)**	**(79,955)**	**(99,951)**
At December 31, 2025, net of accumulated amortization and impairment	**26,447**	**30,334**	**6,171,937**	**6,228,718**
At December 31, 2025				
Cost	**54,403**	**44,434**	**6,324,587**	**6,423,424**
Accumulated amortization and impairment	**(27,956)**	**(14,100)**	**(152,650)**	**(194,706)**
Net carrying amount	**26,447**	**30,334**	**6,171,937**	**6,228,718**

Notes to Financial Statements

15. INTANGIBLE ASSETS *(Continued)*

	Software RMB'000	Exclusive distribution rights RMB'000	Capitalized development costs RMB'000	Total RMB'000
December 31, 2024				
At January 1, 2024				
Cost	31,597	9,434	2,916,306	2,957,337
Accumulated amortization and impairment	(15,975)	(157)	(23,397)	(39,529)
Net carrying amount	15,622	9,277	2,892,909	2,917,808
At January 1, 2024, net of accumulated amortization and impairment	15,622	9,277	2,892,909	2,917,808
Additions	13,140	35,000	1,732,707	1,780,847
Decreases	–	–	(87,124)	(87,124)
Exchange realignment	(11)	–	–	(11)
Amortization provided during the year	(3,829)	(2,110)	(49,298)	(55,237)
At December 31, 2024, net of accumulated amortization and impairment	24,922	42,167	4,489,194	4,556,283
At December 31, 2024				
Cost	44,715	44,434	4,561,889	4,651,038
Accumulated amortization and impairment	(19,793)	(2,267)	(72,695)	(94,755)
Net carrying amount	24,922	42,167	4,489,194	4,556,283

Notes to Financial Statements

15. INTANGIBLE ASSETS *(Continued)*

Included in intangible assets, capitalized development costs not yet available for use and not subject to amortization were RMB4,877,891,000, and RMB3,837,559,000 as at December 31, 2025 and December 31, 2024, respectively.

Intangible assets not available for use are tested annually for impairment, with the key assumptions including the discount rate and the estimated revenue to be generated by the in-development drug, or more frequently if events or changes in circumstances indicate that they might be impaired.

The table below sets forth the key assumptions used in the intangible assets' impairment test, including the discount rate and expected annualized compound revenue growth rate of drug candidates in Phase III clinical trials, as of December 31, 2025 and 2024:

	2025	2024
Pre-tax discount rate	**11.13%**	10.11%
Average revenue growth rate	**45.67%**	37.46%

The management has considered and assessed reasonably possible changes for key assumptions and has not identified any instances that could cause the carrying amount of capitalized development costs to exceed the recoverable amount as at December 31, 2025 and December 31, 2024.

Notes to Financial Statements

16. LEASES

The Group as a lessee

The Group has lease contracts for various items of plant, offices and laboratories, and leasehold land. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 42 to 50 years, and no ongoing payments will be made under the terms of these land leases. Leases of plant, offices and laboratory generally have lease term between 2 and 10 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

The Company has leasehold land. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 42 to 50 years, and no ongoing payments will be made under the terms of these land leases.

(a) Right-of-use assets

The carrying amounts of right-of-use assets and the movements during the year are as follows:

	Plant, offices and laboratories RMB'000	**Leasehold land RMB'000**	**Total RMB'000**
At January 1, 2024	77,019	458,508	535,527
New leases	86,674	27,102	113,776
Modification/termination	(1,286)	–	(1,286)
Depreciation charge	(53,744)	(12,027)	(65,771)
As at December 31, 2024	108,663	473,583	582,246
At January 1, 2025	**108,663**	**473,583**	**582,246**
New leases	**1,663**	**146,707**	**148,370**
Modification/termination	**1,674**	**–**	**1,674**
Depreciation charge	**(40,982)**	**(14,630)**	**(55,612)**
As at December 31, 2025	**71,018**	**605,660**	**676,678**

Notes to Financial Statements

16. LEASES *(Continued)*

The Group as a lessee (Continued)

(b) Lease liabilities

The carrying amounts of lease liabilities and the movements during the year are as follows:

	2025	2024
	RMB'000	RMB'000
Carrying amount at January 1, 2025	**110,162**	75,176
New leases	**1,663**	86,674
Termination/modification	**1,986**	(8,852)
Accretion of interest recognized during the year	**4,224**	4,539
Lease payments	**(43,802)**	(47,375)
Carrying amount at December 31, 2025	**74,233**	110,162
Analysed into:		
Current portion	**30,926**	41,126
Non-current portion	**43,307**	69,036
Total	**74,233**	110,162

The maturity analysis of lease liabilities is disclosed in note 35 to the financial statements.

(c) The amounts recognized in profit or loss of the Group in relation to leases are as follows:

	2025	2024
	RMB'000	RMB'000
Expenses relating to short-term leases	**101,392**	107,814
Interest on lease liabilities	**4,224**	4,539
Depreciation charge of right-of-use assets	**55,612**	65,771
Total	**161,228**	178,124

(d) The total cash outflow for leases is disclosed in notes 31(c) to the financial statements.

Notes to Financial Statements

17. INVESTMENT IN ASSOCIATES

	2025 RMB'000	2024 RMB'000
Share of net assets	**557,381**	666,354

The Group's trade receivable and payable balances with the associates are disclosed in note 33 to the financial statements.

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	2025 RMB'000	2024 RMB'000
Share of the associates' loss and total comprehensive loss for the year	**(97,143)**	(21,581)
Aggregate carrying amount of the Group's investments in the associates	**557,381**	666,354

18. OTHER NON-CURRENT ASSETS

	2025 RMB'000	2024 RMB'000
Prepayments for land use rights	**153,054**	206,262
Prepayments for property, plant and equipment	**458,634**	272,845
Total	**611,688**	479,107

19. INVENTORIES

	2025 RMB'000	2024 RMB'000
Raw materials	**986,531**	711,539
Work in progress	**623,808**	435,842
Finished goods	**1,258,535**	1,260,530
Contract costs	**9,539**	9,208
Total	**2,878,413**	2,417,119

Notes to Financial Statements

20. TRADE AND BILLS RECEIVABLES

	2025	2024
	RMB'000	RMB'000
Trade receivables	**5,219,189**	4,968,479
Bills receivables	**762,846**	1,244,598
Impairment	**(72,627)**	(53,607)
Total	**5,909,408**	6,159,470

The Group's trade terms with its partly customers are on credit, except for new customers, where payment in advance is normally required. The credit period is generally 30 to 90 days. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade and bills receivables relate to diversified customers, the analysis of concentrations of credit risk is set out in note 35. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade and bills receivables are non-interest-bearing.

As at December 31, 2025, amounts due from the Group's associates of RMB108,360,000 were included in the Group's trade and bills receivables (2024: RMB65,255,000), which are repayable on credit terms similar to those offered to other customers of the Group.

An ageing analysis of the trade and bills receivables as at the end of each reporting period, based on the invoice date and net of loss allowance, is as follows:

	2025	2024
	RMB'000	RMB'000
Current	**5,076,386**	5,558,730
Past due within 1 year	**831,411**	599,744
Past due 1 year to 2 years	**1,611**	908
Past due 2 years to 3 years	**–**	88
Total	**5,909,408**	6,159,470

The movements in the loss allowance for impairment of trade and bills receivables are as follows:

	2025	2024
	RMB'000	RMB'000
At beginning of year	**53,607**	82,275
Impairment losses recognized/(reversed), net	**19,020**	(28,668)
At end of year	**72,627**	53,607

Notes to Financial Statements

20. TRADE AND BILLS RECEIVABLES *(continued)*

An impairment analysis is performed at the end of the reporting period using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the end of each reporting period about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

At December 31, 2025

		Past due				
	Current	Less than 1 year	1-2 years	2-3 years	Over 3 years	Total
Expected credit loss rate	**0.65%**	**5.00%**	**30.03%**	**60.00%**	**100.00%**	**1.39%**
Gross carrying amount (RMB'000)	**4,341,712**	**875,170**	**2,301**	**–**	**6**	**5,219,189**
Expected credit losses (RMB'000)	**28,172**	**43,758**	**691**	**–**	**6**	**72,627**

At December 31, 2024

		Past due				
	Current	Less than 1 year	1-2 years	2-3 years	Over 3 years	Total
Expected credit loss rate	0.55%	4.58%	20.00%	60.00%	100.00%	1.08%
Gross carrying amount (RMB'000)	4,337,947	628,550	1,135	220	627	4,968,479
Expected credit losses (RMB'000)	23,815	28,806	227	132	627	53,607

Notes to Financial Statements

21. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2025 RMB'000	2024 RMB'000
Prepayments and prepaid expenses	**1,066,112**	1,188,416
Income tax recoverable	**166,791**	239,543
Value-added tax recoverable	**381,708**	195,893
Deposit	**18,617**	25,236
Total	**1,633,228**	1,649,088

The Group seeks to maintain strict control over its outstanding receivables to minimize credit risk. Long ageing balances are reviewed regularly by senior management. In view of the fact that the Group's other receivables relate to a large number of diversified counterparties, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its prepayments and other receivable balances.

Other receivables had no historical defaults. The financial assets included in the above balances relating to receivables were categorized in stage 1 at the end of the reporting period. In calculating the expected credit loss rate, the Group considers the historical loss rate and adjusts for forward-looking macroeconomic data. During the year, the Group estimated that the expected credit loss rate for other receivables is minimal.

22. FINANCIAL ASSETS AT FVTPL

Current portion

	2025 RMB'000	2024 RMB'000
Listed equity investments, at fair value	**14,775**	15,274
Other unlisted investments, at fair value	**99,066**	93,161
Wealth management products	**–**	164,910
Total	**113,841**	273,345

Non-current portion

	2025 RMB'000	2024 RMB'000
Other unlisted investments, at fair value	**1,472,595**	1,065,411

Notes to Financial Statements

23. CASH AND BANK BALANCES AND PLEDGED DEPOSITS

	2025 RMB'000	2024 RMB'000
Cash and bank balances	**40,854,732**	24,802,475
Pledged deposits and restricted cash	**100,750**	13,430
Total	**40,955,482**	24,815,905
Denominated in		
RMB	**20,231,433**	21,094,427
USD	**19,378,470**	2,760,626
Others	**1,345,579**	960,852
Total	**40,955,482**	24,815,905

The RMB is not freely convertible into other currencies, however, under Chinese mainland's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Time deposits are made for varying periods depending on the immediate cash requirements of the Group. The pledged deposits represent amounts required to be placed in banks for securing letters of credit and letters of guarantee of the Group, and are classified as current assets. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

Notes to Financial Statements

24. TRADE AND OTHER PAYABLES

	2025 RMB'000	2024 RMB'000
Trade and bills payables	**1,994,827**	1,517,333
Payables relating to purchases of items of property, plant and equipment	**275,632**	449,926
Borrowings from third parties	**–**	159,992
Considerations received from employees under A share stock ownership schemes	**863,700**	558,827
Other payables	**482,375**	316,087
Other tax payables	**176,313**	187,573
Total	**3,792,847**	3,189,738

An ageing analysis of the trade and bills payables of the Group at the end of the reporting period, based on the invoice date, is as follows:

	2025 RMB'000	2024 RMB'000
Within 1 year	**1,992,666**	1,461,317
Over 1 year	**2,161**	56,016
Total	**1,994,827**	1,517,333

25. CONTRACT LIABILITIES

	2025 RMB'000	2024 RMB'000
Amounts received in advance from contracts with customers	**3,077,113**	159,793
Analysed into:		
Current portion	**1,912,553**	159,793
Non-current portion	**1,164,560**	–

Notes to Financial Statements

26. DEFERRED TAX

The movements in deferred tax assets and liabilities during the year are as follows:

Deferred tax assets

	Impairment provision for assets RMB'000	Unrealized profits RMB'000	Tax losses RMB'000	Deferred Income RMB'000	Lease liabilities RMB'000	Contract liabilities RMB'000	Fair value losses on financial assets at FVTPL RMB'000	Total RMB'000
At January 1, 2025	**45,441**	**26,896**	**273,879**	**12,447**	**18,511**	**–**	**–**	**377,174**
Deferred tax credited/(charged) to the consolidated statement of profit or loss	**1,474**	**54,830**	**(107,825)**	**21,535**	**(6,222)**	**438,522**	**1,470**	**403,784**
At December 31, 2025	**46,915**	**81,726**	**166,054**	**33,982**	**12,289**	**438,522**	**1,470**	**780,958**
At January 1, 2024	51,700	11,059	242,111	2,288	12,517	–	881	320,556
Deferred tax credited/(charged) to the consolidated statement of profit or loss	(6,259)	15,837	31,768	10,159	5,994	–	(881)	56,618
At December 31, 2024	45,441	26,896	273,879	12,447	18,511	–	–	377,174

Notes to Financial Statements

26. DEFERRED TAX *(Continued)*

Deferred tax liabilities

	Fair value gains on financial assets at FVTPL RMB'000	Right-of-use assets RMB'000	Depreciation allowance in excess of related depreciation RMB'000	Others RMB'000	Total RMB'000
At January 1, 2025	**50,985**	**18,550**	**26,345**	**21,232**	**117,112**
Deferred tax (credited)/charged to the consolidated statement of profit or loss	**7,362**	**(6,540)**	**(971)**	**–**	**(149)**
At December 31, 2025	**58,347**	**12,010**	**25,374**	**21,232**	**116,963**
At January 1, 2024	33,765	15,998	12,640	21,232	83,635
Deferred tax (credited)/charged to the consolidated statement of profit or loss	17,220	2,552	13,705	–	33,477
At December 31, 2024	50,985	18,550	26,345	21,232	117,112

The Group also has unused tax losses arising in Chinese mainland of approximately RMB2,518,299,000 (2024: RMB1,939,258,000) as at the end of reporting period that will expire in one to ten years for offsetting against future taxable profits. Deferred tax assets have not been recognized in respect of these unused tax losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilized in the foreseeable future.

Notes to Financial Statements

27. SHARE CAPITAL/TREASURY SHARES

Share Capital

	2025 RMB'000	2024 RMB'000
Issued and fully paid:		
6,637,199,874 ordinary shares of RMB1.00 each (2024: 6,379,002,274 ordinary shares of RMB1.00 each)	**6,637,200**	6,379,002

A summary of movements in the share capital is as follows:

	Number of shares in issue	Share capital RMB'000
At January 1, 2024, December 31, 2024 and January 1, 2025	6,379,002,274	6,379,002
Issue of H shares	258,197,600	258,198
At December 31, 2025	6,637,199,874	6,637,200

Treasury Shares

A summary of movements in the Company's treasury shares is as follows:

	Number of shares	Treasury Shares RMB'000
January 1, 2025	29,541,002	1,228,624
Repurchase of shares under A shares stock ownership schemes	16,622,740	978,152
Shares vested under A shares stock ownership schemes (note 29)	(6,990,867)	(277,700)
At December 31, 2025	39,172,875	1,929,076
January 1, 2024	26,883,517	1,091,851
Repurchase of shares under A shares stock ownership schemes	5,420,699	228,426
Shares vested under A shares stock ownership schemes (note 29)	(2,763,214)	(91,653)
At December 31, 2024	29,541,002	1,228,624

Notes to Financial Statements

28. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statements of changes in equity.

Share premium

The share premium of the Group represents the difference between the par value of the shares issued and the consideration received.

Other reserve

a *Share-based payments reserve*

Share-based payments reserve represents the share-based compensation reserve due to equity-settled share award, details of which are set out in note 30 to the financial statements.

b *Exchange fluctuation reserve*

The exchange fluctuation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations with a functional currency other than RMB. The reserve is dealt with in accordance with the accounting policies set out in note 2.3 to the financial statements.

Surplus reserve

a *Statutory surplus reserve*

In accordance with the Company Law of the People's Republic of China, the companies registered in the PRC are required to allocate 10% of the statutory after-tax profits to the statutory surplus reserve until the cumulative total of the reserve reaches 50% of the companies' registered capital. Subject to approval from the relevant PRC authorities, the statutory surplus reserve may be used to offset any accumulated losses or increase the registered capital of the companies. The statutory surplus reserve is not available for dividend distribution to shareholders of the PRC subsidiaries.

b *Discretionary surplus reserve*

After making the appropriation to the statutory surplus reserve, the Company and its subsidiaries may also appropriate their net profit to the discretionary surplus reserve upon approval by shareholders. Subject to the approval of shareholders, the discretionary surplus reserve may be used to make good previous years' losses, if any, and may be converted into capital.

Notes to Financial Statements

29. SHARE-BASED PAYMENTS

2022 A Share Stock Ownership Scheme

Pursuant to the A Share incentive scheme for 2022 approved at the extraordinary shareholders' meeting on September 8, 2022 (the "**2022 A Share Stock Ownership Scheme**"), the Company totally granted 11,167,000 award shares to certain eligible participants as at December 31, 2025. The granted price is RMB4.97 per share. The vesting periods for shares granted are 12 months, 24 months and 36 months from the date of completion of registration of the granted shares. According to the Company's performance appraisal and individual performance appraisal, 40%, 30% and 30% of shares will be vested respectively. As at December 31, 2025, a total of 1,550,351 and 9,616,649 shares were forfeited and vested, respectively.

2023 A Share Stock Ownership Scheme

Pursuant to the A Share incentive scheme for 2023 approved at the extraordinary shareholders' meeting on November 24, 2023 (the "**2023 A Share Stock Ownership Scheme**"), the Company totally granted 11,579,367 award shares to certain eligible participants as at December 31, 2025. The granted price is RMB23.85 per share. The vesting periods for shares granted are 12 months, 24 months and 36 months from the date of completion of registration of the granted shares. According to the Company's performance appraisal and individual performance appraisal, 40%, 30% and 30% of shares will be vested respectively. As at December 31, 2025, a total of 626,700 and 4,160,526 shares were forfeited and vested, respectively.

2024 A Share Stock Ownership Scheme

Pursuant to the A Share incentive scheme for 2024 approved at the extraordinary shareholders' meeting on September 6, 2024 (the "**2024 A Share Stock Ownership Scheme**"), the Company totally granted 11,444,900 award shares to certain eligible participants as at December 31, 2025. The granted price is RMB21.20 per share. The vesting periods for shares granted are 12 months, 24 months and 36 months from the date of completion of registration of the granted shares. According to the Company's performance appraisal and individual performance appraisal, 40%, 30% and 30% of shares will be vested respectively. As at December 31, 2025, no shares were forfeited or vested.

2025 A Share Stock Ownership Scheme

Pursuant to the A Share incentive scheme for 2025 approved at the extraordinary shareholders' meeting on September 16, 2025 (the "**2025 A Share Stock Ownership Scheme**"), the Company totally granted 13,511,100 award shares to certain eligible participants as at December 31, 2025. The granted price is RMB30.95 per share. The vesting periods for shares granted are 12 months, 24 months and 36 months from the date of completion of registration of the granted shares. According to the Company's performance appraisal and individual performance appraisal, 40%, 30% and 30% of shares will be vested respectively. As at December 31, 2025, no shares were forfeited or vested.

The shares under A share stock ownership schemes outstanding are 31,748,141 as at December 31, 2025.

The Group determines the fair value of shares under A share stock ownership schemes on the basis of the single-day closing price of the circulating shares on the date when the equity instruments are granted, less the subscribe price.

The total share-based payment expenses recognized in the statements of profit or loss and other comprehensive income for shares under A share stock ownership schemes are approximately RMB283,395,000 (2024: RMB209,255,000) for the year.

Notes to Financial Statements

30. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

(1) During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB1,663,000 in respect of lease arrangements for factory, office and laboratory premises (2024: RMB86,674,000).

(2) During the year, the Group recognized licensing revenue in exchange for equity interests of the customer of RMB230,376,000 (2024: RMB354,116,000).

(3) During the year, the Group endorsed certain bills receivable accepted by banks in Chinese mainland to certain of its suppliers in order to settle the trade and other payables due to such suppliers with carrying amounts in aggregate of approximately RMB4,106,580,000 (2024: RMB3,212,114,000).

(b) Changes in liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statements of cash flows as cash flows from financing activities.

	Dividends payable RMB'000	Interest-bearing borrowings RMB'000	Lease liabilities RMB'000	Other payables and accruals RMB'000	Total RMB'000
January 1, 2025	**–**	**–**	**110,162**	**159,992**	**270,154**
Changes from financing cash flows	**(1,274,130)**	**(10,125)**	**(43,802)**	**(159,992)**	**(1,488,049)**
New lease arrangements	**–**	**–**	**1,663**	**–**	**1,663**
Dividends declared	**1,274,130**	**–**	**–**	**–**	**1,274,130**
Termination of lease contracts	**–**	**–**	**1,986**	**–**	**1,986**
Accretion of interest	**–**	**10,125**	**4,224**	**–**	**14,349**
At December 31, 2025	**–**	**–**	**74,233**	**–**	**74,233**
January 1, 2024	–	–	75,176	159,992	235,168
Changes from financing cash flows	(1,273,768)	(1,020)	(47,375)	–	(1,322,163)
New lease arrangements	–	–	86,674	–	86,674
Dividends declared	1,273,768	–	–	–	1,273,768
Termination of lease contracts	–	–	(8,852)	–	(8,852)
Accretion of interest	–	1,020	4,539	–	5,559
At December 31, 2024	–	–	110,162	159,992	270,154

Notes to Financial Statements

30. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS *(Continued)*

(c) Total cash outflow for leases

The total cash outflow for leases included in the statements of cash flows is as follows:

	2025	2024
	RMB'000	RMB'000
Within operating activities	**101,392**	107,814
Within financing activities	**43,802**	47,375
Total	**145,194**	155,189

31. COMMITMENTS

The Group had the following contractual commitments at the end of the reporting period:

	2025	2024
	RMB'000	RMB'000
Property, plant and equipment	**555,799**	372,609

32. RELATED PARTY TRANSACTIONS

The Directors are of the view that the following companies are related parties that had material transactions or balances with the Group during the year.

(a) Name and relationships of the related parties

Name	**Relationship**
Jiangsu Hansoh Pharmaceutical Group Co., Ltd. and its subsidiaries	Controlled by a close family member of a director
Jiangsu Hengrui Pharmaceutical Group Co., Ltd.	Controlled by a director
Suzhou Yiduoyun and its subsidiaries	Associates
Shanghai Regenelead	Associate
Shengdi Biomedical Fund	Associate
Suzhou Hengrui Health Technology Co., Ltd.	Controlled by a close family member of a director
Suzhou Hengrui Medical Devices Co., Ltd. and its subsidiaries	Controlled by a close family member of a director
Jiangsu Alvin Medical Management Co., Ltd.	Controlled by a director
Shanghai Shashuo New Materials Co., Ltd.	Controlled by a director

Notes to Financial Statements

32. RELATED PARTY TRANSACTIONS *(Continued)*

(b) The Group had the following transactions with related parties during the year:

	2025	2024
	RMB'000	RMB'000
Sales of products:		
Associates	**152,067**	97,044
Controlled by a close family member of a director	**2,966**	5,900
Total	**155,033**	102,944
Rendering of services:		
Associates	**6,962**	15,139
Controlled by a close family member of a director	**9,884**	12,633
Controlled by a director	**734**	999
Total	**17,580**	28,771

	2025	2024
	RMB'000	RMB'000
Purchases of products:		
Controlled by a close family member of a director	**7,380**	21,266
Purchases of services:		
Controlled by a close family member of a director	**9,008**	10,359
Associates	**107,160**	40,259
Total	**116,168**	50,618

The sales and purchases were undertaken on commercial terms similar to those offered to/by unrelated customers/suppliers in the ordinary course of business of the relevant companies.

Notes to Financial Statements

32. RELATED PARTY TRANSACTIONS *(Continued)*

(c) Outstanding balances with related parties:

	2025 RMB'000	2024 RMB'000
Amounts due from related parties – trade in nature		
Associates	**108,360**	65,255
Controlled by a director	**320**	1,740
Controlled by a close family member of a director	**626**	5,097
Total	**109,306**	72,092
Amounts due to related parties – trade in nature		
Associates	**10,568**	13
Controlled by a close family member of a director	**4,330**	3,894
Total	**14,898**	3,907

The Group has assessed the expected loss rate for amounts due from the related parties by considering the financial position and credit history of the related party and assessed that the expected credit loss is minimal.

The amounts due from related parties are unsecured, interest-free and repayable on demand. The amount due to related parties are unsecured, interest-free and repayable on demand.

(d) Compensation of key management personnel of the Group

	2025 RMB'000	2024 RMB'000
Salaries, bonuses, allowances and benefits in kind	**29,472**	43,131
Pension scheme contributions	**380**	281
Equity-settled share-based payments	**16,612**	19,837
Total	**46,464**	63,249

Further details of directors', supervisors' and the chief executive's remuneration are included in note 9 to the financial statements.

Notes to Financial Statements

33. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each reporting period were as follows:

	2025 **RMB'000**	2024 RMB'000
Financial assets		
Financial assets at FVTPL	**1,586,436**	1,338,756
Financial assets at FVOCI:		
Bills receivables	**630,722**	1,094,725
Financial assets at amortized cost:		
Trade and bills receivables	**5,278,686**	5,064,745
Financial assets included in prepayments, other receivables and other assets	**18,617**	25,236
Pledged deposits	**100,750**	13,430
Cash and bank balances	**40,854,732**	24,802,475
Total	**48,469,943**	32,339,367
Financial liabilities		
Financial liabilities at amortized cost:		
Financial liabilities included in trade and other payables	**3,272,178**	2,982,240

Notes to Financial Statements

34. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and bank balances, pledged deposits, financial assets included in prepayments, other receivables and other assets, trade and bills receivables, interest-bearing borrowings, and financial liabilities included in trade and other payables approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The Group's finance department is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At the end of each reporting period, the finance department analysed the movements in the values of financial instruments and determined the major inputs applied in the valuation. The valuation is reviewed and approved by the finance manager. The valuation process and results are discussed with the directors of the Company once a year for annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of listed equity investments are based on quoted market prices. The fair values of unlisted investments designated at fair value through profit or loss have been estimated using a valuation technique based on assumptions that are not supported by observable market prices or rates. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statements of financial position, and the related changes in fair values, which are recorded in profit or loss, are reasonable, and that they were the most appropriate values at the end of each reporting period.

The Group invests in wealth management products issued by banks in Chinese mainland. The Group has estimated the fair value of these unlisted investments by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

Below is a summary of significant unobservable inputs to the valuation of financial instruments which are measured at fair value as at the end of each reporting period:

Financial assets	Fair value hierarchy	Valuation techniques	Significant unobservable inputs	Sensitivity of fair value to the input
Investments in unlisted funds at fair value	Level 3	Net asset value of underlying investments value	N/A	N/A
Unlisted equity investments at fair value	Level 3	Back-solve from recent transaction price	N/A	5% increase/decrease in probability would result in increase/decrease in fair value by RMB50,314,000 and RMB93,280,000 at the end of each reporting period

Notes to Financial Statements

34. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

At December 31, 2025

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	**Significant observable inputs (Level 2) RMB'000**	**Significant unobservable inputs (Level 3) RMB'000**	**Total RMB'000**
Financial assets at FVTPL	**113,841**	**230,376**	**1,242,219**	**1,586,436**
Bills receivables	**–**	**630,722**	**–**	**630,722**
Total	**113,841**	**861,098**	**1,242,219**	**2,217,158**

At December 31, 2024

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Financial assets at FVTPL	108,435	164,910	1,065,411	1,338,756
Bills receivables	–	1,094,725	–	1,094,725
Total	108,435	1,259,635	1,065,411	2,433,481

Financial instruments in Level 3

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for financial assets.

Notes to Financial Statements

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing borrowings, financial assets at fair value through profit or loss and cash and bank balances. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities which arise directly from its operations.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Foreign currency risk

Foreign currency risk is the risk of loss resulting from changes in foreign currency exchange rates. Fluctuations in exchange rates between RMB and other currencies in which the Group conducts business may affect the Group's financial condition and results of operations.

The following table demonstrates the sensitivity at the end of each reporting period to a reasonably possible change in foreign currency exchange rates, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities) and the Group's equity.

	Increase/ (decrease) in rate of foreign exchange %	Increase/ (decrease) in profit before tax RMB'000	Increase/ (decrease) in equity RMB'000
Year ended December 31, 2025			
If RMB weakens against the USD	5	976,381	976,381
If RMB strengthens against the USD	(5)	(976,381)	(976,381)
Year ended December 31, 2024			
If RMB weakens against the USD	5	141,989	141,989
If RMB strengthens against the USD	(5)	(141,989)	(141,989)

Notes to Financial Statements

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Credit risk

The Group trades only with recognized and creditworthy parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. The credit risk of the Group's other financial assets, which comprise cash and bank balances, pledged deposits, financial assets included in prepayments, other receivables and other assets, and financial assets included in other non-current assets arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

For financial assets included in other non-current assets and prepayments, other receivables and other assets, management makes periodic collective assessment as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experience. The directors believe that there is no material credit risk inherent in the Group's outstanding balance of other receivables.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at the end of each reporting period.

The amounts presented are gross carrying amounts for financial assets.

At December 31, 2025

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Trade and bills receivables*	–	–	–	5,982,035	5,982,035
Financial assets included in prepayments, other receivables and other assets**	18,617	–	–	–	18,617
Pledged deposits and restricted cash	100,750	–	–	–	100,750
Cash and bank balances	40,854,732	–	–	–	40,854,732
Total	40,974,099	–	–	5,982,035	46,956,134

Notes to Financial Statements

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Maximum exposure and year-end staging (Continued)

At December 31, 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Trade and bills receivables*	–	–	–	6,213,077	6,213,077
Financial assets included in prepayments, other receivables and other assets**	25,236	–	–	–	25,236
Pledged deposits	13,430	–	–	–	13,430
Cash and bank balances	24,802,475	–	–	–	24,802,475
Total	24,841,141	–	–	6,213,077	31,054,218

* For trade receivables at the end of each reporting period, the Group applied the simplified approach for impairment. Information based on the provision matrix is disclosed in note 20 to the financial statements.

** The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition.

At the end of each reporting period, the Group had certain concentrations of credit risk as 56.67% and 61.85% of the Group's trade and bills receivables were due from the Group's five largest customers, respectively.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade and bills receivables are disclosed in note 20 to the financial statements.

Notes to Financial Statements

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade and bills receivables) and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing borrowings and lease liabilities.

The maturity profile of the Group's financial liabilities as at the end of each reporting period, based on the contractual undiscounted payments, is as follows:

At December 31, 2025

	Less than 12 months or on demand RMB'000	**1 to 5 years RMB'000**	**Over 5 years RMB'000**	**Total RMB'000**
Financial liabilities included in trade and other payables	**3,272,178**	**–**	**–**	**3,272,178**
Lease liabilities	**33,170**	**45,184**	**103**	**78,457**
Total	**3,305,348**	**45,184**	**103**	**3,350,635**

At December 31, 2024

	Less than 12 months or on demand RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Financial liabilities included in trade and other payables	2,982,240	–	–	2,982,240
Lease liabilities	42,857	70,665	5,199	118,721
Total	3,025,097	70,665	5,199	3,100,961

Notes to Financial Statements

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may issue new shares, make borrowings or sell assets to reduce debt. No changes were made to the objectives, policies or processes for managing capital during the year.

	2025	2024
	RMB'000	RMB'000
Total liabilities	**8,070,493**	4,045,393
Total assets	**69,867,316**	50,135,644
Gearing ratio	**12%**	8%

Notes to Financial Statements

36. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2025 RMB'000	2024 RMB'000
NON-CURRENT ASSETS		
Property, plant and equipment	**2,226,943**	2,079,374
Intangible assets	**4,692,595**	3,665,564
Right-of-use assets	**49,518**	51,104
Investments in associates	**477,331**	586,362
Investments in subsidiaries	**5,537,316**	5,016,222
Other non-current assets	**41,779**	38,938
Financial assets at FVTPL	**1,352,482**	922,525
Deferred tax assets	**271,568**	39,501
Total non-current assets	**14,649,532**	12,399,590
CURRENT ASSETS		
Inventories	**1,875,819**	1,564,983
Trade and bills receivables	**4,178,024**	4,090,097
Prepayments, other receivables and other assets	**551,370**	753,114
Financial assets at FVTPL	**16,647**	191,358
Amounts due from subsidiaries	**6,774,852**	5,021,382
Cash and bank balances	**39,591,469**	23,202,185
Total current assets	**52,988,181**	34,823,119
CURRENT LIABILITIES		
Trade and other payables	**2,519,244**	2,143,877
Income tax payables	**437,356**	81,738
Amounts due to subsidiaries	**5,893,607**	3,989,192
Contract liabilities	**1,823,912**	40,040
Total current liabilities	**10,674,119**	6,254,847
NET CURRENT ASSETS	**42,314,062**	28,568,272
TOTAL ASSETS LESS CURRENT LIABILITIES	**56,963,594**	40,967,862

Notes to Financial Statements

36. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

	2025 RMB'000	2024 RMB'000
NON-CURRENT LIABILITIES		
Deferred income	**30,501**	25,998
Deferred tax liabilities	**78,985**	71,664
Contract liabilities	**1,164,560**	–
Total non-current liabilities	**1,274,046**	97,662
Net assets	**55,689,548**	40,870,200
EQUITY		
Share capital	**6,637,200**	6,379,002
Treasury shares	**(1,929,076)**	(1,228,624)
Reserves	**50,981,424**	35,719,822
Total equity	**55,689,548**	40,870,200

Note:

A summary of the Company's reserves is as follows:

Year ended December 31, 2025

	Share premium RMB'000	Share-based payments reserve RMB'000	Surplus reserve RMB'000	Retained profits RMB'000	Total RMB'000
At January 1, 2025	**2,270,800**	**279,604**	**3,279,357**	**29,890,061**	**35,719,822**
Profit for the year	**–**	**–**	**–**	**6,389,897**	**6,389,897**
Total comprehensive income for the year	**–**	**–**	**–**	**6,389,897**	**6,389,897**
Issue of H shares	**10,180,991**	**–**	**–**	**–**	**10,180,991**
Share issue costs	**(154,146)**	**–**	**–**	**–**	**(154,146)**
Final 2024 dividend declared and paid	**–**	**–**	**–**	**(1,274,130)**	**(1,274,130)**
Shares vested under A shares stock ownership schemes	**–**	**(164,405)**	**–**	**–**	**(164,405)**
Recognition of equity-settled share-based payments (note 29)	**–**	**283,395**	**–**	**–**	**283,395**
Transfer from retained profits	**–**	**–**	**129,099**	**(129,099)**	**–**
At December 31, 2025	**12,297,645**	**398,594**	**3,408,456**	**34,876,729**	**50,981,424**

Notes to Financial Statements

36. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

Year ended December 31, 2024

	Share premium RMB'000	Share-based payments reserve RMB'000	Surplus reserve RMB'000	Retained profits RMB'000	Total RMB'000
At January 1, 2024	2,282,813	136,256	3,279,357	24,976,755	30,675,181
Profit for the year	–	–	–	6,187,074	6,187,074
Total comprehensive income for the year	–	–	–	6,187,074	6,187,074
Final 2023 dividend declared and paid	–	–	–	(1,273,768)	(1,273,768)
Shares under A shares stock ownership schemes vested	(12,013)	(65,907)	–	–	(77,920)
Recognition of equity-settled share-based payments (note 29)	–	209,255	–	–	209,255
At December 31, 2024	2,270,800	279,604	3,279,357	29,890,061	35,719,822

37. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on March 25, 2026.

Definitions

In this report, the following expressions have the meanings set out below unless the context requires otherwise:

"A Share Employee Stock Ownership Scheme(s)"	the 2022 Employee Stock Ownership Scheme, the 2023 Employee Stock Ownership Scheme, the 2024 Employee Stock Ownership Scheme and/or the 2025 Employee Stock Ownership Scheme, the principal terms of which are set out in the section headed "A Share Employee Stock Ownership Schemes" in this report
"A Share(s)"	ordinary shares issued by the Company, with a nominal value of RMB1.00 each, which are listed on the Shanghai Stock Exchange and traded in Renminbi
"ADC"	antibody-drug conjugate
"AGM"	the annual general meeting of the Company proposed to be held on April 16, 2026
"AI"	artificial intelligence
"APC"	antibody-peptide conjugate
"Articles of Association"	the articles of association of the Company
"Audit Committee"	the audit committee of the Board
"BLA"	biologics license application, a request for permission to introduce, or deliver for introduction, a biologic product into interstate commerce
"Board"	the board of Directors
"CDE"	Center for Drug Evaluation the of NMPA
"CDK"	Cyclin-Dependent Kinase, a protein kinase involved in critical cellular processes, such as cell cycle or transcription
"CG Code"	the Corporate Governance Code set out in Appendix C1 of the Listing Rules
"centralized procurement"	centralized volume-based drug procurement

Definitions

"Chengdu Suncadia"	Chengdu Suncadia Pharmaceuticals Co., Ltd.* (成都盛迪醫藥有限公司), a company established in the PRC on March 23, 2011, a subsidiary owned as to approximately 97.4% by the Company
"CMC"	chemistry, manufacturing and controls
"Code Provision(s)"	code provisions under the CG Code
"Commercialization Services Framework Agreement"	the commercialization services framework agreement dated December 26, 2025 entered into between Chengdu Suncadia and Jiangsu Hansoh in respect of the provision of certain commercialization services by Jiangsu Hansoh and/or its associates to Chengdu Suncadia
"Company" or "Hengrui Pharma"	Jiangsu Hengrui Pharmaceuticals Co., Ltd. (江蘇恒瑞醫藥股份有限公司), a joint stock company with limited liability established in the PRC on April 28, 1997, the A Shares of which have been listed on the Shanghai Stock Exchange (stock code: 600276) and the H Shares of which have been listed on the Hong Kong Stock Exchange (stock code: 1276)
"DAC"	degrader-antibody conjugates
"Director(s)"	the director(s) of the Company
"EY Hua Ming"	Ernst & Young Hua Ming LLP
"EUR"	euros, the lawful currency of the European Union
"Global Offering"	has the meaning ascribed to it in the Prospectus
"Group", "our Group", "the Group", "we", "us", or "our"	the Company and its subsidiaries from time to time
"GnRH"	gonadotropin-releasing hormone
"H Share(s)"	overseas listed foreign shares in the share capital of the Company with a nominal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange and traded in Hong Kong dollars
"Hansoh Pharma"	Hansoh Pharmaceutical Group Company Limited, a company incorporated in the Cayman Islands with limited liability, whose shares are listed and traded on the Main Board of the Hong Kong Stock Exchange (stock code: 3692)

Definitions

"Hengrui Group"	Jiangsu Hengrui Pharmaceutical Group Co., Ltd. (江蘇恒瑞醫藥集團有限公司), a limited liability company established in the PRC on December 6, 1996 controlled by our chairman of the Board and executive Director, Mr. Sun Piaoyang. Hengrui Group is a substantial shareholder, and the single largest shareholder, of our Company
"HER2"	human epidermal growth factor receptor 2, also known as receptor tyrosine-protein kinase erbB-2. HER2 is a member of the human epidermal growth factor receptor family
"HK$" or "HK dollar"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Jiangsu Hansoh"	Jiangsu Hansoh Pharmaceutical Group Co., Ltd.* (江蘇豪森藥業集團有限公司), a company established in the PRC
"Licensing Agreement"	the Licensing Agreement dated December 26, 2025 entered into between the Company and Hansoh Pharma
"Licensing Field"	all indications for the treatment of human diseases
"Licensed Product"	the clinical stage pharmaceutical preparation "SHR6508", a novel allosteric modulator of the calcium-sensing receptor
"Listing Date"	May 23, 2025, being the date on which the H Shares were listed on the Main Board of the Hong Kong Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"Lp(a)"	Lipoprotein(a), a particle that carries cholesterol in the blood. High levels of Lp(a) have been shown to be a significant risk factor for atherosclerotic cardiovascular disease
"Macau"	the Macau Special Administrative Region of the PRC
"Main Board"	the Main Board of the Hong Kong Stock Exchange

Definitions

"Merck KGaA"	Merck KGaA, Darmstadt, Germany
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules
"MSD"	Merck & Co., Inc., Rahway, N.J., USA
"Nomination Committee"	the nomination committee of the Board
"NRDL"	National Reimbursement Drug List
"NDA(s)"	new drug application(s)
"NMPA"	National Medical Products Administration (中國國家藥品監督管理局)
"orphan drug designation"	a designation granted by the U.S. FDA to a drug intended to treat a rare disease or condition
"PARP"	poly (ADP-ribose) polymerase, a family of proteins involved in numerous cellular processes, mostly involving DNA replication and transcriptional regulation, which plays an essential role in cell survival in response to DNA damage
"PCT"	Patent Cooperation Treaty
"peptide(s)"	a molecule that contains two or more amino acids
"PRC", "China" or "Mainland China"	the People's Republic of China, excluding, for the purposes of this report, Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan region
"Prospectus"	the prospectus issued by the Company on May 15, 2025 in connection with the Hong Kong public offering of the Shares
"PROTAC"	a bifunctional molecule that combines an active site selective for binding to the target of interest and a ligand of E3 ubiquitin ligase to drive selective proteasome mediated degradation
"Remuneration and Evaluation Committee"	the remuneration and evaluation committee of the Board
"Reporting Period"	the year from January 1, 2025 to December 31, 2025

Definitions

"RIPTAC"	Regulated Induced Proximity Targeting Chimeras
"RNA"	ribonucleic acid, a nucleic acid present in all living cells that has structural similarities to DNA
"R&D"	research and development
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, comprising our A Shares and our H Shares
"Shareholder(s)"	holder(s) of Share(s)
"Shanghai Stock Exchange"	the Shanghai Stock Exchange (上海證券交易所)
"SGLT-2"	Sodium-glucose Cotransporter-2
"siRNA"	Small interfering RNA
"Strategy Committee"	the strategy committee of the Board
"Supervisor(s)"	the supervisor(s) of the Company. The Supervisory Committee was dissolved on December 31, 2025.
"Supervisory Committee"	the supervisory committee of our Company, which was dissolved on December 31, 2025
"U.S." or "United States"	United States of America, its territories and possessions, any state of the United States and the District of Columbia
"U.S. FDA"	U.S. Food and Drug Administration
"US$"	United States dollar(s), the lawful currency of the United States of America
"Underlying Share(s)"	A Share(s) legally acquired and held under the A Share Employee Stock Ownership Schemes
"%"	per cent.