



科濟藥業控股有限公司

CARSGEN THERAPEUTICS HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 2171.HK



2025
ANNUAL REPORT

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Dr. Zonghai LI (*Chairman*)
Dr. Huamao WANG
Dr. Hua JIANG

Non-executive Directors

Mr. Ronggang XIE
Mr. Huaqing GUO

Independent Non-executive Directors

Dr. Guangmei YAN
Dr. Wen ZHOU
Ms. Xiangke ZHAO

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COMPANY SECRETARY

Mr. Wing Yat Christopher LUI

AUTHORIZED REPRESENTATIVES

Dr. Zonghai LI
Mr. Wing Yat Christopher LUI

AUDIT COMMITTEE

Ms. Xiangke ZHAO (*Chairman*)
Dr. Wen ZHOU
Mr. Huaqing GUO

REMUNERATION COMMITTEE

Dr. Wen ZHOU (*Chairman*)
Dr. Zonghai LI
Dr. Guangmei YAN

NOMINATION AND CORPORATE GOVERNANCE COMMITTEE

Dr. Zonghai LI (*Chairman*)
Dr. Guangmei YAN
Dr. Wen ZHOU

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Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor
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PRINCIPAL BANKER

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Chairman's Statement

Dear Shareholders,

2025 was a defining year for CARsgen. Amid a global reset in the biopharmaceutical sector and accelerating technological disruption in cell therapy, the Company made substantial progress in pipeline development and commercialization. Through a period of strategic transformation, the company laid a stronger foundation for long-term value creation.

On behalf of the Company's Board of Directors, I would like to extend my sincere gratitude to all shareholders for your long-term trust and support. During periods of market volatility, the Company's re-inclusion of the Stock Connect Southbound Trading Scheme is attributable to the invaluable support of all shareholders. This support has been instrumental in enabling CARsgen to navigate industry cycles with resilience and strategic focus. At the same time, I would like to express my highest respect to the collaborative partners who have worked hand in hand with us for shared successes, and employees, whose professionalism and dedication continue to power the Company's progress.

In 2025, CARsgen entered a meaningful value-realization phase in commercialization, with zevorcabtagene autoleucel showing outstanding market performance. Compared with the 154 confirmed orders obtained from March to December 2024, zevorcabtagene autoleucel's sales volume in 2025 achieved significant growth. In 2025, the Company obtained 218 confirmed orders from Huadong Medicine. The Group's revenue was around RMB125.7 million, which materially improved operating cash flow and narrowed losses.

Looking ahead, we have been making substantial preparations for the approval and commercialization of satricabtagene autoleucel, an autologous CAR T-cell product targeting Claudin18.2. As the world's first CAR T-cell product candidate for solid tumors that has entered the new drug application (NDA) review process, the NDA was accepted by Center for Drug Evaluation (CDE) of China's National Medical Products Administration (NMPA) in June 2025. We expect approval in the first half of 2026. As a breakthrough product in the field of solid tumor CAR T-cell therapies, satricabtagene autoleucel addresses significant unmet medical needs. In China, more than one million gastric cancer patients, the majority diagnosed at an advanced stage, have limited effective treatment options. Satricabtagene autoleucel's differentiated positioning and market exclusivity provide unique competitive advantages. With commercialization preparations underway, satricabtagene autoleucel is expected to become the Company's next core growth driver, supported by its strong clinical value and broad market potentials.

2025 marked a crucial year of CARsgen's strategic pipeline pivot toward allogeneic CAR T-cell therapy, a decision grounded in our long-term conviction that scalable, off-the-shelf cell therapies will be essential to expanding patient access and unlocking the next phase of industry growth.

Improving drug accessibility and reducing patients' treatment burden have always been core objectives of CARsgen. In 2025, we continued to advance the development of allogeneic CAR T-cell therapies based on our proprietary THANK-uCAR® and THANK-u Plus™ platforms. Preliminary clinical data from our leading allogeneic programs, CT0596 targeting BCMA and CT1190B targeting CD19/CD20, have demonstrated favorable efficacy and safety profiles, further validating the technical and commercial value of the Company's allogeneic CAR-T platform. CT0596 has had its Investigational New Drug (IND) applications for relapsed/refractory multiple myeloma (R/R MM) and primary plasma cell leukemia (pPCL) separately accepted in China, with expected clearance and Phase Ib trial initiation in 2026; CT1190B (KJ-C2219) is expected to obtain IND clearance and initiate Phase Ib clinical trials in 2026 in China. Looking ahead, we have formulated a global research and development strategy to facilitate the translation of the Company's technological achievements into the global market and gain a competitive edge in the international market. In addition, the Company is conducting IITs for multiple allogeneic CAR-T products, including but not limited to KJ-C2320 (CD38-targeted) and KJ-C2526 (NKG2DL-targeted) candidates.

Chairman's Statement

We continue to evolve our technology platforms and develop innovative pipeline products that offer with differentiated clinical values. In addition to the existing products in our pipeline, we have been steadily expanding our pipeline and have been advancing multiple cutting-edge product candidates including allogeneic CAR T-cell therapies for solid tumors and *in vivo* CD19/CD20 dual-target CAR T-cell therapies based on CARvivo™ platform. Meanwhile, we are actively building a global collaboration network and continuously expanding the depth and breadth of our pipeline through collaborations.

Finally, I would like to extend my sincere thanks once again to all shareholders, partners, and employees. Your trust and support were essential to CARsgen's ability to navigate challenges and deliver strong progress in 2025. Looking ahead, we will remain focused and determined, execute our strategy with discipline, create long-term value for shareholders, and bring new hope to patients worldwide.



Financial Highlights

1. REVENUE

The Group's revenue was around RMB125.7 million for the year ended December 31, 2025 mainly from zevorcabtagene autoleucel (an autologous BCMA CAR T-cell product), in which the primary revenue of zevorcabtagene autoleucel was calculated on the basis of ex-works price, rather than on the basis of end-of-market prices. Our revenue is recognized upon completion of ex-works delivery of products. Due to the inherent time cycle of CAR-T manufacturing, there is a discrepancy between the number of orders obtained from Huadong Medicine and number of ex-works deliveries.

2. GROSS PROFIT

The Group's gross profit was around RMB80 million for the year ended December 31, 2025. In the commercialization stage, we are demonstrating a strong cost competitive advantage, which is mainly due to self-manufacture for plasmids and vectors with stable output and high yield per batch.

3. NET LOSS

Our net loss was around RMB103 million for the year ended December 31, 2025, representing a decrease of around RMB695 million from around RMB798 million for the year ended December 31, 2024. The decrease was primarily due to (i) the change in net other losses and gains of RMB377 million from RMB260 million in losses for the year ended December 31, 2024 to RMB117 million in gains for the year ended December 31, 2025; (ii) the decrease in research and development expenses of RMB221 million from RMB466 million for the year ended December 31, 2024 to RMB245 million for the year ended December 31, 2025; (iii) the decrease in administrative expenses of RMB92 million from RMB160 million for the year ended December 31, 2024 to RMB68 million for the year ended December 31, 2025; and (iv) the recognition of gross profit of RMB80 million for the year ended December 31, 2025 as compared to RMB15 million for the year ended December 31, 2024.

Our adjusted net loss⁽¹⁾ was around RMB78 million for the year ended December 31, 2025, representing a decrease of around RMB711 million from RMB789 million for the year ended December 31, 2024. The decrease was primarily due to (i) higher other gains – net; (ii) lower research and development expenses; (iii) lower administrative expenses; and (iv) higher gross profit.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents were around RMB1,123 million as of December 31, 2025, representing a decrease of around RMB356 million from around RMB1,479 million as of December 31, 2024. The decrease was mainly due to research and development expenses, administrative expenses and investment of capital expenditure. Cash and cash equivalents at the end of 2026 are expected to be not less than RMB1,000 million. In light of operational factors such as the changes in operating cash flow, we expect to have adequate cash into the 2030.

(1) Adjusted net loss and adjusted net loss per share are non-IFRS Accounting Standards measures. They exclude the impact of the adjusted items. For details of non-IFRS Accounting Standards measures, please refer to "Non-IFRS Accounting Standards Measures" subsection.

Business Highlights

As of the date of this report, we have made significant progress in advancing our technology innovations, product pipeline and business operations.

Zevorcabtagene autoleucel (R&D code: CT053)

Zevorcabtagene autoleucel (zevor-cel) is an autologous fully human CAR T-cell product against B-cell maturation antigen (BCMA) approved by the National Medical Products Administration (NMPA) of China for the treatment of adult patients with R/R MM who have progressed after at least 3 prior lines of therapy (including a proteasome inhibitor and an immunomodulatory agent). CARsgen entered into a collaboration agreement with Huadong Medicine (Hangzhou) Co., Ltd., a wholly-owned subsidiary of Huadong Medicine Co., Ltd. (000963.SZ) ("**Huadong Medicine**") for the commercialization of zever-cel in Chinese mainland. In terms of commercialization, Huadong Medicine has established a dedicated, professional, and comprehensive commercial team to promote the use of zever-cel and has been utilizing China's multi-layered insurance system to improve patient accessibility. In 2025, we have received a total of 218 confirmed orders from Huadong Medicine. We anticipate that the growth of sales revenue of zever-cel will further accelerate with continuous marketing activities and broader insurance coverage. It has been included in China's Commercial Health Insurance Innovative Drug Catalogue (2025) (the "**Innovative Drug Catalogue**") for the treatment of R/R MM. The updated long-term follow-up results of Phase I clinical trial of zever-cel have been published in *Blood Advances* in October 2025.

Satricabtagene autoleucel (R&D code: CT041)

Satricabtagene autoleucel (satri-cel) is an autologous humanized CAR T-cell product against Claudin18.2 (CLDN18.2). Satri-cel was granted Breakthrough Therapy Designation (BTD) in March 2025 and Priority Review in May 2025 by the CDE of NMPA of China. In June 2025, the CDE has accepted the NDA for satri-cel for the treatment of Claudin18.2-positive advanced gastric/gastroesophageal junction adenocarcinoma (G/GEJA) in patients who have failed at least two prior lines of therapy. It is expected to be approved and enter commercialization in the first half of 2026. The results of confirmatory Phase II trial (NCT04581473) in China have been published in *The Lancet* and orally presented at the 2025 American Society of Clinical Oncology (ASCO) Annual Meeting in June 2025. The results of the Phase Ib clinical trial in China (CT041-ST-05, NCT05911217) of satri-cel as the pancreatic cancer adjuvant therapy, were presented as a poster presentation at the European Society for Medical Oncology (ESMO) Congress 2025.

Business Highlights

Allogeneic CAR T-cell Products

CARsgen has been advancing differentiated allogeneic CAR T-cell products utilizing the CARsgen's proprietary THANK-uCAR® and THANK-u Plus™ platform. THANK-u Plus™ platform, as an enhanced version of THANK-uCAR®, was developed to address the potential impact of NKG2A expression levels on therapeutic efficacy of the allogeneic CAR T cells. Results for CT0596 (an allogeneic BCMA-targeted CAR T-cell product candidate utilizing THANK-u Plus™ platform) for the treatment of relapsed/refractory primary plasma cell leukemia (R/R pPCL) and CT1190B (an allogeneic CD19/CD20-targeted CAR T-cell product candidate utilizing THANK-u Plus™ platform) for the treatment of relapsed/refractory B-cell non-Hodgkin's lymphoma (R/R B-NHL) were released by the Company in October and November 2025. Updated clinical data for CT0596 IIT for the treatment of R/R MM have been presented at the 67th Annual Congress of the American Society of Hematology (ASH) in December 2025.

Multiple allogeneic CAR T-cell products are under development. CT0596 has had its IND applications accepted in China for R/R MM and pPCL, with IND clearance and Phase Ib trial initiation expected in 2026; CT1190B (KJ-C2219) is expected to obtain IND clearance and initiate Phase Ib clinical trials in China in 2026. Other allogeneic CAR T-cell products include KJ-C2320 against CD38 for acute myeloid leukemia (AML) (THANK-uCAR®); KJ-C2526 against NKG2DL for AML, other malignancies and senescence (THANK-u Plus™); CT1390B against CLL1 for AML (THANK-u Plus™); KJ-C2527 against Claudin18.2 for gastric cancer (GC) (THANK-u Plus™).



Management Discussion & Analysis

I. OVERVIEW

CARsgen is a biopharmaceutical company focusing on developing innovative CAR T-cell therapies to address the unmet clinical needs including but not limited to hematologic malignancies, solid tumors and autoimmune diseases. CARsgen has established end-to-end capabilities for CAR T-cell research and development covering target discovery, preclinical research, product clinical development, and commercial-scale production. CARsgen has developed novel in-house technologies and a product pipeline with global rights to address challenges faced by existing CAR T-cell therapies. Efforts include improving safety profile, enhancing the efficacy in treating solid tumors, and reducing treatment costs, etc. CARsgen's mission is to be a global biopharmaceutical leader that provides innovative and differentiated cell therapies for patients worldwide and makes cancer and other diseases curable.

II. BUSINESS REVIEW

Our Products and Product Pipeline

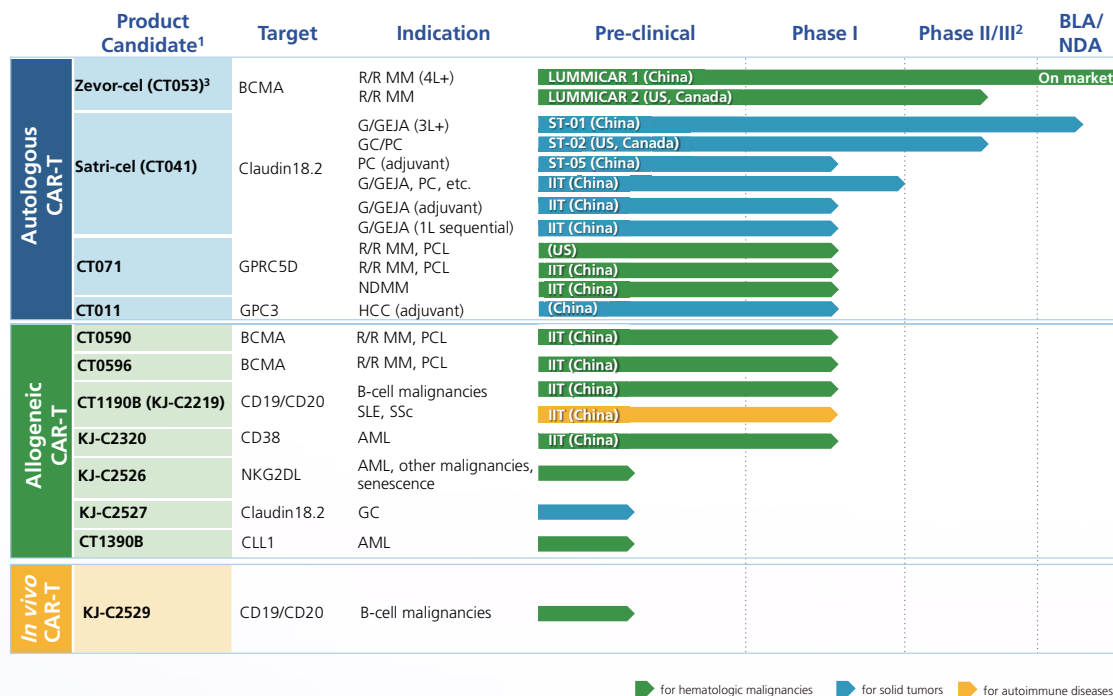
Leveraging comprehensive capabilities and innovative technology platforms, CARsgen remains committed to pioneering in advancements in CAR T-cell therapies. The Company continuously optimizes the strategic priorities and business framework to dynamically adapt to the evolving global industry landscape and market demands. We focus on developing breakthrough CAR T-cell products that address critical unmet medical needs for patients. Through regular pipeline evaluations, we prioritize projects with differentiated clinical and commercial value. Looking ahead, we anticipate collaborating with more partners to build an open ecosystem, fostering value co-creation through forward-looking strategic partnerships and jointly exploring broader development opportunities.

In 2025, NMPA has accepted NDA for satri-cel for the treatment of Claudin18.2-positive G/GEJA in patients who have failed at least two prior lines of therapy. To the best of our knowledge, satri-cel is the first and only CAR T-cell therapy for the treatment of solid tumors that has advanced to NDA stage worldwide. Moreover, with the collaboration with Huadong Medicine, the commercialization of zevor-cel in Chinese mainland has been progressing smoothly.

CARsgen has been active in advancing several allogeneic CAR T-cell products that offer differentiated clinical value. The Company is committed to advancing several allogeneic CAR T-cell products using the proprietary allogeneic CAR-T technology platform THANK-uCAR® and the enhanced version THANK-u Plus™ platform. Multiple products against different targets are currently under development: CT0596 is expected to obtain IND clearance and initiate Phase Ib clinical trials in 2026; CT1190B is expected to obtain IND clearance and initiate Phase Ib clinical trials in 2026; KJ-C2320 against CD38 for AML; KJ-C2526 against NKG2DL for AML, other malignancies and senescence; CT1390B against CLL1 for AML; KJ-C2527 against Claudin18.2 for GC.

Management Discussion & Analysis

The chart below summarizes the development status of our pipeline as of the date of this report.



R/R MM: relapsed/refractory multiple myeloma; G/GEJA: gastric/gastroesophageal junction adenocarcinoma; GC: gastric cancer; PC: pancreatic cancer; HCC: hepatocellular carcinoma; PCL: plasma cell leukemia; NDMM: newly diagnosed multiple myeloma; SLE: systemic lupus erythematosus; SSs: systemic sclerosis; AML: acute myeloid leukemia

Notes:

1. All product candidates are self-developed with global rights.
2. Phase II trials of some indications are pivotal studies.
3. Core Product. Commercial rights in Chinese mainland have been granted to Huadong Medicine (SZ: 000963).

Zevorcabtagene autoleucel (R&D code: CT053) – Fully Human BCMA CAR T

Zevorcabtagene autoleucel (zevor-cel) is a fully human, autologous BCMA CAR T-cell product for the treatment of R/R MM. It incorporates a CAR construct with a fully human BCMA-specific single-chain variable fragment (scFv) with low immunogenicity and increased stability that overcomes T-cell exhaustion by reducing the self-activation of CAR T cells in the absence of tumor-associated targets.



Management Discussion & Analysis

As informed by the NMPA on March 1, 2024, zevor-cel was approved on February 23, 2024 for the treatment of adult patients with R/R MM who have progressed after at least 3 prior lines of therapy (including a proteasome inhibitor and an immunomodulatory agent). It is our Company's first product commercialized in Chinese mainland. It has been included in China's Commercial Health Insurance Innovative Drug Catalogue (2025) ("**Innovative Drug Catalogue**") for the treatment of R/R MM. In January 2023, CARsgen and Huadong Medicine (Hangzhou) Co., Ltd. entered an agreement for the exclusive right to commercialization of zevor-cel in Chinese mainland. In addition to the RMB200 million upfront payment, CARsgen received a regulatory milestone payment of RMB75 million. CARsgen is eligible to receive regulatory and commercial milestone payments up to RMB1,025 million under the terms of the agreement. CARsgen continues to be responsible for the development, regulatory approval, and manufacturing of zevor-cel in Chinese mainland. In terms of commercialization, Huadong Medicine has established a dedicated, professional, and comprehensive commercial team to promote the use of zevor-cel and has been utilizing China's multi-layered insurance system to improve patient accessibility. During 2025, certification and regulatory filings for zevor-cel have been completed in more than 20 provinces or cities and we have received a total of 218 confirmed orders from Huadong Medicine.

Huadong Medicine has extensive commercialization experience and a large-scale sales network in Chinese mainland. Huadong Medicine's strategic goal of being a leader in the oncology therapeutic area created the opportunity for a strong partnership between the two companies. We believe that the partnership with Huadong Medicine will maximize commercial success of zevor-cel in Chinese mainland. Since reaching the agreement, teams from CARsgen and Huadong Medicine have been working together closely to implement commercialization strategy and ensure optimal product access.

The updated long-term follow-up results of Phase I clinical trial of zevor-cel have been presented as a poster at the 22nd IMS Annual Meeting in September 2025 and published in *Blood Advances* in October 2025. The poster and the article were titled "Long term Follow-up of Zevor-cel in Patients with Relapsed/Refractory Multiple Myeloma".

The updated data of Phase II clinical trial, involving 102 patients with a median follow-up of 20 months, were published in *Experimental Hematology & Oncology* in September 2025. The article was titled "Phase II study of zevorcabtagene autoleucel, a fully human BCMA-targeting CAR T cell therapy, in patients with relapsed/refractory multiple myeloma".

Warning under Rule 18A.08(3) of the Listing Rules: There is no assurance that zevorcabtagene autoleucel will ultimately be successfully developed and marketed (outside Chinese mainland) by the Company. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

Management Discussion & Analysis

Satricabtagene autoleucel (R&D code: CT041) – Humanized Claudin18.2 CAR T

Satricabtagene autoleucel (satri-cel) is an autologous CAR T-cell product against protein Claudin18.2 and has potential to be first-in-class globally. Satri-cel targets the treatment of Claudin18.2-positive solid tumors with a primary focus on G/GEJA and PC. Claudin18.2 is expressed in a range of solid tumors, including G/GEJA, PC, colorectal, lung, and ovarian cancers. Leveraging our in-depth understanding in CAR T-cell therapy, as well as our integrated antibody platform, we were, to our knowledge, the first in the world to successfully identify, validate and report Claudin18.2 as a solid tumor-associated antigen and viable target for CAR T-cell therapy. To further address the challenges of CAR T-cell therapies in treating solid tumors, we developed an innovative, patent-protected preconditioning regimen which is to be administered prior to infusion of satri-cel. This regimen features the addition of low-dose nab-paclitaxel to the conventional lymphodepletion regimen comprising cyclophosphamide and fludarabine.

In China, satri-cel was granted BTD in March 2025 and Priority Review in May 2025 by the CDE. The CDE has accepted the NDA application for satri-cel for the treatment of Claudin18.2-positive advanced G/GEJA in patients who have failed at least two prior lines of therapy on June 25, 2025. The NDA submission is mainly based on the results of an open-label, multicenter, randomized controlled confirmatory Phase II clinical trial (CT041-ST-01, NCT04581473) conducted in China. It is expected to be approved and start commercialization in the first half of 2026. CARsgen's proprietary Claudin18.2 immunohistochemistry (IHC) assay kit has been officially included in the Priority Evaluation and Approval procedure by the NMPA. Characterized by high sensitivity and specificity, the assay kit serves as a critical companion diagnostic tool within CARsgen's Claudin18.2-targeted product portfolio.

The research results of the Phase Ib registrational clinical trial of satri-cel for PC adjuvant therapy in China (CT041-ST-05, NCT05911217) has been presented as a poster session at ESMO Congress in October 2025. The poster was titled "Adjuvant Therapy with Claudin18.2-specific CAR T Cells (Satri-cel) in High-Risk Pancreatic Cancer (CT041-ST-05)". The trial represents the world's first proof-of-concept (POC) study exploring CAR T-cell therapy for the adjuvant treatment of solid tumors. One patient who has completed 52-week follow-up post infusion is still under follow-up without disease recurrence.

The Company is actively expanding satri-cel application in early-line treatment and perioperative treatment of cancer: including an ongoing Phase I clinical trial for PC adjuvant therapy in China (CT041-ST-05, NCT05911217), an IIT for consolidation treatment following adjuvant therapy in patients with resected G/GEJA (CT041-CG4010, NCT06857786) and an IIT for sequential therapy following first-line treatment for G/GEJA (CT041-CG4011, NCT07179484).



Management Discussion & Analysis

The data of confirmatory Phase II clinical trial (CT041-ST-01, NCT04581473) have been presented in *The Lancet* and at the 2025 ASCO Annual Meeting in June 2025. The article in *The Lancet* was titled “Claudin-18 isoform 2-specific CAR T-cell therapy (satri-cel) versus treatment of physician’s choice for previously treated advanced gastric or gastro-oesophageal junction cancer (CT041-ST-01): a randomised, open-label, phase 2 trial”. The oral presentation at the 2025 ASCO Annual Meeting was titled “Claudin18.2-specific CAR T cells (Satri-cel) versus treatment of physician’s choice (TPC) for previously treated advanced gastric or gastroesophageal junction cancer (G/GEJC): Primary results from a randomized, open-label, phase II trial (CT041-ST-01)”. Among all 108 patients who received satri-cel infusion (88 patients in satri-cel arm and 20 patients in treatment of physicians’ choice (TPC) arm (one of apatinib, paclitaxel, docetaxel, irinotecan or nivolumab), the median overall survival (mOS) reached 9.17 months, while the mOS of 28 patients in TPC arm who did not receive satri-cel treatment was only 3.98 months (HR 0.288; 95% CI: 0.169-0.492). Satri-cel demonstrated significant progression-free survival (PFS) improvement and a clinically meaningful OS benefit with a manageable safety profile in Claudin18.2 positive G/GEJA patients with failure to at least 2 prior lines of treatment, compared to standard therapy. It is worth noting that randomized controlled trials (RCTs) for autologous CAR-T products present differences and significant challenges in efficacy evaluation compared to single-arm trials. In single-arm trials, the baseline is the pre-lymphodepletion imaging, and the first tumor assessment compares post-CAR-T infusion results with pre-lymphodepletion imaging, allowing for a more intuitive demonstration of actual efficacy. In randomized controlled trials, both arms use pre-randomization imaging as the baseline. Due to the time interval between randomization and lymphodepletion, tumor burden worsens in more than half of the patients before CAR-T infusion. As a result, the first tumor assessment (comparing post-CAR-T infusion imaging with pre-randomization imaging) often leads to an underestimation of the true therapeutic effect. Since CAR-T cell manufacturing requires time, factors such as disease progression during the waiting period may prevent some patients from receiving CAR-T cell infusion but these patients are still included in the final efficacy analysis.

Warning under Rule 18A.08(3) of the Listing Rules: There is no assurance that satricabtagene autoleucel will ultimately be successfully developed and marketed by the Company. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

CT011 – Humanized GPC3 CAR T

CT011 is an autologous CAR T-cell product with proof-of-concept clinical data for the treatment of hepatocellular carcinoma (HCC). Our co-founder, CEO and Chief Scientific Officer, Dr. Zonghai LI led the world’s first successful effort in identifying, validating, and reporting GPC3 as a tumor-associated target for the development of CAR T-cell therapies to treat HCC.

In July 2023, an article titled “Combined local therapy and CAR-GPC3 T-cell therapy in advanced hepatocellular carcinoma: a proof-of-concept treatment strategy” was published in *Cancer Communication*. Two advanced HCC patients who received local therapy followed by sequential infusions of CAR-GPC3 T-cells achieved more than 10-year disease-free survival.

Management Discussion & Analysis

In January 2024, CT011 received IND clearance from the NMPA for patients with GPC3-positive stage IIIa hepatocellular carcinoma at risk of recurrence after surgical resection.

Warning under Rule 18A.08(3) of the Listing Rules: There is no assurance that CT011 will ultimately be successfully developed and marketed by the Company. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

CT071 – GPRC5D CAR T

CT071 is an autologous CAR T-cell therapy product targeting GPRC5D developed utilizing CARsgen's proprietary CARcelerate® platform for the treatment of R/R MM and R/R pCL. It incorporates a fully-human single-chain variable fragment (scFv) developed by CARsgen.

CARsgen's proprietary CARcelerate® platform can shorten CT071's manufacturing time to approximately 30 hours and therefore, resulting CAR-T cells are younger and possibly more potent compared to conventional manufacturing. The improved manufacturing efficiency aims to expedite availability of the product to patients, enhances the supply capacity, and reduces manufacturing costs.

The results for the treatment of R/R MM in an investigator-initiated trial (NCT05838131) have been published in *The Lancet Haematology* in October 2025. The article was titled "GPRC5D-targeted CAR T-cell therapy (CT071) in patients with relapsed or refractory multiple myeloma: a first-in-human, single-centre, single-arm, phase 1 trial". All 5 patients previously treated with an anti-BCMA CAR T (n=1) or anti-BCMA/CD19 CAR T (n=4) responded; 2 achieved PR, 1 achieved VGPR and 2 achieved sCR.

The results for the treatment of newly diagnosed multiple myeloma (NDMM) in an investigator-initiated trial (NCT06407947), were presented in a poster session at the 30th European Hematology Association (EHA) Congress in June 2025. The poster was titled "A phase I study of GPRC5D targeting CAR T-cell therapy CT071 for high-risk newly diagnosed multiple myeloma". The ORR was 100%, including sCR rate of 70% (7/10).

Warning under Rule 18A.08(3) of the Listing Rules: There is no assurance that CT071 will ultimately be successfully developed and marketed by the Company. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.



Management Discussion & Analysis

Allogeneic CAR T-cell Product

In addition to autologous products, CARsgen has also been advancing differentiated allogeneic CAR T-cell products utilizing the proprietary THANK-uCAR® platform. CARsgen has recently developed the THANK-u Plus™ platform as an enhanced version of THANK-uCAR® allogeneic CAR-T technology to address the potential impact of NKG2A expression levels on therapeutic efficacy.

CT0590 is a BCMA-targeting allogeneic CAR T-cell product candidate deploying our THANK-uCAR® technology. An IIT has been initiated in China to evaluate the safety and efficacy of CT0590 for the treatment of R/R MM. The results of the IIT proof-of-concept study results of CT0590 were presented as a poster at the 66th ASH Annual Congress in December 2024, which was titled “A First-in-Human Study of CT0590, a Triple Knock-out, Allogeneic CAR T-Cell Therapy Targeting BCMA and NKG2A, in Subjects with Relapsed/Refractory Multiple Myeloma”. The 2 subjects with sCR include 1 R/R MM subject (still ongoing) with a DOR longer than 23 months as of data cut-off date and 1 pPCL subject with a DOR of 20 months. In the 2 subjects with sCR, CAR copies peaked at > 280,000 copies/μg genomic DNA (gDNA).

CT0596 is a BCMA-targeting allogeneic CAR T-cell product candidate deploying our THANK-u Plus™ technology. IITs have been initiated in China to evaluate the safety and efficacy of CT0596 for the treatment of R/R MM and PCL. Two IND applications for R/R MM and pPCL separately were submitted to the NMPA in December 2025 and have been accepted. Phase Ib registration trials in China are planned to be initiated in 2026. Preliminary results of the IIT have been presented at the 67th ASH in December 2025. As of August 31, 2025, the trial had enrolled 8 patients with R/R MM in the dose-escalation phase who received CT0596 infusion. Six patients achieved a PR or better: 3 achieved CR/sCR (all in the full-dose lymphodepletion group), 1 achieved VGPR, and 2 achieved PR. CAR-T cell expansion was observed in all patients. Patient 01 maintained ongoing sCR and MRD-negativity as of Month 8. Previously, CARsgen announced preliminary clinical data for CT0596 in R/R pPCL. As of October 17, 2025, two heavily pretreated pPCL patients with high disease burden and rapid progression both achieved sCR after receiving CT0596 treatment.

CT1190B (KJ-C2219) is an allogeneic CAR T-cell product candidate targeting CD19/CD20 deploying our THANK-u Plus™ technology, for hematologic malignancies and autoimmune diseases. IITs for R/R B-NHL have been initiated. A separate IIT for systemic lupus erythematosus (SLE) and systemic sclerosis (SSc) has been initiated. It is expected to obtain IND approval from the NMPA for B-cell malignancies. Phase Ib registration study is planned to be initiated in 2026 in China.

At the recommended lymphodepletion regimen of Fludarabine 30mg/m² for 3 consecutive days plus Cyclophosphamide 1000mg/m² for 2 consecutive days, a total of 8 patients were enrolled, including 2 mantle cell lymphoma (MCL) patients (administered a cell dose of 6×10⁸) and 6 diffuse large B-cell lymphoma (DLBCL) patients with cell doses as follows: 3×10⁸ (1 patient), 4.5×10⁸ (1 patient), and 6×10⁸ (4 patients); of these 8 enrolled patients, 6 were evaluable for efficacy, achieving an ORR of 83.3% comprising 4 patients with CR (2 MCL, 2 DLBCL) and 1 patient with partial response (PR: DLBCL).

Management Discussion & Analysis

At the recommended lymphodepletion regimen of Fludarabine 30mg/m² for 3 consecutive days plus Cyclophosphamide 1000mg/m² for 2 consecutive days, and focusing on the 6×10⁸ cell dose subgroup, 6 patients were enrolled, among whom 4 were evaluable for efficacy with 3 achieving a treatment response (all CR) while the remaining 2 DLBCL patients had not yet reached the prespecified efficacy assessment timepoint, and a total of 6 patients completed the full lymphodepletion regimen and received the recommended cell dose, with the median maximum concentration (C_{max}) of the CAR-T cells reaching approximately 10⁵ copies/μg gDNA.

KJ-C2320 is an allogeneic CAR T-cell product candidate targeting CD38, deploying our THANK-uCAR® technology for the treatment of AML. An IIT for AML has been initiated at the end of 2024. KJ-C2320 has administered the first dose to a patient in an investigator-initiated trial.

KJ-C2526 is an allogeneic CAR T-cell product candidate against NKG2DL deploying our THANK-u Plus™ technology, for AML, other malignancies and senescence.

CT1390B is an allogeneic CAR T-cell product candidate against CLL1 deploying our THANK-u Plus™ technology, for AML.

KJ-C2527 is an allogeneic CAR T-cell product candidate against Claudin18.2 deploying our THANK-u Plus™ technology for the treatment of GC.

On February 25, 2025, certain subsidiaries of the Company have entered into the agreements (the “**Agreements**”) with an investment fund (the “**Investor**”) managed by Zhuhai Hengqin SB Xinchuang Equity Investment Management Enterprise (Limited Partnership) (“**Zhuhai SB Xinchuang**”), pursuant to which, among others, the Investor has agreed to subscribe to additional registered capital of UCARsgen Biotech Limited (“**UCARsgen**”) at a cash consideration of RMB80,000,000, representing 8% stake of the enlarged registered capital of UCARsgen (the “**Capital Increase**”). Upon the completion of the Capital Increase, the Company’s share in UCARsgen will be diluted from 100% to 92%.

UCARsgen is a China-based new drug discovery biotechnology company focused on allogeneic CAR T-cell therapies for the treatment of hematologic malignancies. Under the Agreements, UCARsgen has secured the exclusive rights in Chinese mainland for the research, development, manufacture, and commercialization of the following allogeneic CAR T-cell products from the Company: the BCMA-targeted allogeneic CAR-T cell therapy for the treatment of multiple myeloma and plasma cell leukemia and the CD19/CD20 dual-targeted allogeneic CAR T-cell therapy for the treatment of B-cell malignancies (excluding indications for the treatment of autoimmune diseases).

In vivo CAR T-cell Product

Apart from CAR T-cell products manufactured via *in vitro* gene editing, the Company is also developing *in vivo* CAR T-cell products. CARsgen’s proprietary lentiviral-based CARvivo™ platform demonstrates excellent T cell transduction and targeting specificity. KJ-C2529 is an *in vivo* CAR T-cell product candidate against CD19/CD20 deploying our CARvivo™ platform for the treatment of B-cell lymphoma. An IIT is expected to be initiated in 2026 for the treatment of R/R B-NHL.

Management Discussion & Analysis

Continuous Discovery and Technology Development

Despite the approval of some CAR T-cell products for the last-line treatment of hematologic malignancies, significant challenges remain, such as limited efficacies against solid tumors, undesirable safety concerns, and high manufacturing and treatment costs. We strive to explore and develop innovative technology platforms to address these challenges to generate better cell therapy products for cancer patients globally.

We have established an integrated research and development platform covering the full CAR T development cycle including target discovery, vector design, manufacturing, quality assurance, and quality control. Our integrated cell therapy platform is composed of target discovery, immune cell function evaluation platform, plasmid and lentiviral vector preparation platforms, cell therapy process development platform, analytical platforms with molecular, flow cytometry, biochemical, physical-chemical, and cell-based analytical capabilities, biological samples tests platform, clinical-scale and commercial-scale CAR T manufacturing platform, and platform for clinical studies.

We continue to dedicate ourselves to advancing innovative technologies to address remaining challenges in the CAR-T industry:

(1) **Better patient access with allogeneic CAR-T:**

To reduce the cost and increase accessibility of CAR T-cell therapies, we continue to develop our market-differentiating allogeneic THANK-uCAR® technology. THANK-uCAR® is our proprietary technology to generate allogeneic CAR T cells with improved expansion and persistence by modifying donor-derived T cells. To minimize graft versus host disease (GvHD) and host versus graft response (HvGR) from allogeneic T cells, we disrupt the genomic loci encoding TRAC and beta-2 microglobulin (B2M) to eliminate surface expression of the TCR or the human leukocyte antigen class I (HLA-I), an approach that has been validated by previous research. However, natural killer (NK) cells attack T cells without HLA-I expression, which then limits the expansion and persistence of the allogeneic CAR T cells. To protect the allogeneic CAR T cells from the patient's NK cells' attacks, we arm these TRAC-/B2M-T cells with a CAR that recognizes NKG2A to hinder the NKG2A-positive NK cell rejection of the CAR T cells and therefore allow the THANK-uCAR T cells to resist the attack by NK cells. Our *in vitro* and *in vivo* studies demonstrated that armoring the TRAC-/B2M-T cells with the anti-NKG2A CAR resulted in improved expansion in the presence of NK cells. Based on the clinical data, it is found that baseline NKG2A expression levels on NK cells may be related to treatment outcomes. To leverage this finding, we developed THANK-u Plus™ platform.

CARsgen has developed the THANK-u Plus™ platform as an enhanced version of its proprietary THANK-uCAR® allogeneic CAR-T technology to address the potential impact of NKG2A expression levels on therapeutic efficacy by adding an NK inhibitory signaling element (NKi binder). THANK-u Plus™ demonstrates sustained expansion regardless of varying NKG2A expression levels on NK cells and exhibits significantly improved expansion compared to THANK-uCAR®. Preclinical studies show that THANK-u Plus™ delivers superior antitumor efficacy in the presence of NK cells compared to THANK-uCAR®. Allogeneic BCMA or dual-targeting CD19/CD20 CAR-T cells developed using this platform exhibit robust antitumor activity in the presence of NK cells, indicating that THANK-u Plus™ has broad potential for developing diverse allogeneic CAR-T therapies. We are developing allogeneic CAR T-cell products using THANK-u Plus™ platform, which we believe could increase CAR T cell expansion, persistence and efficacy.

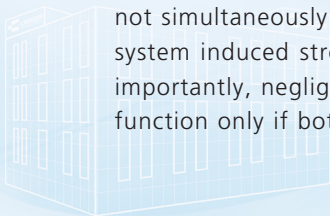
Management Discussion & Analysis

(2) Enhance efficacy in solid tumors:

- To enhance efficacy against solid tumors, we developed CycloCAR® which features the co-expression of cytokine IL-7 and chemokine CCL21 in CAR T cells to potentially improve clinical efficacy and reduce the requirement of lymphodepletion conditioning. Preclinical results showed that IL-7 enhanced the proliferation and survival of CAR T cells and inhibited the apoptosis of CAR T cells, and CCL21 could drive infiltration of T cells and dendritic cells into tumor sites. The preclinical CycloCAR T cells improved the therapeutic effects against solid tumors in mice compared to conventional CAR T cells. Moreover, even without preconditioning chemotherapy, the CycloCAR T cells could potently suppress the tumor growth with a significantly better efficacy than CAR T cells co-expressing IL-7 and CCL19 (7×19 CAR T, a previously reported design by other researchers). Our studies demonstrated that, independent of lymphodepletion chemotherapy, CycloCAR T cells exerted potent antitumor effects which were facilitated by infiltration of T cells and dendritic cells into tumor tissues, CycloCAR T cells exhibited increased survival, and potential anti-angiogenesis effect. We are using CycloCAR® to develop CAR T-cell therapies against several targets including Claudin18.2, GPC3, and mesothelin. We continue to explore potential combination approaches to boost the therapeutic effects of single agents and identify new targets and approaches to tackle new indications.
- The Company continues investigating combinatorial approaches to enhance clinical outcomes of CAR-T therapies. For example, our collaboration with Moderna to explore satricabtagene autoleucl in combination with Claudin18.2 encoding mRNA vaccines to help boost T cell activation, proliferation and persistence.

(3) Target availability:

- In development of cancer therapies, the expression of tumor-associated antigens in normal tissues poses a significant challenge, as this expression pattern leads to on-target off-tumor toxicities. To resolve the challenge with target availability, we continue to explore innovative technologies to enhance drug target availability and therefore turn undruggable antigens into promising targets. We developed LADAR™ technology (local action driven by artificial receptor), in which an artificial receptor is triggered by a LADAR ligand to induce the transcription of the gene(s) of interest (e.g., the tumor antigen-targeted CAR, plus any cytokines or other therapeutic mediators). Through the LADAR™ artificial receptor, the antitumor CAR transcription is only triggered when the LADAR binds to a LADAR ligand, making it possible to precisely control when and where immune cells act against cancer cells.
- The LADAR-CAR signaling circuits require both antigens for LADAR™ and CAR recognition to kill target cells, thus reducing on-target off-tumor effects when these two antigens are not simultaneously expressed in the same normal tissues. In our in vitro studies, the LADAR™ system induced strong therapeutic gene expression in response to antigen engagement and, importantly, negligible leakage expression in resting cells. LADAR-CAR T cells executed killing function only if both antigens were present.



Management Discussion & Analysis

- We are also working on other applications of LADAR™ system, such as LADAR-cytokine circuits. We believe that the establishment of LADAR™ system is the key step to developing CAR T cells with powerful and precise killing of cancer.
- To develop effective CAR T-cell products for more cancer types and further enhance the antitumor effect, we have been expanding our research to more promising oncology targets for cell therapies. In addition, leveraging our proprietary antibody platforms, we have successfully developed humanized or fully human antibodies against these targets, such as B7-H3, etc. These antibodies, together with our CAR T-cell technology platforms, will help further enhance the product pipeline.

(4) *In vivo* CAR-T CARvivo™:

The CAR T-cell therapy has demonstrated impressive efficacy in treating hematological malignancies. However, its extensive use was restricted by the expensive manufacturing cost and the requirement preconditioning chemotherapy prior to administration. To overcome these challenges, we developed a novel platform, referred to as CARvivo™, for *in vivo* CAR-T cell generation utilizing an engineered redirected lentiviral vector. This platform rationally designed fusogen and binder moieties for immune cell specific targeting. To circumvent lentivirus's extensive tropism, the virus envelope glycoprotein was mutated without disrupting its fusogenic potential. For ensuring retargeting specificity, the vector was modified with high-affinity binder molecules, enabling it to target specific cells. In preclinical studies, the redirected modified lentiviral vector showed superior targeting specificity and high T cells transduction efficiency both *in vitro* and *in vivo*. And following intravenous administration, it can efficiently generate functional CAR-T cells and eliminate B-cell lymphoma xenograft tumor cells in human PBMC reconstituted mice. These data demonstrate the potential of our CARvivo™ platform to generate functional CAR-T cells *in vivo*, laying a foundation for expanding its application to other types of cancers.

These technologies are currently being developed in-house with global rights and can be used alone or in combination to upgrade our existing products or generate future products.

Empowered by these technologies, we strive to further enrich our pipeline and advance these pipeline products to clinical and commercial stage.

As of December 31, 2025, we had more than 300 patents of which 152 patents had been issued globally including China, the United States, Europe, and Japan, with an increase of 24 issued patents and 27 patent applications compared with that of January 1, 2025. Our R&D activities are expected to continue to generate substantial intellectual property in our areas of expertise.



Management Discussion & Analysis

Manufacturing

We have established in-house GMP-compliant manufacturing capabilities to support vertically integrated CAR T manufacturing, including plasmids, lentiviral vectors, and CAR T-cell production. The vertically integrated production contributes to increased efficiency and enhanced control, resulting in improved drug product consistency and aiming for faster turnaround times for patients. The integrated manufacturing is also expected to help significantly reduce costs and improve margins for more advantageous commercialization. We have also developed a robust process platform for allogeneic CAR T-cell products to support the IND filing and upcoming clinical manufacturing.

With the commercial manufacturing facility in Jinshan, Shanghai ("**Jinshan Manufacturing Facility**"), which has a designed capacity to support autologous CAR T-cell therapy for up to 2,000 patients annually, we can produce the lentiviral vectors and CAR T cells in-house to support clinical trials and CAR T-cell commercialization in China. By scaling up lentiviral vector production, we can significantly reduce CAR-T manufacturing costs. Through establishing vertically integrated production capabilities, we anticipate substantially enhancing manufacture sustainability, lowering costs, and shortening the time from vein to vein.

The Company is actively preparing for capacity expansion, enhancing the manufacturing capabilities for CAR T-cell therapies that meet international standards to support the commercialization of multiple products and strengthen its global competitiveness. On February 12, 2026 (after trading hours), the Company, through its indirectly wholly-owned subsidiary CARsgen Diagnostics Co., Ltd., has entered into the strategic cooperation agreements with Shanghai Jingong Enterprise Development Co., Ltd., which is a key platform enterprise in the Bay Area High-Tech Zone of Jinshan District, Shanghai (上海市金山區灣區高新區). With a total investment amount not exceeding RMB370 million, the Company will establish an advanced commercial manufacturing base for CAR T-cell products in Jinshan District, Shanghai ("**Jinshan Manufacturing Base**"). No significant upfront capital expenditure are required from the Company, effectively preserving valuable cash flow for core research and development as well as market expansion. In addition, the repurchase mechanism ensures the Company can fully acquire asset control after long-term operation, maintaining production stability and enhancing the flexibility in of asset layout. Overall, this collaboration demonstrates the Company's prudent financial planning and deep layout in the CAR T-cell therapy industry ecosystem. This also indicate that the project is highly in line with national and local policies on the biopharmaceutical industry and has received high attention and strong support from the government. This strategic partnership will further consolidate the Company's leading position in the global CAR T-cell therapy industry while creating long-term value for shareholders.



Management Discussion & Analysis

Industry Overview

As a novel treatment modality, CAR T-cell therapy offers breakthrough efficacy and curative potential for cancer patients. The global CAR T-cell therapy market has been experiencing strong growth since approval of the first CAR T-cell therapy product in 2017. The global CAR T-cell therapy market is expected to further grow driven by increasing global cancer incidence, approval of CAR T-cell therapies in more indications, improvements in manufacturing technology and capacities, availability of CAR T-cell products in more markets. As of the date of this report, there are seven CAR T-cell products approved by U.S. FDA and eight CAR T-cell products approved by NMPA in China. However, there are still significant unmet medical needs for the cancer patients worldwide, calling for better and more innovative CAR T-cell products, particularly for the treatment of solid tumors. With our pipeline products, e.g. zevorcabtagene autoleucel and satricabtagene autoleucel, and innovative technology platforms, e.g. CycloCAR®, THANK-uCAR®, THANK-u Plus™, LADAR™ and CARvivo™, we are committed to developing the innovative therapies to fulfil these unmet medical needs.

Future and Outlook

With CARsgen's mission of "making cancer curable", we devote ourselves to develop innovative products for the treatment of cancer patients worldwide. Building on the milestones we have achieved, the Company will continue to focus on the commercialization of zevorcabtagene autoleucel and satricabtagene autoleucel, and plan to expand these products into earlier-line treatment settings. The Company will be committed to accelerating the market availability of the allogeneic CAR T-cell therapies, unlocking the full potential of our innovative platform to address unmet medical needs for patients worldwide. The Company will continue to develop novel technologies and advance the R&D pipeline of other products in clinical and preclinical stages. Leveraging our profound expertise and continuous iteration of innovative CAR-T technologies in the CAR-T field, the Company strive to further optimize the efficacy, safety and accessibility of CAR T-cell therapies for the benefit of a broader patient population. The Company plans to continuously expand its manufacturing capacity in China to provide solid support for the clinical trials and future commercialization of both autologous and allogeneic products. We will continue to establish additional external partnerships with leading research institutes and pharmaceutical companies on technology and product licensing as a means to maximize the application of our technology platform and the value of our product, bringing more innovative cell therapy products to cancer patients worldwide and ultimately creating more value for our investors and the society.

Management Discussion & Analysis

III. FINANCIAL REVIEW

Overview

We had one product, zevorcabtagene autoleucl, approved on February 23, 2024 for commercial sale and have generated revenue from product sales. We have not been profitable and have incurred operating losses in every year since inception, with operating losses of RMB104 million and RMB808 million for the years ended December 31, 2025 and 2024, respectively. Substantially all of our operating losses resulted from research and development expenses, administrative expenses and net off the foreign exchange gains for the year ended December 31, 2025.

Loss for the years

Our net loss was RMB103 million for the year ended December 31, 2025, representing a decrease of RMB695 million from RMB798 million for the year ended December 31, 2024. The decrease was primarily due to (i) the increase of net other losses and gains of RMB377 million from RMB260 million in losses for the year ended December 31, 2024 to RMB117 million in gains for the year ended December 31, 2025; (ii) the decrease in research and development expenses of RMB221 million from RMB466 million for the year ended December 31, 2024 to RMB245 million for the year ended December 31, 2025; (iii) the decrease in administrative expenses of RMB92 million from RMB160 million for the year ended December 31, 2024 to RMB68 million for the year ended December 31, 2025; and (iv) the increase in gross profit of RMB65 million from RMB15 million for the year ended December 31, 2024 to RMB80 million for the year ended December 31, 2025.

Non-IFRS Accounting Standards Measures

To supplement the Group's consolidated net loss and net loss per share which are presented in accordance with the IFRS Accounting Standards, the Company has provided adjusted net loss and adjusted net loss per share as additional financial measures, which are not required by, or presented in accordance with, the IFRS Accounting Standards.

Adjusted net loss for the periods and adjusted net loss per share for the periods represent the net loss and net loss per share respectively excluding the effect of a non-cash item, namely the share-based compensation. The terms adjusted net loss and adjusted net loss per share are not defined under the IFRS Accounting Standards.

The table below sets forth a reconciliation of the loss to adjusted loss during the years indicated:

	Year ended December 31,	
	2025 RMB'000 (Audited)	2024 RMB'000 (Audited)
Loss for the years	(102,907)	(798,132)
Add:		
Share-based compensation	25,284	9,089
Adjusted net loss	(77,623)	(789,043)

Management Discussion & Analysis

	Year ended December 31,	
	2025 RMB (Audited)	2024 RMB (Audited)
Loss per share for the years	(0.18)	(1.44)
Add:		
Share-based compensation per share	0.05	0.02
Adjusted net loss per share	(0.13)	(1.42)

The Company believes that the adjusted non-IFRS Accounting Standards measures are useful for understanding and assessing the underlying business performance and operating trends, and that the Company's management and investors may benefit from referring to these adjusted financial measures in assessing the Group's financial performance by eliminating the impact of certain unusual, non-recurring, non-cash and/or non-operating items that the Group does not consider indicative of the performance of the Group's core business. These non-IFRS Accounting Standards measures, as the management of the Group believes, is widely accepted and adopted in the industry in which the Group is operating. However, the presentation of these non-IFRS Accounting Standards measures is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with the IFRS Accounting Standards. Shareholders and potential investors should not view the adjusted results on a stand-alone basis or as a substitute for results under IFRS Accounting Standards, and these non-IFRS Accounting Standards measures may not be comparable to similarly-titled measures represented by other companies.

Research and Development Expenses

	Year ended December 31,	
	2025 RMB'000 (Audited)	2024 RMB'000 (Audited)
Employee benefit expenses	125,519	208,780
Testing and clinical expenses	46,560	158,281
Depreciation of property, plant and equipment	21,686	33,449
Research and development consumables	24,521	28,014
Utilities	14,021	16,739
Depreciation of right-of-use assets	3,357	2,667
Amortization of intangible assets	2,057	6,001
Travelling and transportation expenses	1,476	2,839
Office expenses	2,237	4,725
Short term lease and low value lease expenses	1,975	2,444
Professional service fees	1,811	2,064
Other expenses	137	183
Total	245,357	466,186

Research and development expenses decreased to RMB245 million for the year ended December 31, 2025, representing a decrease of RMB221 million from RMB466 million for the year ended December 31, 2024, primarily due to lower testing and clinical expenses, lower employee benefit expenses and lower depreciation expenses.

Management Discussion & Analysis

Administrative Expenses

	Year ended December 31,	
	2025	2024
	RMB'000	RMB'000
	(Audited)	(Audited)
Employee benefit expenses	40,402	70,378
Professional service fees	9,218	27,304
Office expenses	3,185	6,874
Depreciation of property, plant and equipment	1,278	26,587
Depreciation of right-of-use assets	377	5,998
Auditors' remuneration	4,378	4,084
– audit service	3,780	3,780
– non-audit service	598	304
Short term lease and low value lease expenses	963	4,303
Travelling and transportation expenses	783	4,174
Utilities	772	1,061
Amortization of intangible assets	741	1,109
Other expenses	6,329	7,652
Total	68,426	159,524

Administrative expenses decreased to RMB68 million for the year ended December 31, 2025, representing a decrease of RMB92 million from RMB160 million for the year ended December 31, 2024, primarily due to lower employee benefit expenses, lower professional service, lower depreciation expenses and lower depreciation of right-of-use assets.



Management Discussion & Analysis

Details of employee benefit expenses and share-based compensation included in the above administrative expenses and research and development expenses are as below:

Employee benefit expenses

	Year ended December 31,	
	2025	2024
	RMB'000	RMB'000
	(Audited)	(Audited)
Wages and salaries	119,472	230,937
Pension costs	14,449	16,200
Share-based compensation	24,161	9,013
Other employee benefits	7,839	23,008
Total	165,921	279,158
Amount included in Research and Development Expenses	125,519	208,780
Amount included in Administrative Expenses	40,402	70,378

The decrease of employee benefit expenses is mainly due to the decrease in the number of employees.

Share-based payments

Expenses for the share-based compensation have been charged to the consolidated statements of comprehensive loss as follows:

	Year ended December 31,	
	2025	2024
	RMB'000	RMB'000
	(Audited)	(Audited)
Research and development expenses	18,111	4,680
Administrative expenses	6,050	4,332
Cost of sales	1,123	77
Total	25,284	9,089

The increase of share-based compensation expenses is mainly due to the increases in total headcount and total number of RSUs and options granted to employees under share schemes of the Company in 2025 compared to those in 2024.

Management Discussion & Analysis

IV. LIQUIDITY AND CAPITAL RESOURCES

Management monitors and maintains a level of cash and bank balances deemed adequate to finance our operations and mitigate the effects of fluctuations. In addition, management monitors our borrowings and, from time to time, evaluates operations to renew our borrowings upon expiry based on our actual business requirements. We rely on equity financing and debt financing as our major sources of liquidity.

The following table sets forth our cash flows for the periods indicated:

	Year ended December 31,	
	2025 RMB'000 (Audited)	2024 RMB'000 (Audited)
Net cash used in operating activities	(236,900)	(409,690)
Net cash generated from/(used in) investing activities	(2,884)	12,522
Net cash generated from/(used in) financing activities	(111,724)	18,457
Net decrease in cash and cash equivalents	(351,508)	(378,711)
Cash and cash equivalents at beginning of the year	1,479,058	1,849,752
Effect of foreign exchange rate changes, net	(4,136)	8,017
Cash and cash equivalents at end of the year	1,123,414	1,479,058

Net Cash Used in Operating Activities

During the Reporting Period, we incurred negative cash flows from operations, and substantially all of our operating cash outflows resulted from our research and development expenses and administrative expenses.

Our operating activities used RMB237 million and RMB410 million for the year ended December 31, 2025 and 2024, respectively.

We had one product, zevorcabtagene autoleucel, approved on February 23, 2024 for commercial sale and have generated income in 2024 and 2025. We believe our pipeline products have promising global market potential in the future. We intend to continue investing in our research and development efforts and aim to obtain marketing approvals for our product candidates as soon as feasible. As we launch and commercialize our product candidates, we expect to generate operating income and improve our net operating cash outflow position.

Management Discussion & Analysis

Net Cash Generated from/(Used in) Investing Activities

Our cash used in investing activities mainly reflects our cash used for our purchase of term deposits with original maturity between three and twelve months, property, plant and equipment and our cash generated from investing activities mainly reflects our net cash receipts from term deposits with original maturity between three and twelve months.

For the year ended December 31, 2025, our net cash used in investing activities was RMB2.9 million, which was primarily attributable to purchase of property, plant and equipment. For the year ended December 31, 2024, our net cash generated from investing activities was RMB12.5 million, which was primarily attributable to the redemption of investment of term deposit and partially offset by purchase of property, plant and equipment.

Net Cash Generated from/(Used in) Financing Activities

For the year ended December 31, 2025, our net cash used in financing activities was RMB112 million, primarily attributable to the net effects of (i) the capital injection in joint venture of RMB 80 million from Zhuhai Hengqin SB Xinchuang Equity Investment Management Enterprise (Limited Partnership); (ii) the exercise price received under share schemes of the Company of RMB29 million; (iii) net repayment of bank borrowings of RMB 89 million; (iv) payments for ordinary share repurchase of RMB 115 million; and (v) payment of lease expenses of RMB 16 million. For the year ended December 31, 2024, our net cash generated from financing activities was RMB18.5 million, primarily attributable to net proceeds from bank borrowings of RMB84 million, payments for ordinary share repurchase of RMB50 million, and payment of lease expenses of RMB17 million.

Cash and Cash Equivalents

	As at December 31, 2025 RMB'000 (Audited)	As at December 31, 2024 RMB'000 (Audited)
Cash at banks		
– USD	37,341	120,778
– RMB	1,032,696	1,358,145
– HKD	53,377	135
Total	1,123,414	1,479,058

The Group's total cash and cash equivalents as at December 31, 2025 were RMB1,123 million, representing a decrease of RMB356 million compared to RMB1,479 million as at December 31, 2024. The decrease was primarily attributable to the payments of research and development expenses, and administrative expenses.

Management Discussion & Analysis

Borrowing and Gearing Ratio

The Group's total borrowings, including interest-bearing borrowings, as at December 31, 2025 were nil representing a decrease of RMB89 million compared to RMB89 million as at December 31, 2024.

As at December 31, 2025 and December 31, 2024, the Group's bank borrowings are nil and RMB89 million, respectively.

The fair values of the borrowings approximate their carrying amounts as the discounting impact is not significant.

As at December 31, 2025, the Group had no outstanding secured borrowings maturing within one to three years and the interest rate is nil (2024: 3.2000%). The gearing ratio (calculated by dividing the sum of borrowings and lease liabilities by total equity) of the Group as at December 31, 2025 and 2024 were 7.85% and 15.75%, respectively.

Lease Liabilities

The Group leases offices and dormitory. Lease on offices and dormitory were measured at net present value of the lease payments to be paid during the lease terms.

Lease liabilities were discounted at incremental borrowings rates of the Group entities.

Our lease liabilities decreased to RMB61 million as at December 31, 2025 from RMB77 million as at December 31, 2024.



V. OTHER FINANCIAL INFORMATION

Significant Investments

As at December 31, 2025, we did not hold any significant investments (including any investment in an investee company) with a value of 5% or more of the Group's total assets.

Material Acquisitions and Disposals

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

Foreign Exchange Risk

The Group has entities operating in the United States of America and in the People's Republic of China and there are certain cash and cash equivalents, other receivables, accruals and other payables denominated in a currency that is not the functional currency of the relevant group entities. As at December 31, 2025, the Group had no foreign exchange hedging instruments. However, our management constantly monitors the economic situation and our Group's foreign exchange exposure and will consider appropriate hedging measures in the future should the need arise.

As at December 31, 2025 and 2024, if the USD strengthened/weakened by 5% against the RMB with all other variables held constant, our net loss for the years ended December 31, 2025 and 2024 would have increased/decreased by approximately RMB120 million and RMB124 million, respectively.

Capital Expenditure

For the year ended December 31, 2025, the Group's total capital expenditure amounted to approximately RMB6 million, which was mostly used in purchase of property, plant and equipment, and software.

Charge on Assets

As at December 31, 2025 and December 31, 2024, the Group did not have any charge on assets.

Asset Impairment

As at December 31, 2025, the Group did not have any asset impairment.

Management Discussion & Analysis

Contingent Liability

As at December 31, 2025, the Group did not have any material contingent liabilities.

Employees and Remuneration Policies

During the Reporting Period, we have scaled down our team from about 468 employees as at December 31, 2024 to 362 employees as at December 31, 2025. As at December 31, 2025, 65.2% of our employees are female.

In compliance with the applicable labor laws, we enter into standard confidentiality and employment agreements with our key management and research staff. The contracts with our key personnel typically include a standard non-compete agreement that prohibits the employee from competing with us, directly or indirectly, during his or her employment and for up to two years after the termination of his or her employment. The agreements also typically include undertakings regarding assignment of inventions and discoveries made during the course of his or her employment.

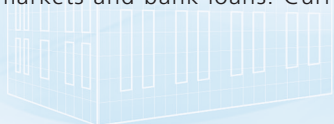
During the Reporting Period, we did not experience any strikes, labor disputes or industrial action which had a material effect on our business. We believe we have not experienced any significant difficulty in recruiting staff for our operations. We have established a labor union that represents employees with respect to the promulgation of bylaws and internal protocols in China.

Our employees' remuneration consists of salaries, bonuses, share-based incentive plans, social insurance contributions and other welfare payments. In accordance with applicable laws, we have made contributions to social insurance funds (including pension plan, unemployment insurance, work-related injury insurance, medical insurance and maternity insurance, as applicable) and housing funds for our employees. During the Reporting Period, we had complied with all statutory social insurance fund obligations applicable to us under PRC & US laws in all material aspects, and housing fund obligations applicable to us under PRC laws.

To remain competitive in the labor market, we provide various incentives and benefits to our employees. We invest in continuing education and training programs, including internal and external training, for our management staff and other employees to upgrade their skills and knowledge. We also provide competitive salaries, project and stock incentive plans to our employees, especially key employees.

Future Investment Plans and Expected Funding

The Group will continue to expand its markets in the PRC and globally in order to tap its internal potential and maximize shareholders' interest. The Group will continue to grow through self-development, mergers and acquisitions, and other means. We will employ a combination of financing channels to finance capital expenditures, including but not limited to internal funds, capital markets and bank loans. Currently, the bank credit lines available to the Group are adequate.



Directors and Senior Management

The biography details of the Directors and senior management are set out as follows:

EXECUTIVE DIRECTORS

Dr. Zonghai LI (李宗海), aged 52, was appointed as a Director in February 2018, and the Chief Executive Officer and the Chief Scientific Officer in February 2021. He was re-designated as an executive Director in February 2021.

Dr. Zonghai LI has also held positions at CARsgen Therapeutics (Shanghai). He has been a director and the chief executive officer since October 2014, and the chief scientific officer since December 2017.

Dr. Zonghai LI has approximately 20 years of work experience in the biopharmaceutical field. Dr. Zonghai LI worked at Shanghai Cancer Institute (上海市腫瘤研究所) from July 2005 to June 2018 and served as the leader of the biotherapy research team at the State Key Laboratory of Oncogenes and Related Genes of Shanghai Cancer Institute (上海市腫瘤研究所癌基因及相關基因國家重點實驗室) during such period. In light of the governmental policy to support and encourage scientific researchers to work in private technology companies conditional upon the requisite college or research institutes' approval, Dr. Zonghai LI decided to establish our Group in October 2014 to conduct R&D work and the commercialization of cellular immunotherapy, while continuing to work at Shanghai Cancer Institute. The arrangement was ratified and approved by the Shanghai Cancer Institute in January 2016. Before that, Dr. Zonghai LI was a project manager at Guilin Pavay Gene Pharmaceutical Co., Ltd. (桂林華諾威基因藥業有限公司) from July 2000 to April 2002.

Dr. Zonghai LI has dedicated himself to developing innovative treatment for the patients with cancer. One of his early career achievements is the identification of GE11, a peptide ligand of EGFR which has become a widely used unnatural peptide in antitumor study now. He is also the inventor of new technologies such as Hpd3cell, a new phage display technology; FR806, a new safety switch for T cell therapy; CycloCAR technology to increase the antitumor activities of chimeric antigen receptor (CAR) T cells. He has a leading role in the research on CAR T cell therapy against solid tumors by publishing the first paper of CAR T cell therapy against GPC3, Claudin 18.2 and EGFR/EGFRvIII worldwide. Dr. Zonghai LI was a professor in Shanghai Cancer Institute, Renji Hospital affiliated to Shanghai Jiao Tong University School of Medicine (上海交通大學醫學院附屬仁濟醫院上海市腫瘤研究所) and a doctoral supervisor at Renji Hospital affiliated to Shanghai Jiao Tong University School of Medicine (上海交通大學醫學院附屬仁濟醫院).

Dr. Zonghai LI obtained his bachelor's degree in preventive medicine and master's degree in pathology and pathogen biology from the Central South University (中南大學), formerly known as the Hunan Medical University (湖南醫科大學), the PRC, in June 1997 and July 2000 respectively. He obtained his Doctor of Philosophy degree in pathogen biology from Fudan University (復旦大學), the PRC, in June 2005. Dr. Zonghai LI was awarded the Leading Talents of Shanghai City (上海市領軍人物) in 2018 and the Shanghai Youth Science and Technology Award (上海市青年科技傑出貢獻獎) in 2019.

Directors and Senior Management

Dr. Huamao WANG (王華茂), aged 49, was appointed as a Director in September 2018 and the Chief Operating Officer in February 2021. He was re-designated as an executive Director in February 2021.

Dr. Wang has also held positions at other members of our Group. He has been a director and the Chief Operating Officer of CARsgen Therapeutics (Shanghai) since October 2014, the general manager of CARsgen Pharmaceuticals since November 2017 and the general manager of CARsgen Diagnostics since November 2020.

Prior to joining our Group, Dr. Wang served as the general manager of YIJIE Biotech (Shanghai) Holding Limited (上海益傑生物技術有限公司) from July 2013 to October 2014, and the deputy general manager of Shanghai Ruijin Biotechnology Co., Ltd. (上海銳勁生物技術有限公司) from January 2011 to June 2013. Before that, Dr. Wang worked at Zhejiang Academy of Medical Sciences (浙江省醫學科學院) from July 2009 to January 2011.

Dr. Wang obtained his bachelor's degree in biochemistry from Sichuan University (四川大學), the PRC, in July 1999. He received his master's degree and Doctor of Philosophy degree in pathogenic organisms from Fudan University (復旦大學), the PRC, in June 2003 and June 2009, respectively.

Dr. Hua JIANG (蔣華), aged 47, was appointed as an executive Director on August 1, 2022, who has about 18 years of work experience in the field of cancer biotherapy, and also serves as Vice President of Early Discovery of CARsgen, and is responsible for formulating the strategy of early discovery and the construction of R&D pipeline.

Dr. Jiang joined the Company in April 2021 as Senior Director of Immune Cell Research and Development Department, and is responsible for the research work of Immune Cell Research and Development and Preclinical Pharmacology. Dr. Jiang has achieved outstanding outcomes, not only by strengthening the technology platform but also by expanding a number of candidate product pipelines.

Prior to joining the Company, from July 2007 to April 2021, Dr. Jiang was responsible for the research and development of antibody and CAR T-cells, as well as the related mechanism in Shanghai Cancer Institute (上海市腫瘤研究所). Dr. Jiang was a professor in Shanghai Cancer Institute (上海市腫瘤研究所) and a doctoral supervisor at Shanghai Jiao Tong University School of Medicine (上海交通大學醫學院). Dr. Jiang has published more than 20 SCI papers, including JNCI, CCR, Molecular Therapy and other professional journals. She published the world's first paper about CLDN18.2 and EGFR/EGFRvIII CAR T Therapy as the first author and the world's first paper of small molecule inhibitor and CAR T combination therapy in solid tumors as the co-corresponding author.

Dr. Jiang earned her bachelor's degree in Clinical Medicine from Jining Medical College (濟寧醫學院) in 2001. She obtained her master's degree in Pathogen Biology from Shandong University (山東大學) in 2004 and Ph.D. in Pathogen Biology from Fudan University (復旦大學) in 2007.



Directors and Senior Management

NON-EXECUTIVE DIRECTORS

Mr. Huaqing GUO (郭華清), aged 37, was appointed as a Director in September 2020 and re-designated as a non-executive Director in February 2021.

Mr. Guo has been an executive Director, the general manager and legal representative at Xiamen Tianze Dingwo Private Fund Management Co., Ltd. (廈門天澤鼎沃私募基金管理有限公司) since June 2020 and has been responsible for investment management in the secondary market. He served as general manager and legal representative at Fujian Dingwo Investment Management Ltd. (福建省鼎沃投資管理有限公司) from September 2015 to May 2020, during which he participated in equity investments projects, and as a vice president at Quanzhou Jiatai Footwear Ltd. (泉州嘉泰鞋業有限公司) from September 2011 to August 2015. With his experience in business administration and investment management, our Company believes that Mr. Guo can bring a unique perspective to the Board, in particular, in assisting our Company's business development and risk assessment of various investments.

Mr. Guo obtained his bachelor's degree in business administration from Jiageng College of Xiamen University (廈門大學嘉庚學院), the PRC, in July 2011.

Mr. Ronggang XIE (謝榕剛), aged 40, was appointed as a Director in September 2020 and re-designated as a non-executive Director in February 2021.

Mr. Xie has been appointed as a non-executive director of InnoCare Pharma Limited (諾誠健華醫藥有限公司) (HKEX: 9969), a non-executive director of Akeso, Inc. (康方生物科技(開曼)有限公司) (HKEX: 9926) and a director of Shanghai Allist Pharmaceuticals Co., Ltd. (上海艾力斯醫藥科技股份有限公司) (SSE: 688578) since March 2021, August 2020 and November 2019, respectively. Mr. Xie is currently a partner of Shanghai Loyal Valley Investment Management Limited (上海正心谷投資管理有限公司) and was promoted to a managing director in November 2016 after joining as a senior investment manager in October 2015. Prior to joining Shanghai Loyal Valley Investment Management Limited, Mr. Xie was appointed as an investment director between June 2014 and June 2015 and served as an investment manager at Suzhou Kaifeng Zhengde Investment Management Co., Ltd (蘇州凱風正德投資管理有限公司) from June 2011 to June 2014.

Mr. Xie obtained his master's degree in biomedical engineering from Southeast University (東南大學), the PRC, in March 2011.

Directors and Senior Management

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Guangmei YAN (顏光美), aged 68, was appointed as an independent non-executive Director effective as of the Listing Date.

Dr. Yan served as an independent director of Medprin Regenerative Medical Technologies Co., Ltd. (廣州邁普再生醫學科技股份有限公司) (SZSE: 301033) from November 2018 to May 2024. Dr. Yan also served as an independent director of MGI Tech Co., Ltd (深圳華大智造科技股份有限公司) (SSE: 688114) from June 2020 to December 2022.

Dr. Yan served as the vice president of Sun Yat-sen University (中山大學) (previously known as Sun Yat-sen University of Medical Sciences (中山醫科大學)) from 2008 to 2017. He was appointed as a professor from December 1996 to November 1999 and an assistant professor from August 1989 to July 1992. He began to teach at the university in August 1989.

Dr. Yan obtained his bachelor's degree in medicine from the Central South University Xiangya School of Medicine (中南大學湘雅醫學院), formerly known as the Hunan Medical School (湖南醫學院), the PRC in December 1979 and completed a training course of the National College of Pharmacy Teaching (全國高等學校藥理學師資進修班) organized by the university in February 1982. Dr. Yan obtained his master's and doctorate degree in medicine from Sun Yat-sen University (中山大學), formerly known as Sun Yat-sen University of Medical Sciences (中山醫科大學), the PRC, in March 1985 and July 1989, respectively.

Dr. Wen ZHOU (周文), aged 51, was appointed as an independent non-executive Director commencing from April 29, 2024.

Dr. Zhou is currently working as a professor at the School of Basic Medical Sciences, Central South University. Dr. Zhou received her Ph.D. degree in Medicine in December 2009 from Central South University. She served as postdoctoral researcher in the University of Utah and School of Medicine in the University of Iowa. She has published multiple articles as corresponding author in leading international academic journals such as Cell Metabolism, Nature Communications, Advanced Science, Microbiome, Leukemia and Cell Reports. Dr. Zhou is a youth member of the Chinese Society for Cell Biology (中國細胞生物學會) and a member of the Oncology Committee of the Chinese Society of Cell Biology (中國細胞生物學會腫瘤委員會), as well as an editor and reviewer for several journals (Frontiers Oncology, Cancers, etc.).



Directors and Senior Management

Ms. Xiangke ZHAO (趙向可), aged 40, was appointed as an independent non-executive Director commencing from July 4, 2023.

Ms. Zhao was the chief financial officer of Town Health International Medical Group Limited (康健國際醫療集團有限公司) (HKEX: 3886) from 2 December 2019 to 25 March 2024. Ms. Zhao also served as an executive director of Town Health International Medical Group Limited from 26 March 2021 to 20 June 2023, and an associate director of the Investment Management Department of China Life Private Equity Investment Company Limited (國壽股權投資有限公司) from July 2018 till March 2021. Ms. Zhao had worked in the assurance department and financial advisory department of two international accounting firms and has extensive experience in the provision of financial, auditing and advisory professional services.

Ms. Zhao graduated from Renmin University of China (中國人民大學) with a bachelor's degree in economics in June 2008. She is also a member of CPA Australia.

SENIOR MANAGEMENT

Dr. Zonghai LI (李宗海), Dr. Huamao WANG (王華茂) and Dr. Hua JIANG (蔣華) are each an executive Director of our Company and also a member of our senior management team. For further details, please see "Directors and Senior Management – Executive Directors" for details of their biography.

Directors' Report

REPORT OF THE DIRECTORS

The Directors present their report and the audited consolidated financial statements (the “**Consolidated Financial Statements**”) of the Group for the Reporting Period.

GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on February 9, 2018 as an exempted company with limited liability under the laws of the Cayman Islands. The Company's shares were listed on the Main Board of the Stock Exchange on June 18, 2021.

PRINCIPAL ACTIVITIES

CARsgen is a biopharmaceutical company focusing on developing innovative CAR T-cell therapies to address the unmet clinical needs including but not limited to hematologic malignancies, solid tumors and autoimmune diseases. CARsgen has established end-to-end capabilities for CAR T-cell research and development covering target discovery, preclinical research, product clinical development, and commercial scale production. CARsgen has developed novel in-house technologies and a product pipeline with global rights to address challenges faced by existing CAR T-cell therapies. Efforts include improving safety profile, enhancing the efficacy in treating solid tumors, and reducing treatment costs, etc. CARsgen's mission is to be a global biopharmaceutical leader that provides innovative and differentiated cell therapies for patients worldwide and makes cancer and other diseases curable. There was no significant change in the nature of the Group's principal activities during the Reporting Period.

Particulars of the Company's principal subsidiaries as at December 31, 2025 are set out in Note 1 to the Consolidated Financial Statements.

BUSINESS REVIEW

A fair review of the business of the Group as well as a discussion and analysis of the Group's performance during the Reporting Period and the material factors underlying its financial performance and financial position as required by section 388(2) and Schedule 5 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (“**Companies Ordinance**”) can be found in the section headed “Management Discussion and Analysis” of this report.



DIRECTORS

During the Reporting Period and up to the Latest Practicable Date, the Board consists of the following Directors:

Executive Directors

Dr. Zonghai LI (*Chairman*)
Dr. Huamao WANG
Dr. Hua JIANG

Non-executive Directors

Mr. Bingsen GUO (*passed away on September 24, 2025*)
Mr. Ronggang XIE
Mr. Huaqing GUO

Independent Non-executive Directors

Dr. Guangmei YAN
Dr. Wen ZHOU
Ms. Xiangke ZHAO

In accordance with Article 16.19 of the Articles of Association of the Company, Dr. Zonghai LI, Dr. Huamao WANG, and Dr. Hua JIANG will retire from office by rotation at the forthcoming AGM and, being eligible, will offer themselves for re-election.

DIRECTORS AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and senior management are set out in the section headed "Directors and Senior Management" of this report.

Directors' Report

CHANGES IN INFORMATION OF DIRECTORS

Details of changes in Directors during the Reporting Period and up to the Latest Practicable Date are set out below:

Name	Position	Details of Change
Mr. Bingsen GUO	non-executive Director	passed away on September 24, 2025

Having made specific enquiry and as confirmed by Directors, save for the biography details as disclosed under the section headed "Directors and Senior Management" of this report, no other changes in the information of Directors which shall be subject to disclosure according to paragraphs (a) to (e) and (g) under Rule 13.51(2) of the Listing Rules shall be disclosed in accordance with Rule 13.51B(1) of the Listing Rules since the date of publication of the 2025 interim report of the Company.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive Directors an annual confirmation in writing of his/her independence. The Company considers that, during the Reporting Period and as at the Latest Practicable Date, all of the independent non-executive Directors are independent.

DIRECTORS' SERVICE CONTRACTS

For more information about the service contracts entered into by the Company, please see the Corporate Governance Report in this report for further details.

PERMITTED INDEMNITY PROVISION AND DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

A permitted indemnity provision (as defined in the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)) in relation to the directors' and officers' liability insurance is currently in force and was in force during the Reporting Period and up to the Latest Practicable Date. The Company has arranged appropriate directors' liability insurance coverage for the Directors of the Group during the Reporting Period and up to the Latest Practicable Date.



SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company had maintained the prescribed public float under the Listing Rules during the Reporting Period and as at the Latest Practicable Date.

KEY PERFORMANCE INDICATORS

Details of the key performance indicators of the Group as at December 31, 2025 are set out in the section headed "Management Discussion & Analysis" of this report.

CORPORATE GOVERNANCE

Particulars of the Company's corporate governance practices are set out in the section headed "Corporate Governance Report" of this report.

REVIEW BY AUDIT COMMITTEE

The Audit Committee currently comprises two independent non-executive Directors, namely, Ms. Xiangke ZHAO and Dr. Wen ZHOU, and one non-executive Director, namely Mr. Huaqing GUO. The Audit Committee has reviewed the audited Consolidated Financial Statements for the year ended December 31, 2025 with the management and the auditor of the Company. The Audit Committee considered that the annual results are in compliance with the applicable accounting standards, laws and regulations, and the Company has made appropriate disclosures thereof. The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with senior management of the Company.

PRINCIPAL RISKS AND UNCERTAINTIES

Risks Relating to Our Financial Position and Need for Additional Capital

- We have incurred significant net losses and net operating cash outflows since our inception, and we anticipate that we will continue to incur net losses and net operating cash outflows for the foreseeable future and may never become profitable;
- We have net operating cash outflow during the Reporting Period;
- We may need additional capital to meet our operating cash requirements, and financing may not be available on terms acceptable to us, or at all;
- We have a limited operating history, which may make it difficult to evaluate our current business and predict our future performance. The risks involved in our business may cause potential investors to lose substantially all of their investment in our business;
- We may need to obtain additional financing to fund our operations, and if we are unable to obtain such financing, we may be unable to complete the development and commercialization of our primary drug candidates; and
- Raising additional capital may cause dilution to our shareholders, restrict our operations or require us to relinquish rights to our technologies or drug candidates.

Directors' Report

Risks Relating to Our Business

- We depend substantially on the success of our product candidates, most of which are in pre-clinical or clinical development. If we are unable to successfully complete clinical development, obtain regulatory approval and commercialize our product candidates, or experience significant delays in doing so, our business will be materially harmed;
- We operate in a rapidly changing industry and we face substantial competition, which may result in others discovering, developing or commercializing competing products before or more successfully than we do, or developing product candidates or treatments that are safer, more effective, more effectively marketed or cost less than ours, or receive regulatory approval or reach the market earlier. As a result, our product candidates may not achieve the sales we anticipate and could be rendered non-competitive or obsolete;
- Clinical development of biopharmaceutical products involves a lengthy and expensive process with an uncertain outcome, and results of earlier studies and trials may not be predictive of future trial results;
- If clinical trials of our product candidates fail to demonstrate safety and efficacy to the satisfaction of regulatory authorities or do not otherwise produce positive results, we may incur additional costs or experience delays in completing, or ultimately be unable to complete, the development and commercialization of our product candidates;
- We may not be successful in our efforts to build or in-license a pipeline of new product candidates. If we fail to do so, our commercial opportunity will be limited; and
- We may expend our limited resources to pursue a particular product candidate or indication and fail to capitalize on product candidates or indications that may be more profitable or have a greater likelihood of success.

Risks Relating to Extensive Government Regulation

- All material aspects of the research, development, manufacturing and commercialization of biopharmaceutical products are heavily regulated. Any failure to comply with existing regulations and industry standards, or any adverse actions by the NMPA or other comparable regulatory authorities against us, could negatively impact our reputation and our business, financial condition, results of operations and prospects;
- The regulatory approval processes of the NMPA and other comparable regulatory authorities are lengthy, time-consuming and inherently unpredictable. If we are ultimately unable to obtain, or experience delays in obtaining, regulatory approval for our product candidates, our business will be substantially harmed;
- Changes in government regulations or in practices relating to the pharmaceutical and biopharmaceutical industries, including healthcare reform in China, and compliance with new regulations may result in additional costs; and
- Even if we are able to commercialize any approved product candidates, the products may become subject to unfavorable pricing regulations, or to unfavorable changes in national or third-party reimbursement practices, which could harm our business.

Risks Relating to Manufacturing of Our Product Candidates

- Our product candidates are cell therapies. The manufacture of our product candidates is complex, and we may encounter difficulties in production, particularly with respect to development or scaling-out of our manufacturing capabilities. If we encounter such difficulties, our ability to provide supply of our product candidates for clinical trials or our products for patients, if approved, could be delayed or stopped, or we may be unable to maintain a commercially viable cost structure.

Risks Relating to Commercialization of Our Product Candidates

- The market opportunities for our product candidates may be limited to those patients who are ineligible for or have failed prior treatments and may be small, and our projections regarding the size of the addressable market may be incorrect;
- We are currently in the process of constructing our marketing and sales organizational mechanism. However, as a company, we have no experience in independently launching and marketing products. If we are unable to establish marketing and sales capabilities to market and sell our candidate products, we may be unable to successfully commercialise any future candidate products and may prove ineffective in establishing, scaling and managing a sustainable sales network;
- Product liability claims or lawsuits could cause us to incur substantial liabilities, and our insurance coverage may be inadequate to protect us from all the liabilities we may incur; and
- The increasing use of social media platforms presents new risks and challenges.

Risks Relating to Our Intellectual Property Rights

- If we are unable to obtain and maintain adequate patent and other intellectual property protection for our product candidates and other intellectual property, or if the scope of such intellectual property rights obtained is not sufficiently broad, third parties could develop and commercialize products and technologies similar or identical to ours and compete directly against us, and our ability to successfully develop and commercialize any of our product candidates or technologies may be adversely affected;
- If we determine that our intellectual property rights (including rights in-licensed from third parties) or other intangible assets are impaired, our results of operations and financial condition may be adversely affected; and
- Even if we are able to obtain patent protection for our product candidates, the life of such protection, if any, is limited, and third parties could be able to circumvent our patents by developing similar or alternative products and technologies in a non-infringing manner, or develop and commercialize products and technologies similar or identical to ours and compete directly against us after the expiration of our patent rights, if any, and our ability to successfully commercialize any product or technology would be materially adversely affected.

For further details, please refer to the section headed "Risk Factors" in the Prospectus.

Directors' Report

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

As at December 31, 2025, the interests or short positions of the Directors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO), which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Interest in Shares and Underlying Shares of the Company

Name of Director/ Chief Executive	Capacity	Total number of Shares/ underlying Shares held	Approximate Percentage of Interest in the Company (Note 4)
Dr. Zonghai LI (Note 1) (Note 2)	Beneficial owner, interest of controlled corporations and interest of party acting in concert	226,169,730/ Long position	39.12%
Mr. Bingsen GUO (Note 1) (Note 2) (Note 3)	Interest of controlled corporations and interest of party acting in concert	226,169,730/ Long position	39.12%
Dr. Huamao WANG (Note 1) (Note 2)	Beneficial owner, interest of controlled corporations and interest of party acting in concert	226,169,730/ Long position	39.12%
Mr. Huaqing GUO (Note 1) (Note 2)	Beneficial owner, interest of controlled corporations and interest of party acting in concert	226,169,730/ Long position	39.12%
Dr. Hua JIANG	Beneficial owner	3,453,156/ Long position	0.60%



Directors' Report

Notes:

- (1) YIJIE Biotech (BVI) holds 198,139,536 Shares of our Company, representing 34.27% of interest of our Company as at December 31, 2025. YIJIE Biotech (BVI) is owned as to 69.00%, 10.20%, 10.00%, 10.00% and 0.80% by CART Biotech, Redelle Holding, He Xi Holdings Limited, Candock Holdings Limited and Accure Biotech Limited (collectively, the **"Intermediary Entities"**) respectively. The Intermediary Entities are wholly-owned by Dr. Zonghai LI, Mr. Bingsen GUO, Dr. Huamao WANG, Mr. Huaqing GUO and Mr. Haiou CHEN respectively.
- (2) Dr. Zonghai LI, Mr. Bingsen GUO, Dr. Huamao WANG, Mr. Huaqing GUO, Mr. Haiou CHEN, the Intermediary Entities, Ms. Xuehong YANG, Yeed Holdings, Ms. Xiaojing GUO and Quanzhou Dingwo (LP) entered into the Concert Party Agreement on February 22, 2021 and each party is deemed to be interested in the Shares that the other parties are interested in under section 317 of the SFO. Each of Dr. Zonghai LI, Mr. Bingsen GUO, Dr. Huamao WANG, Mr. Huaqing GUO and Mr. Haiou CHEN, through the Intermediary Entities and YIJIE Biotech (BVI), are interested in 198,139,536 Shares of our Company, representing 34.27% of interest in our Company as at December 31, 2025. Ms. Xuehong YANG is interested in 8,888,888 Shares, representing 1.54% of interest in our Company through Yeed Holdings as at December 31, 2025. Ms. Xiaojing GUO is interested in 5,555,556 Shares, representing 0.96% of interest in our Company through Quanzhou Dingwo (LP) as of December 31, 2025. Mr. Huaqing GUO is beneficially interested in 2,479,000 Shares, representing 0.43% of interest in our Company as at December 31, 2025. In addition, Dr. Zonghai LI, Dr. Huamao WANG and Mr. Haiou CHEN were granted share awards (including Options and/or RSUs, as the case may be) equivalent to 100,000 Shares, 100,000 Shares, and 3,088,750 Shares respectively subject to vesting or exercising under share schemes of the Company, of which 0 Option/RSU, 0 Option/RSU and 190,732 Options/RSUs have been vested as of December 31, 2025. The parties acting in concert collectively control over one-third of the voting power of the Company, therefore each of them is deemed to be interested in 7,818,000 treasury Shares held by the Company, representing 1.35% of interest in our Company as at December 31, 2025. Therefore, Dr. Zonghai LI, Mr. Bingsen GUO, Dr. Huamao WANG, Mr. Huaqing GUO, Mr. Haiou CHEN, the Intermediary Entities, Ms. Xuehong YANG, Yeed Holdings, Ms. Xiaojing GUO and Quanzhou Dingwo (LP) are deemed to be interested in a total of 226,169,730 Shares, representing 39.12% of interest in our Company as at December 31, 2025.
- (3) Mr. Bingsen GUO passed away on September 24, 2025.
- (4) As at December 31, 2025, the total issued share capital of the Company was 578,116,999 Shares (including 7,818,000 treasury Shares).

Save as disclosed above, as at December 31, 2025, none of the Directors and chief executive of the Company had or was deemed to have any interest or short position in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or which were required to be recorded in the register to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Directors' Report

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

As at December 31, 2025, the persons, other than the Directors or the chief executive of the Company, who had interests or short positions in the Shares and underlying Shares as recorded in the register of interests required to be kept by the Company pursuant to Section 336 of Part XV of the SFO are as follows:

Interest in Shares and Underlying Shares of the Company

Name of Shareholders	Capacity	Number of securities/ Nature of Shares held	Approximate percentage of interest in the Company (Note 5)
CART Biotech Limited (Note 1) (Note 2)	Interest of controlled corporations and interest of party acting in concert	226,169,730/ Long position	39.12%
Redelle Holding Limited (Note 1) (Note 2)	Interest of controlled corporations and interest of party acting in concert	226,169,730/ Long position	39.12%
He Xi Holdings Limited (Note 1) (Note 2)	Interest of controlled corporations and interest of party acting in concert	226,169,730/ Long position	39.12%
CANDOCK Holdings Limited (Note 1) (Note 2)	Interest of controlled corporations and interest of party acting in concert	226,169,730/ Long position	39.12%
Mr. Haiou CHEN (Note 1) (Note 2)	Beneficial interest, interest of controlled corporations and interest of party acting in concert	226,169,730/ Long position	39.12%
Accure Biotech Limited (Note 1) (Note 2)	Interest of controlled corporations and interest of party acting in concert	226,169,730/ Long position	39.12%
Ms. Xuehong YANG (Note 2) (Note 3)	Interest of controlled corporations and interest of party acting in concert	226,169,730/ Long position	39.12%

Directors' Report

Name of Shareholders	Capacity	Number of securities/ Nature of Shares held	Approximate percentage of interest in the Company (Note 5)
Yeed Holdings (Note 2) (Note 3)	Beneficial interest, interest of controlled corporations and interest of party acting in concert	226,169,730/ Long position	39.12%
Ms. Xiaojing GUO (Note 2) (Note 4)	Interest of controlled corporations and interest of party acting in concert	226,169,730/ Long position	39.12%
Quanzhou Dingwo (LP) (Note 2) (Note 4)	Beneficial interest, interest of controlled corporations and interest of party acting in concert	226,169,730/ Long position	39.12%
YIJIE Biotech (BVI) (Note 1) (Note 2)	Beneficial interest, interest of controlled corporations and interest of party acting in concert	226,169,730/ Long position	39.12%

Notes:

- (1) YIJIE Biotech (BVI) holds 198,139,536 Shares of our Company, representing 34.27% of interest of our Company as at December 31, 2025. YIJIE Biotech (BVI) is owned as to 69.00%, 10.20%, 10.00%, 10.00% and 0.80% by the Intermediary Entities respectively. The Intermediary Entities are wholly-owned by Dr. Zonghai LI, Mr. Bingsen GUO, Dr. Huamao WANG, Mr. Huaqing GUO and Mr. Haiou CHEN respectively.
- (2) Dr. Zonghai LI, Mr. Bingsen GUO, Dr. Huamao WANG, Mr. Huaqing GUO, Mr. Haiou CHEN, the Intermediary Entities, Ms. Xuehong YANG, Yeed Holdings, Ms. Xiaojing GUO and Quanzhou Dingwo (LP) entered into the Concert Party Agreement on February 22, 2021 and each party is deemed to be interested in the Shares that the other parties are interested in under section 317 of the SFO. Each of Dr. Zonghai LI, Mr. Bingsen GUO, Dr. Huamao WANG, Mr. Huaqing GUO and Mr. Haiou CHEN, through the Intermediary Entities and YIJIE Biotech (BVI), are interested in 198,139,536 Shares of our Company, representing 34.27% of interest in our Company as at December 31, 2025. Ms. Xuehong YANG is interested in 8,888,888 Shares, representing 1.54% of interest in our Company through Yeed Holdings as at December 31, 2025. Ms. Xiaojing GUO is interested in 5,555,556 Shares, representing 0.96% of interest in our Company through Quanzhou Dingwo (LP) as of December 31, 2025. Mr. Huaqing GUO is beneficially interested in 2,479,000 Shares, representing 0.43% of interest in our Company as at December 31, 2025. In addition, Dr. Zonghai LI, Dr. Huamao WANG and Mr. Haiou CHEN were granted share awards (including Options and/or RSUs, as the case may be) equivalent to 100,000 Shares, 100,000 Shares, and 3,088,750 Shares respectively subject to vesting or exercising under share schemes of the Company, of which 0 Option/RSU, 0 Option/RSU and 190,732 Options/RSUs have been vested as of December 31, 2025. The parties acting in concert collectively control over one-third of the voting power of the Company, therefore each of them is deemed to be interested in 7,818,000 treasury Shares held by the Company, representing 1.35% of interest in our Company as at December 31, 2025. Therefore, Dr. Zonghai LI, Mr. Bingsen GUO, Dr. Huamao WANG, Mr. Huaqing GUO, Mr. Haiou CHEN, the Intermediary Entities, Ms. Xuehong YANG, Yeed Holdings, Ms. Xiaojing GUO and Quanzhou Dingwo (LP) are deemed to be interested in a total of 226,169,730 Shares, representing 39.12% of interest in our Company as at December 31, 2025.
- (3) Yeed Holdings holds 8,888,888 Shares in our Company, representing 1.54% of interest in our Company as at December 31, 2025. Yeed Holdings is wholly-owned by Ms. Xuehong YANG, the wife of our late non-executive Director, Mr. Bingsen GUO.
- (4) Quanzhou Dingwo (LP) holds 5,555,556 Shares in our Company, representing 0.96% of interest in our Company as at December 31, 2025. The general partner of Quanzhou Dingwo (LP) is Ms. Xiaojing GUO, the daughter of our late non-executive Director, Mr. Bingsen GUO.
- (5) As at December 31, 2025, the total issued share capital of the Company was 578,116,999 Shares (including 7,818,000 treasury Shares).

Directors' Report

Save as disclosed above and to the best knowledge of the Directors, as at December 31, 2025, the Company is not aware of any other person (other than the Directors or the chief executive of the Company) who had an interest or short position in the Shares or underlying Shares as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

During the Reporting Period, none of the Directors or their respective close associates (as defined in the Listing Rules) is considered to have interests in businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group pursuant to the Listing Rules.

ARRANGEMENT FOR DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this report, at no time during the Reporting Period was the Company or any of its subsidiaries, the holding company, a party to any arrangement to enable a Director to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

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

During the Reporting Period, the Company repurchased a total of 8,273,000 Shares (the "**Shares Repurchased**") on the Stock Exchange at the aggregate consideration of approximately HK\$128,514,031.22 before expenses. The repurchase was effected to benefit the Company and create value to its Shareholders.

Particulars of the Shares Repurchased are as follows:

Month of Repurchase	No. of Shares Repurchased	Price Paid per Share		Aggregate Consideration ^(Note) (HK\$)
		Highest (HK\$)	Lowest (HK\$)	
October 2025	455,000	17.15	16.47	7,667,944.92
November 2025	3,730,500	17.85	14.35	58,986,331.30
December 2025	4,087,500	17.16	14.16	61,859,755.00
Total	8,273,000			128,514,031.22

Note: Any discrepancies between the aggregate consideration shown in the table above and the daily consideration disclosed by the Company are due to rounding adjustments.

As at December 31, 2025, there were 7,818,000 treasury Shares (as defined under the Listing Rules) held by the Company, and there were 455,000 Shares repurchased but pending cancellation. Subject to compliance with the Listing Rules, the Company may consider cancelling the treasury Shares.

Save as disclosed above, during the Reporting Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed the Company's listed securities (including sale of treasury Shares (as defined under the Listing Rules)).

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the articles of association of the Company or the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro-rata basis to its existing shareholders.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save for the Contractual Arrangements as disclosed in this report, no Director nor an entity connected with him/her had a material interest, whether directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the Reporting Period.

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

The Company does not have any disclosure obligations under Rule 13.20, 13.21 and 13.22 of the Listing Rules.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

The Group has compliance policies and procedures in place to ensure adherence to applicable laws, rules and regulations, in particular, those that have a significant impact on it. The Group would seek professional legal advice from its legal advisers to ensure that transactions and business to be performed by the Group are in compliance with the applicable laws and regulations. During the Reporting Period and up to the Latest Practicable Date, the Group was not aware of any non-compliance with the laws, regulations and regulatory requirements of the places where the Group operates in all material respects, including the requirements under the Companies Ordinance, the Listing Rules, the SFO and the Corporate Governance Code for, among other things, the disclosure of information and corporate governance.

EQUITY-LINK AGREEMENT

Save as disclosed in this report, the Company had not entered into any equity-linked agreement for the year ended December 31, 2025, nor did any equity-linked agreement subsist as at December 31, 2025.

CONTROLLING SHAREHOLDER'S INTERESTS IN SIGNIFICANT CONTRACTS

Save as disclosed in this report, at no time during the Reporting Period had the Company or any of its subsidiaries, and any of the controlling shareholders (as defined in the Listing Rules) of the Company or any of their subsidiaries (as the case may be) entered into any contract of significance or any contract of significance for the provision of services by any such controlling shareholders or their subsidiaries (as the case may be) to the Company or any of its subsidiaries.

MANAGEMENT CONTRACTS

Save for the Directors' service contracts and appointment letters, no contract of significance concerning the management and administration of the whole or any substantial part of business of the Company or any of its subsidiaries was entered into or subsisted during the Reporting Period.

Directors' Report

MATERIAL LITIGATION

The Company was not involved in any material litigation or arbitration for the year ended December 31, 2025. The Directors are also not aware of any material litigation or claims that are pending or threatened against the Group for the year ended December 31, 2025.

CONTINUING CONNECTED TRANSACTIONS

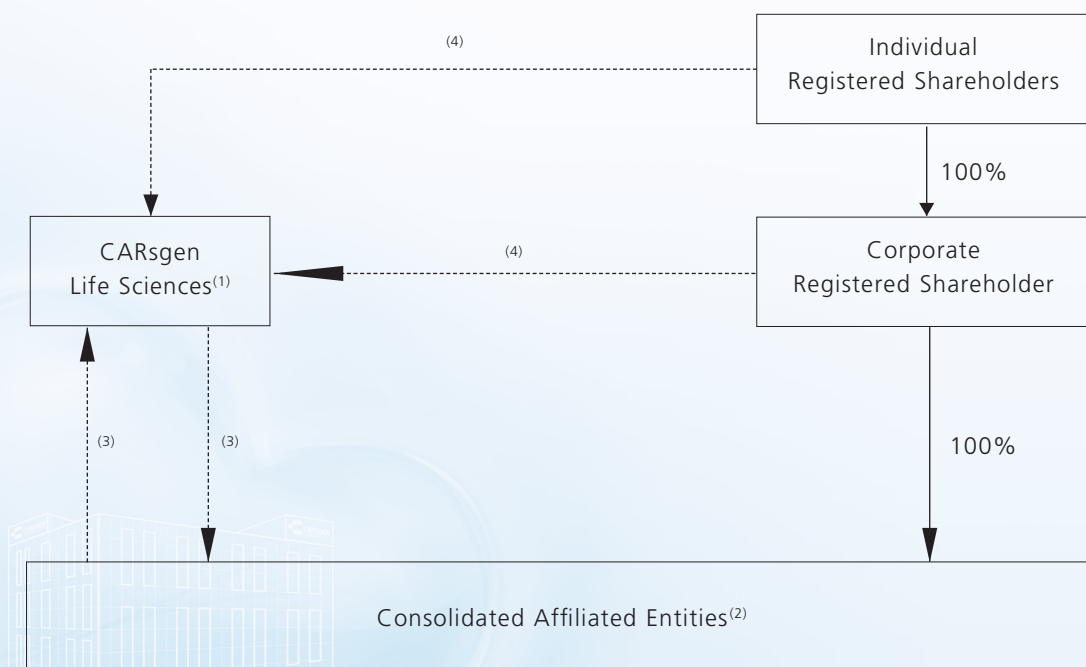
Contractual Arrangement

The Group entered into a series of Contractual Arrangements which would constitute non-exempt continuing connected transactions pursuant to Chapter 14A of the Listing Rules.

Background

In order to comply with the PRC laws and regulations and maintain effective control over all of our operations, we, through our wholly-owned subsidiary, CARsgen Life Sciences entered into the Contractual Arrangements with CARsgen Therapeutics (Shanghai), the Corporate Registered Shareholder (i.e. the shareholder of CARsgen Therapeutics (Shanghai)) and the Individual Registered Shareholders (i.e. the shareholders of the Corporate Registered Shareholder), pursuant to which CARsgen Life Sciences acquired effective control over the finance and operations of our Consolidated Affiliated Entities and is entitled to all the economic benefits derived from their operations.

The following simplified diagram illustrates the flow of economic benefits from our Consolidated Affiliated Entities to our Group stipulated under the Contractual Arrangements:



" ————— " Denotes legal and beneficial ownership in the equity interest

" - - - - - " Denotes the Contractual Arrangements

Note:

- (1) CARsgen Life Sciences is wholly-owned by CARsgen Pharma Holdings Limited, which is in turn wholly-owned by our Company.
- (2) Our Consolidated Affiliated Entities include CARsgen Therapeutics (Shanghai) and CARsgen Pharmaceuticals. CARsgen Pharmaceuticals is wholly-owned by CARsgen Therapeutics (Shanghai), which is in turn wholly-owned by the Corporate Registered Shareholder, which is in turn owned by the Individual Registered Shareholders, namely as to 69% by Dr. Zonghai LI, 10.2% by Mr. Bingsen GUO, 10% by Dr. Huamao WANG, 10% by Mr. Huaqing GUO and 0.8% by Mr. Haiou CHEN.
- (3) CARsgen Life Sciences provides technology consultation services in exchange for service fees from CARsgen Therapeutics (Shanghai). See sub-section headed "Exclusive Business Cooperation Agreements" below.
- (4) The Corporate Registered Shareholder executed the Corporate Exclusive Option Agreement (as defined below) in favour of CARsgen Life Sciences for the acquisition of 100% equity interests and/or assets in CARsgen Therapeutics (Shanghai). See sub-section headed "Exclusive Option Agreements". The Individual Registered Shareholders in turn executed the Individual Exclusive Option Agreement (as defined below) in favour of CARsgen Life Sciences for the acquisition of 100% equity interests and/or assets in the Corporate Registered Shareholder.

The Corporate Registered Shareholder pledged as first charge all of its equity interests in CARsgen Therapeutics (Shanghai) to CARsgen Life Sciences as security for its and CARsgen Therapeutics (Shanghai)'s performance under the Exclusive Business Cooperation Agreements (as defined below), the Corporate Exclusive Option Agreement (as defined below), the Corporate Share Pledge Agreement (as defined below) and the Corporate Powers of Attorney (as defined below), as applicable. The Individual Registered Shareholders in turn pledged as first charge all of their respective equity interests in the Corporate Registered Shareholder to CARsgen Life Sciences as security for their respective performance and the performance of the Corporate Registered Shareholder and CARsgen Therapeutics (Shanghai) under the Exclusive Business Cooperation Agreement, Exclusive Option Agreements, Powers of Attorney, Share Pledge Agreements (as applicable). See subsection headed "Share Pledge Agreements."

The Corporate Registered Shareholder executed the Corporate Powers of Attorney in favour of CARsgen Life Sciences. The Individual Registered Shareholders in turn executed the Powers of Attorney in favour of CARsgen Life Sciences in respect of their respective rights as shareholders of the Corporate Registered Shareholder.

Summary of Contractual Arrangements

Exclusive Business Cooperation Agreements

CARsgen Life Sciences and CARsgen Therapeutics (Shanghai) entered into the exclusive business cooperation agreements on April 18, 2018 and the amended and restated exclusive business cooperation agreements on February 2, 2021 (collectively, the "**Exclusive Business Cooperation Agreements**"), pursuant to which CARsgen Therapeutics (Shanghai) agreed to engage CARsgen Life Sciences as its exclusive provider of technology consultation, technical services and other related services, including but not limited to (i) technological support in relation to product development and testing, (ii) design, develop, update and maintenance service in relation to technology system, (iii) technological support in relation to research and development activities, (iv) technological consultation service (including but not limited to viability testing, technology prediction, investigation into specific technologies and producing analytical valuation reports), (v) personnel training services, (vi) onsite personnel supervision; and (vii) other related services requested by CARsgen Therapeutics (Shanghai) from time to time to the extent permitted under PRC law.

Pursuant to the Exclusive Business Cooperation Agreements, the service fee shall be paid annually to CARsgen Life Sciences. The annual service fees shall be reasonably determined by CARsgen Life Sciences based on certain factors, including, among other things, the complexity and difficulty of such services, time and commitment required to provide such services, actual service scope and the market value of comparable service.

The Exclusive Business Cooperation Agreements are for an initial term of 10 years and are automatically extended upon expiry for a term provided by CARsgen Life Sciences in writing unless terminated by CARsgen Life Sciences in the same manner, or otherwise terminated pursuant to the terms of the Exclusive Business Cooperation Agreements.

Directors' Report

Powers of Attorney

CARsgen Life Sciences and CARsgen Therapeutics (Shanghai) entered into the powers of attorney with the Corporate Registered Shareholder and other related parties on April 18, 2018 and the amended and restated powers of attorney on February 2, 2021 with Corporate Registered Shareholder (the “**Corporate Powers of Attorney**”) pursuant to which the Corporate Registered Shareholder irrevocably and exclusively granted CARsgen Life Sciences or its designee(s) (being the directors of the offshore parent company of CARsgen Life Sciences and liquidators and other successors replacing such directors) the power to exercise all rights of the shareholders as set out in the then valid articles of association of CARsgen Therapeutics (Shanghai) and relevant laws and regulations.

The Corporate Powers of Attorney shall remain effective from the date of signing until the Corporate Registered Shareholder (including its successor(s)) ceases to be the shareholder of CARsgen Therapeutics (Shanghai) or otherwise terminated pursuant to the terms of the Corporate Powers of Attorney.

On the other hand, CARsgen Life Sciences also entered into the powers of attorney (the “**Individual Powers of Attorney**”, and together with the Corporate Powers of Attorney, the “**Powers of Attorney**”) on February 2, 2021 with the Individual Registered Shareholders, pursuant to which the Individual Registered Shareholders irrevocably and exclusively granted CARsgen Life Sciences or its designee(s) (being the directors of the offshore parent company of CARsgen Life Sciences and liquidators and other successors replacing such directors) the power to exercise all rights of the shareholders as set out in the then valid articles of association of the Corporate Registered Shareholder on similar terms as the Corporate Powers of Attorney.

Exclusive Option Agreements

CARsgen Life Sciences and CARsgen Therapeutics (Shanghai) entered into an exclusive option agreement with the Corporate Registered Shareholder and other related parties on April 18, 2018 and an amended and restated exclusive option agreement on February 2, 2021 (collectively the “**Corporate Exclusive Option Agreement**”) with the Corporate Registered Shareholder, pursuant to which CARsgen Life Sciences (or a third party designated by it, the “**designee**”) will be granted an irrevocable and exclusive right to acquire 100% of the equity interest in and/or assets of CARsgen Therapeutics (Shanghai), in whole or in part at the sole and absolute discretion of CARsgen Life Sciences, to the extent permitted under the PRC laws and regulations.

On the other hand, CARsgen Life Sciences also entered into an exclusive option agreement on February 2, 2021 (the “**Individual Exclusive Option Agreement**”, and together with the Corporate Exclusive Option Agreement, the “**Exclusive Option Agreements**”) with the Individual Registered Shareholders pursuant to which CARsgen Life Sciences will be granted an irrevocable and exclusive right to acquire 100% of the equity interest in and/or assets of the Corporate Registered Shareholder, in whole or in part at the sole and absolute discretion of CARsgen Life Sciences to the extent permitted under the PRC laws and regulations, on similar terms as the Corporate Exclusive Option Agreement.

The Exclusive Option Agreements shall remain effective for 10 years from the date of signing and shall extend at the election of CARsgen Life Sciences, except until (1) all of the equity interest in and the assets of CARsgen Therapeutics (Shanghai) have been transferred to CARsgen Life Sciences or its designees and (2) CARsgen Life Sciences could conduct the business operated by CARsgen Therapeutics (Shanghai) legally.

Share Pledge Agreements

CARsgen Life Sciences and CARsgen Therapeutics (Shanghai) entered into the share pledge agreement with the Corporate Registered Shareholder and other related parties on April 18, 2018 and the amended and restated share pledge agreement (the “**Corporate Share Pledge Agreement**”) on February 2, 2021 with the Corporate Registered Shareholder, pursuant to which the Corporate Registered Shareholder agreed to pledge all of its equity interest in CARsgen Therapeutics (Shanghai) to CARsgen Life Sciences to secure performance of its and CARsgen Therapeutics (Shanghai)’s obligations under the Corporate Exclusive Business Cooperation Agreement, the Corporate Exclusive Options Agreement, the Corporate Share Pledge Agreement and the Corporate Powers of Attorney (as applicable).

On the other hand, CARsgen Life Sciences entered into the share pledge agreement (the “**Individual Share Pledge Agreement**”, and together with the Corporate Share Pledge Agreement, the “**Share Pledge Agreements**”) on February 2, 2021 with the Individual Registered Shareholders, pursuant to which the Individual Registered Shareholders agreed to pledge all of their respective equity interests in the Corporate Registered Shareholder to CARsgen Life Sciences to secure performance their respective performance and the performance of the Corporate Registered Shareholder and CARsgen Therapeutics (Shanghai) under the Exclusive Business Cooperation Agreement, Exclusive Option Agreements, Powers of Attorney, Share Pledge Agreements (as applicable), on similar terms as the Corporate Share Pledge Agreement. As of the Latest Practicable Date, we have registered the share pledges under the Individual Share Pledge Agreements with the relevant PRC governmental authority in accordance with PRC laws and regulations.

Spouse Undertakings

Each of the spouses of the Individual Registered Shareholders (as applicable) has executed an undertaking (collectively, the “**Spouse Undertakings**”), to the effect that (i) she acknowledges and consents to the execution of the Contractual Arrangements by the relevant Individual Registered Shareholder and acknowledges that she does not have any equity interest or rights with respect to the Contractual Arrangements; (ii) she undertakes not interfere with the performance of the Contractual Arrangements nor to make any assertions in connection with the equity interest of the Corporate Registered Shareholder held by the respective Individual Registered Shareholder; (iii) she has not participated and will not participate in the management of the Corporate Registered Shareholder and will not make any assertions in connection with the equity interest and assets of the Corporate Registered Shareholder; and (iv) in the event that she obtains any interests in the Corporate Registered Shareholder, she shall be bound by the Contractual Arrangements and shall execute all necessary documents to comply with the Contractual Arrangements.

Reasons for Adoption of Contractual Arrangements

Foreign investment activities in the PRC are mainly governed by the Industry Guidelines on Encouraged Foreign Investment (2022) (《鼓勵外商投資產業目錄(2022年版)》) and the Special Administrative Measures (Negative List) for the Access of Foreign Investment (2024) (《外商投資准入特別管理措施(負面清單) (2024年版)》) (collectively, the “**Relevant PRC Regulations**”) promulgated jointly by the MOFCOM and the NDRC, pursuant to which the industries listed therein are divided into four categories in terms of foreign investment, namely, “encouraged”, “permitted”, “prohibited” and “restricted”. According to the Relevant PRC Regulations, foreign investment is prohibited in the development and application of human stem cells and genes diagnosis and treatment technologies.

Directors' Report

Our Group engages in discovering, developing and commercializing innovative cell therapies for the treatment of hematological malignancies and solid tumors (the “**Relevant Business**”), which involves the development and application of gene therapeutic technologies and products, and therefore falls into the scope of the “prohibited” category of the Relevant PRC Regulations. In order to comply with the PRC laws and regulations and maintain effective control over the Relevant Business, our Group entered into the Contractual Arrangements with CARsgen Therapeutics (Shanghai), the Corporate Registered Shareholder (i.e. the shareholder of CARsgen Therapeutics (Shanghai)) and the Individual Registered Shareholders (i.e. the shareholders of the Corporate Registered Shareholder). Our Directors (including the independent non-executive Directors) are of the view that the Contractual Arrangements and the transactions contemplated therein are fundamental to our Group’s legal structure and business.

Risks Relating to the Contractual Arrangements

There are certain risks that are associated with the Contractual Arrangements, including:

- If the PRC government finds that the agreements that establish the structure for operating our business in China do not comply with PRC laws and regulations, or if these regulations or their interpretations change in the future, we could be subject to severe consequences and the relinquishment of our interests in the Consolidated Affiliated Entities.
- There is substantial uncertainty with respect to the interpretation and implementation of the newly enacted Foreign Investment Law and how it may impact the viability of our current corporate structure, corporate governance and business operations.
- Our Contractual Arrangements may not be as effective in providing operational control as direct ownership, and the Registered Shareholders and the Consolidated Affiliated Entities may fail to perform their obligations under our Contractual Arrangements.
- We may lose the ability to use the permits and licenses held by the Consolidated Affiliated Entities that are important to the operation of our business if the Consolidated Affiliated Entities declares bankruptcy or becomes subject to a dissolution or liquidation proceeding.
- Our Contractual Arrangements may be subject to scrutiny by the PRC tax authorities and additional taxes may be imposed. A finding that we owe additional taxes could substantially reduce our consolidated net income and the value of your Shares.
- The Registered Shareholders of CARsgen Therapeutics (Shanghai) may potentially have a conflict of interest with us, and they may breach their contracts with us or cause such contracts to be amended in a manner contrary to our interests.
- Certain of the terms of the Contractual Arrangements may not be enforceable under PRC laws.
- If we exercise the option to acquire equity ownership of CARsgen Therapeutics (Shanghai) and/or the Corporate Registered Shareholder, the ownership transfer may subject us to certain limitations and substantial costs.

Directors' Report

Our Group has adopted measures to ensure the effective operation of our Group's businesses with the implementation of the Contractual Arrangements and our compliance with the Contractual Arrangements, including:

- major issues arising from the implementation and compliance with the Contractual Arrangements or any regulatory enquiries from government authorities will be submitted to our Board, if necessary, for review and discussion on an occurrence basis;
- our independent non-executive Directors will review the overall performance of and compliance with the Contractual Arrangements annually;
- our Company will disclose the arrangements in place and compliance with the Contractual Arrangements in our annual reports; and
- our Company will engage external legal advisors or other professional advisors, if necessary, to assist the Board in reviewing the implementation of the Contractual Arrangements.

Material Change

As of the Latest Practicable Date, there were no material changes in the Contractual Arrangements and/or the circumstances under which the Contractual Arrangements were adopted.

Unwinding of the Contractual Arrangements

Reference is made to the Notice on Conducting Pilot Work for Further Opening Up in the Medical Field (Letter [2024] No. 568 of the Ministry of Commerce) jointly issued by the Ministry of Commerce of the PRC, the National Health Commission of the PRC and the National Medical Products Administration of the PRC on 7 September 2024 (the "**Notice**"). As advised by the PRC legal advisor of the Company, the Company would not be able to unwind the Contractual Arrangements pursuant to the Notice at the current stage in light of the location of the relevant operating entities of the Group, where the development and application of human stem cells and gene diagnosis and treatment technologies are still prohibited and restricted from foreign investment. The Company will make inquiries with the PRC legal advisor regarding the latest developments and interpretations of the Notice and the relevant rules and regulations on a regular basis, and will unwind and terminate the Contractual Arrangements if and to the extent permissible in accordance with the applicable PRC rules and regulations and taking into account the relevant factors and circumstances.

As of the Latest Practicable Date, there has not been any unwinding of any Contractual Arrangements, nor has there been any failure to unwind any Contractual Arrangements when the restrictions that led to the adoption of the Contractual Arrangements are removed.

Directors' Report

Waiver from the Stock Exchange

In relation to the Contractual Arrangements, we have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with (i) the announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the transactions contemplated under the Contractual Arrangements pursuant to Rule 14A.105 of the Listing Rules, (ii) the requirement of setting an annual cap for the transactions under the Contractual Arrangements under Rule 14A.53 of the Listing Rules, and (iii) the requirement of limiting the term of the Contractual Arrangements to three years or less under Rule 14A.52 of the Listing Rules, for so long as the Shares are listed on the Stock Exchange subject however to the following conditions:

- (a) no change without independent non-executive Directors' approval;
- (b) no change without independent shareholders' approval;
- (c) the Contractual Arrangements shall continue to enable our Group to receive the entire economic benefits derived by CARsgen Therapeutics (Shanghai);
- (d) on the basis that the Contractual Arrangements provide an acceptable framework for the relationship between our Company and its subsidiaries in which our Company has direct shareholding, on the one hand, and CARsgen Therapeutics (Shanghai), on the other hand, that framework may be renewed and/or reproduced upon the expiry of the existing arrangements or in relation to any existing or new wholly foreign owned enterprise or operating company (including branch company) engaging in the same business as that of our Group which the Group might wish to establish when justified by business expediency, without obtaining the approval of the shareholders, on substantially the same terms and conditions as the existing Contractual Arrangements; and
- (e) our Group will disclose details relating to the Contractual Arrangements on an on-going basis.

For details, please refer to the section "Connected Transactions" in the Prospectus.

Confirmation from Independent Non-executive Directors

Our independent non-executive Directors have reviewed the Contractual Arrangements and confirmed that:

- (i) no transaction has been carried out during Reporting Period, which have not been entered into in accordance with the relevant provisions of the Contractual Arrangements;
- (ii) no dividends or other distributions have been made by the Consolidated Affiliated Entities to the holders of its equity interests which are not otherwise subsequently assigned or transferred to our Group, which is confirmed by the auditor of the Company;
- (iii) no new contract has been entered into, renewed or reproduced between our Group and the Consolidated Affiliated Entities during the Reporting Period; and
- (iv) the Contractual Arrangements had been entered into in the ordinary and usual course of business of our Group, and are on normal commercial terms and are fair and reasonable so far as our Group is concerned, and in the interest of our Company and its shareholders as a whole.

Further, the Consolidated Affiliated Entities undertake that, for so long as the Shares are listed on the Hong Kong Stock Exchange, the Consolidated Affiliated Entities will provide our Group's management and our auditor with full access to its relevant records for the purpose of procedures to be carried out by our auditor on the connected transactions. For the year ended December 31, 2025, the net loss of Consolidated Affiliated Entities is approximately RMB101 million, and as at December 31, 2025, the total assets of Consolidated Affiliated Entities is approximately RMB1,293 million.

Confirmations from Company's Independent Auditor

The auditor of the Company confirmed that based on the foregoing, in respect of the disclosed continuing connected transactions (a) nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions have not been approved by the Directors; (b) nothing has come to their attention that causes them to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and (c) with respect of the disclosed continuing connected transactions with CARsgen Therapeutics (Shanghai) under the Contractual Arrangements, nothing has come to their attention that causes them to believe that dividends or other distributions have been made by CARsgen Therapeutics (Shanghai) to the holders of the equity interests of CARsgen Therapeutics (Shanghai) are not otherwise subsequently assigned or transferred to the Group.

RELATED PARTY TRANSACTIONS

Details of the related party transactions carried out in the normal course of business are set out in Note 34 to the Consolidated Financial Statements. Save as the related party transactions involving payment of remuneration to certain Directors, which constitute connected transactions fully exempt from the requirements under Chapter 14A of the Listing Rules, during the Reporting Period, none of these related party transactions constitutes a connected transaction or continuing connected transaction as defined under the Listing Rules. The Company has complied with the disclosure requirements under Chapter 14A of the Listing Rules and disclosed in this report.

FINANCIAL SUMMARY

Shares of the Company were listed on the Stock Exchange on June 18, 2021. A summary of the published results and of the assets, liabilities and equity of the Group for the last five financial years, as extracted from the published audited financial information and financial statements, is set out on page 252 of this report.

USE OF PROCEEDS FROM THE GLOBAL OFFERING

The Company's Shares were listed on the Stock Exchange on June 18, 2021 with a total of 94,747,000 offer shares issued and the net proceeds raised from the Global Offering were approximately HK\$3,008 million. The net proceeds from the Listing (adjusted on a pro rata basis based on the actual net proceeds) have been and will be utilized in accordance with the purposes set out in the Prospectus. There was no change in the intended use of net proceeds as previously disclosed in the Prospectus as follows:

- approximately HK\$902.4 million (US\$115.7 million) (or approximately 30% of the net proceeds) to fund further development of our Core Product, BCMA CAR-T (CT053);

Directors' Report

- approximately HK\$932.5 million (US\$119.6 million) (or approximately 31% of the net proceeds) to fund ongoing and planned research and development of our other pipeline product candidates;
- approximately HK\$601.6 million (US\$77.2 million) (or approximately 20% of the net proceeds) for developing full-scale manufacturing and commercialization capabilities;
- approximately HK\$300.8 million (US\$38.6 million) (or approximately 10% of the net proceeds) for continued upgrading of CAR-T technologies and early-stage research and development activities; and
- approximately HK\$270.7 million (US\$34.7 million) (or approximately 9% of the net proceeds) will be used for our working capital and other general corporate purposes.

The net proceeds from the Global Offering have been utilized in accordance with the purposes set out in the Prospectus. The table below sets out the applications of the net proceeds and actual usage up to December 31, 2025:

Use of proceeds	Planned allocation of Net Proceeds (HKD million)	Planned allocation of Net Proceeds (RMB million)	Utilized amount (as at December 31, 2024) (RMB million)	Utilized for the year ended December 31, 2025 (RMB million)	Utilized amount (as at December 31, 2025) (RMB million)	Remaining amount (as at December 31, 2025) (RMB million)
Further development of our Core Product, BCMA CAR-T (CT053)	902.4	851.7	851.7	0.0	851.7	0.0
Ongoing and planned research and development of our other pipeline product candidates	932.5	835.9	696.2	115.5	811.7	24.2
Developing full-scale manufacturing and commercialization capabilities	601.6	539.3	370.6	80.8	451.4	87.9
Upgrading of CAR-T technologies and early-stage research and development activities	300.8	269.6	174.6	77.0	251.6	18.0
Working capital and other general corporate purposes	270.7	255.5	255.5	0.0	255.5	0.0
Total	3,008.0	2,752.0	2,348.6	273.3	2,621.9	130.1



Directors' Report

The unutilized amount of net proceeds is expected to be fully utilized for the intended use by 2026, which is later than originally planned, due to cost savings achieved via improved operational efficiency and moving outsourced services internally. The working capital and other general corporate purposes mainly include:

- 1) RMB96.6 million for staff's salary and social benefit in general and administration departments, i.e. administration, finance, legal, IT, purchase, internal audit, investor relationship;
- 2) RMB48.9 million for company rental fee and its property management fee, i.e. office, dormitory, shuttle bus;
- 3) RMB47.5 million for office expense and office supply;
- 4) RMB23.2 million for travel expense;
- 5) RMB10.9 million for legal and lawyer consulting fee;
- 6) RMB10.5 million for IT spending, i.e. software, laptop, server, network, Antifire, ERP;
- 7) RMB10.4 million for audit fee;
- 8) RMB6.2 million for headhunt and recruitment fee; and
- 9) RMB1.3 million for market research fee.

The above RMB amounts were converted using the December 31, 2025 exchange rate of HK\$1 to RMB0.8964.

Directors' Report

EMOLUMENT POLICY AND DIRECTORS' REMUNERATION

Pursuant to Rule 3.25 of the Listing Rules and the Corporate Governance Code as set out in Appendix C1 to the Listing Rules, the Company has established the Remuneration Committee to formulate remuneration policies. The remuneration is determined and recommended based on the experience, qualification, position and seniority of each Director and senior management. As for the independent non-executive Directors, their remuneration is determined by the Board based on the recommendation from the Remuneration Committee. The Directors and the senior management are eligible participants of the applicable share incentive plans.

Details of the remuneration of the Directors and the five highest paid individuals are set out in Note 9 and Note 10 to the Consolidated Financial Statements of this report.

For the Reporting Period, (i) no emoluments were paid by the Group to any Directors, former directors of the Company or five highest paid individuals as an inducement to join, or upon joining the Group, or as compensation for loss of office; (ii) none of the Directors waived or agreed to waive any remuneration; (iii) save as disclosed in this report, there were no loans, quasi-loans and other dealings in favor of Directors, their controlled bodies corporate and connected entities; and (iv) no consideration provided to or receivable by third parties for making available Directors' services.

The table below shows the emolument of senior management by band:

	Year ended December 31, 2025
HK\$2,500,001 to HK\$3,000,000	2
HK\$3,000,001 to HK\$3,500,000	1
HK\$3,500,001 to HK\$4,000,000	
HK\$4,000,001 to HK\$4,500,000	1
HK\$4,500,001 to HK\$5,000,000	1
HK\$5,000,001 to HK\$5,500,000	
HK\$5,500,001 to HK\$6,000,000	
HK\$6,000,001 to HK\$6,500,000	
Total	5

DISTRIBUTABLE RESERVES

The Company may pay dividends out of the share premium account, retained earnings and any other reserves provided that immediately following the payment of such dividends, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.

As of December 31, 2025, the Company did not have any distributable reserves.

Directors' Report

Details of the movements in the reserves of the Company during the year ended December 31, 2025 are set out in the consolidated statement of changes in equity and Note 30 to the consolidated financial statements.

RESULTS AND DIVIDEND

Details of the consolidated loss of the Group for the year ended December 31, 2025 and the Group's financial position as at December 31, 2025 are set out in the Consolidated Financial Statements and their accompanying notes on pages 178 to 251.

No dividend was paid or declared by the Company or other members of the Group during the Reporting Period.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements 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

Details of the movements in share capital of the Company during the Reporting Period are set out in Note 29 to the Consolidated Financial Statements of this report.

TAX RELIEF AND EXEMPTION

The Directors are not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company's securities.

BANK BORROWINGS AND OTHER BORROWINGS

Details of the bank borrowings of the Group as at December 31, 2025 are set out in Note 25 to the Consolidated Financial Statements.

Save as disclosed, we did not have any material mortgages, charges, debentures, loan capital, debt securities, loans, unutilized banking facilities, bank overdrafts or other similar indebtedness, liabilities under acceptances (other than normal trade bills), acceptance credits, which are either guaranteed, unguaranteed, secured or unsecured, or guarantees.

CHARITABLE CONTRIBUTIONS

During the Reporting Period, the Group did not make charitable contributions.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

On February 12, 2026 (after trading hours), the Company through its indirectly wholly-owned subsidiary CARsgen Diagnostics Co., Ltd. entered into the strategic cooperation agreements with Shanghai Jingong Enterprise Development Co., Ltd., which is a key platform enterprise in the Bay Area High-Tech Zone of Jinshan District, Shanghai (上海市金山區灣區高新區). With a total investment amount not exceeding RMB370 million, the Company will establish an advanced commercial manufacturing base for CAR T-cell products in Jinshan District, Shanghai. This transaction requires no significant upfront capital expenditure from the Company, effectively preserving valuable cash flow for core research and development as well as market expansion. In addition, the repurchase mechanism ensures the Company can fully acquire asset control after long-term operation, maintaining production stability and enhancing the flexibility in of asset layout. For details, please refer to the Company's announcement dated February 13, 2026.

Save as disclosed above, the Group has no other significant events occurred after the Reporting Period which require additional disclosures or adjustments as at the date of this report.

Directors' Report

MAJOR CUSTOMERS AND SUPPLIERS

The Group values long-standing relationships with its suppliers, customers, medical experts, and other business associates. The Group aims at delivering high quality products to its potential customers and developing mutual trust and enhancing communication and commitment between the Group and its suppliers to maintain sustainable growth. For more information, please refer to the "Environmental, Social and Governance Report" as part of this report.

The Group's only customer accounted 100% for the Group's total revenue for the Reporting Period.

Purchases attributable to the Group's five largest suppliers and the largest supplier accounted for 13.28% and 3.47%, respectively, of the Group's total purchases for the Reporting Period.

None of the Directors or any of their close associates (as defined in the Listing Rules) or any shareholders of the Company (whom, to the best knowledge and belief of the Directors, own more than 5% of the Company's total issued share capital) had any beneficial interest in the Group's five largest suppliers and the only customer for the Reporting Period.

INDEPENDENT AUDITOR

PricewaterhouseCoopers ("**PwC**") resigned as the auditor of the Company with effect from January 12, 2024. The Board, with the recommendation of the Audit Committee, resolved to appoint Ernst & Young ("**E&Y**") as the auditor of the Company with effect from January 12, 2024 to fill the vacancy following the resignation of PwC and to hold office until the conclusion of the next annual general meeting ("**AGM**") of the Company. E&Y has been approved as auditor of the Company by the Shareholders at the AGM held on May 21, 2024 and re-appointed by shareholder's approval at the AGM held on May 22, 2025. For more details of the change of auditor of the Company, please refer to the announcement of the Company dated January 12, 2024.

The Consolidated Financial Statements for the Reporting Period have been audited by E&Y, who will retire and, being eligible, offer itself for re-appointment, at the forthcoming AGM. Having been approved by the Board upon the Audit Committee's recommendation, a resolution for the re-appointment of E&Y as auditors of the Company for the ensuing year will be put to the forthcoming AGM for shareholder's approval.

Save as disclosed above, there were no other changes in auditor of the Company for the three years ended December 31, 2025.



ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is highly aware of the importance of environment protection and has not noted any material incompliance with all relevant laws and regulations in relation to its business including environmental protection, health and safety, workplace conditions, employment and the environment.

The Group has established detailed internal rules regarding environmental protection and adopted effective measures to achieve efficient use of resources, waste reduction and energy saving. For further details of the Group's environmental policies and performance, please refer to the Environmental, Social and Governance Report of the Company for the Reporting Period set out on pages 95 to 172, which has been prepared in accordance with Rule 13.91 and the Environmental, Social and Governance Reporting Guide contained in Appendix C2 of the Listing Rules.

RETIREMENT BENEFITS SCHEME

Carsgen Therapeutics (Shanghai)'s full-time employees in the PRC, including some of our named executive officers, participate in a government mandated defined contribution plan, pursuant to which pension benefits, medical care, an employee housing fund and other welfare benefits are provided to employees. Chinese labor regulations require that our PRC subsidiaries make contributions to the government for these benefits based on percentages of the employees' salaries which are capped at 300 percent of the average local wage.

For employees in the United States, CARsgen Therapeutics Corporation (Employer) is helping to make saving for retirement under our 401(k) Plan easier by offering an Employer safe harbor matching contribution, which is another defined contribution plan of the Group. Employee's combined elective contributions and Roth 401(k) contributions are subject to a calendar year limit even though the plan year may not be the calendar year. The limit for the 2025 calendar year is US\$23,500. The limit for catch-up contributions for the 2025 calendar year is US\$7,500. Employer will be matching both employee's pre-tax and/or Roth elective contributions, dollar for dollar, up to 6% of employee's eligible pay. This contribution is called a safe harbor matching contribution. This contribution will be made on behalf of all eligible employees. Employer may choose to revoke or suspend the safe harbor contribution during the year. If this occurs, employee will be given 30 days advance notice of the suspension and employee will be given an opportunity to change employee's elective contribution rate.

Details of the pension obligations of the Company are set out in Note 2.4 to the Consolidated Financial Statements in this report. During the Reporting Period, there was no forfeiture of contributions under the defined contribution plans of the Group, and there were no forfeited contributions had been used by the Group to reduce the existing level of contributions.

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RELATIONSHIPS WITH THE GROUP'S EMPLOYEES

The Group believes that employees are important and valuable assets. The Group will provide trainings for employees to enhance their knowledge in corporate values and culture and to implement them thoroughly. Meanwhile, the Group encourages staff on continuous learnings by sponsoring recognized development trainings. The Group also aims to provide competitive and attractive remuneration packages to retain its employees. Management reviews annually the remuneration package offered to the employees of the Group. Meanwhile, for the purpose of providing incentives and rewards to eligible participants who have contributed to the success of the Group's operations, the Company has adopted the 2019 Equity Incentive Plan, Post-IPO Share Option Scheme and Post-IPO RSU Scheme. Details of such schemes are set out in the sub-sections headed "Share Incentivization Schemes" in this report. For more information, please also refer to the "Environmental, Social and Governance Report" as part of this report.

SHARE INCENTIVE SCHEMES

We have adopted three share incentive schemes, collectively referred to as Share Incentive Schemes.

2019 EQUITY INCENTIVE PLAN

Our Company adopted the 2019 Equity Incentive Plan on January 22, 2019. The purpose of the 2019 Equity Incentive Plan is to attract, motivate, retain and reward certain employees, Directors, and certain other eligible persons of our Group. The 2019 Equity Incentive Plan (i) does not involve any grant of options of the Company to subscribe for new Shares after the IPO, and (ii) only involves the grant of RSUs after the IPO.

On May 11, 2021, our Company allotted and issued 12,497,947 Shares to Carfa Unity Limited and 7,125,575 Shares to Carfe Unity Limited, both of which are wholly-owned by the 2019 Equity Incentive Plan Trustee. Such Shares have been held in trust by the 2019 Equity Incentive Plan Trustee to facilitate the transfer of Shares to the grantees upon vesting of the relevant options and share awards.

As of December 31, 2025, a total of 7,506,174 options were outstanding and 58,245 share awards (in the form of RSUs) were unvested under the 2019 Equity Incentive Plan. The numbers of share awards available for grant under the 2019 Equity Incentive Plan on January 1, 2025 and December 31, 2025 are 5,983,659 and 5,986,343, respectively. No option or share award was granted under the 2019 Equity Incentive Plan during the Reporting Period.



Directors' Report

The table below shows the details of outstanding share options granted under the 2019 Equity Incentive Plan.

Number of options during the Reporting Period											Weighted average closing price of the Shares immediately before the dates on which the options were exercised during the Reporting Period
Name/Category of Grantee	Number of Shares subject to outstanding options as at January 1, 2025	Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Number of Shares subject to outstanding options as at December 31, 2025	Date of grant of share options	Exercise Period	Vesting Period	Exercise price per Share	
1. Substantial Shareholder											
Mr. Haiou CHEN	2,539,773	0	0	0	0	2,539,773	December 28, 2020	December 28, 2020 – December 27, 2028	March 31, 2017 – March 30, 2020	US\$0.04	N/A
2. Employees											
	7,751,078	0	2,784,668	0	9	4,966,401	December 28, 2020	December 28, 2020 – December 27, 2028	Three or four years from the vesting commencement date stipulated in relevant grant letters	US\$0-1.40	HK\$15.33
Total:	10,290,851	0	2,784,668	0	9	7,506,174					

Notes:

- (i) No grant of options under the 2019 Equity Incentive Plan would be made after the IPO.
- (ii) Save as disclosed otherwise above, no option was granted under the 2019 Equity Incentive Plan to (a) any director, chief executive or substantial shareholder of the Company, or their respective associates; or (b) related entity participant or service provider, before the IPO and still being outstanding as at January 1, 2025.
- (iii) No participant has been granted with options and awards in excess of the 1% individual limit.

Directors' Report

The table below shows the details of unvested share awards granted under the 2019 Equity Incentive Plan.

Number of RSUs during the Reporting Period									Weighted average closing price of the Shares immediately before the dates on which the RSUs were vested during the Reporting Period
Name/Category of Grantee	Number of Shares subject to unvested RSUs as at January 1, 2025	Granted during the Reporting Period	Vested during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Number of Shares subject to unvested RSUs as at December 31, 2025	Date of grant of RSUs	Vesting Period	
1. Substantial Shareholder									
Mr. Haiou CHEN	2,343	0	2,343	0	0	0	July 22, 2021	July 22, 2022 – July 21, 2025	HK\$16.93
	116,489	0	58,244	0	0	58,245	March 24, 2022	March 24, 2023 – March 23, 2026	HK\$12.48
2. Employees	36,347	0	33,663	0	2,684	0	July 22, 2021	July 22, 2022 – July 21, 2025	HK\$16.48
Total:	155,179	0	94,250	0	2,684	58,245			

Notes:

- (i) The purchase price of all RSUs mentioned in the table above is nil, and there is no performance target attached to these RSUs granted.
- (ii) No grant of RSUs under the 2019 Equity Incentive Plan were made during the Reporting Period.
- (iii) Save as disclosed otherwise above, no RSU was granted under the 2019 Equity Incentive Plan to (a) any director, chief executive or substantial shareholder of the Company, or their respective associates; or (b) related entity participant or service provider, before the Reporting Period and still being outstanding as at January 1, 2025.
- (iv) No participant has been granted with options and awards in excess of the 1% individual limit.



POST-IPO RSU SCHEME

Our Company adopted the Post-IPO RSU Scheme on April 30, 2021. The purpose of the Post-IPO RSU Scheme is to align the interests of the eligible persons with those of our Group through ownership of Shares to encourage and retain them to make contributions to the long-term growth and profits of our Group.

As of December 31, 2025, a total of 676,633 share awards (in the form of RSUs) were unvested under the Post-IPO RSU Scheme. The numbers of share awards available for grant under the Post-IPO RSU Scheme on January 1, 2025 and December 31, 2025 are 19,721,541 and 16,788,674, respectively. No service provider sub-limit has been set for the Post-IPO RSU Scheme. The numbers of Shares that may be issued in respect of share awards granted under the Post-IPO RSU Scheme during the Reporting Period divided by the weighted average number of Shares in issue (excluding treasury Shares, if any) for the Reporting Period is 0.63%.

The table below shows the details of unvested share awards granted under the Post-IPO RSU Scheme.

Number of RSUs during the Reporting Period									Weighted average closing price of the Shares immediately before the dates on which the RSUs were vested during the Reporting Period
Category of Grantee	Number of Shares subject to unvested RSUs as at January 1, 2025	Granted during the Reporting Period	Vested during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Number of Shares subject to unvested RSUs as at December 31, 2025	Date of grant of RSUs	Vesting Period	
1. Director									
Dr. Hua JIANG	0	51,000	0	0	0	51,000	April 16, 2025 <i>Note (ii)</i>	April 16, 2026 – April 16, 2029	N/A
	0	21,000	0	0	0	21,000	September 18, 2025 <i>Note (iii)</i>	September 18, 2026 – September 18, 2029	N/A
2. Employees									
	628,000	0	272,750	0	93,000	262,250	October 21, 2022	October 22, 2023 – October 21, 2026	HK\$17.26
	13,500	0	6,750	0	1,000	5,750	March 24, 2022	March 24, 2023 – March 23, 2026	HK\$12.48
	1,020,870	0	332,042	0	202,508	486,320	April 13, 2023	April 13, 2024 – April 12, 2027	HK\$12.18
	34,125	0	0	0	34,125	0	November 28, 2023	November 28, 2024 – November 27, 2027	N/A

Directors' Report

Number of RSUs during the Reporting Period

Category of Grantee	Number of Shares subject to unvested RSUs as at January 1, 2025	Granted during the Reporting Period	Vested during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Number of Shares subject to unvested RSUs as at December 31, 2025	Date of grant of RSUs	Vesting Period	Weighted average closing price of the Shares immediately before the dates on which the RSUs were vested during the Reporting Period
	60,000	0	0	0	60,000	0	May 7, 2024	May 7, 2025 – May 7, 2028	N/A
	0	1,647,000	0	0	209,500	1,437,500	April 16, 2025 <i>Note (i)</i>	April 16, 2026 – April 16, 2029	N/A
	0	1,890,500	0	0	76,500	1,814,000	September 18, 2025 <i>Note (ii)</i>	September 18, 2026 – September 18, 2029	N/A
Total:	1,756,495	3,609,500	611,542	0	676,633	4,077,820			

Notes:

- (i) The purchase price of all RSUs mentioned in the table above is nil, and there is no performance target attached to these RSUs granted.
- (ii) The closing price per ordinary share of the Company is HK\$12.7 on April 15, 2025, being the business day immediately before April 16, 2025. As the purchase price is nil, the fair value of RSUs granted on April 16, 2025 at the date of grant is HK\$12.34, which equals to the closing price per ordinary share of the Company on April 16, 2025. For the relevant accounting standard and policy adopted, please refer to Note 31 to the consolidated financial statements. Please refer to the announcement of the Company dated April 16, 2025 for details.
- (iii) The closing price per ordinary share of the Company is HK\$20.86 on September 17, 2025, being the business day immediately before September 18, 2025. As the purchase price is nil, the fair value of RSUs granted on September 18, 2025 at the date of grant is HK\$20.74, which equals to the closing price per ordinary share of the Company on September 18, 2025. For the relevant accounting standard and policy adopted, please refer to Note 31 to the consolidated financial statements. Please refer to the announcement of the Company dated September 18, 2025 for details.
- (iv) Save as disclosed above, no grant of share awards under the Post-IPO RSU Scheme has been made to any director, chief executive or substantial shareholder of the Company, or their respective associates.
- (v) No participant has been granted with options and awards in excess of the 1% individual limit.
- (vi) No grant has been made under the Post-IPO RSU Scheme to related entity participant or service provider.

POST-IPO SHARE OPTION SCHEME

Our Company adopted the Post-IPO Share Option Scheme on April 30, 2021. The purpose of the Post-IPO Share Option Scheme is to reward employees for their past contribution to the success of the Company and to provide incentives to them to further contribute to the Company.

As of December 31, 2025, a total of 14,727,956 options were outstanding under the Post-IPO Share Option Scheme. The numbers of options available for grant under the Post-IPO Share Option Scheme on January 1, 2025 and December 31, 2025 are 36,495,307 and 27,520,333 respectively. No service provider sub-limit has been set for the Post-IPO Share Option Scheme. The numbers of Shares that may be issued in respect of option granted under the Post-IPO Share Option Scheme during the Reporting Period divided by the weighted average number of Shares in issue (excluding treasury Shares, if any) for the Reporting Period is 1.79%.

The table below shows the details of outstanding options granted under the Post-IPO Share Option Scheme.

Number of options during the Reporting Period											
Name/ Category of Grantee	Number of Shares subject to outstanding options as at January 1, 2025	Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Number of Shares subject to outstanding options as at December 31, 2025	Date of grant of share options	Exercise Period	Vesting Period	Exercise price per Share <i>HK\$</i>	Weighted average closing price of the Shares immediately before the dates on which the options were exercised during the Reporting Period
1. Directors											
Dr. Hua JIANG	36,164	0	0	0	0	36,164	March 24, 2022		March 24, 2023 – March 23, 2026	HK\$16.32	N/A
	120,000	0	0	0	0	120,000	April 13, 2023		April 13, 2024 – April 12, 2027	HK\$14.46	N/A
	200,000	0	0	0	0	200,000	November 18, 2024		November 18, 2025 – November 18, 2028	HK\$7.26	N/A
	0	102,000	0	0	0	102,000	April 16, 2025 <i>Note (ii)</i>		April 16, 2026 – April 16, 2029	HK\$12.34	N/A

Directors' Report

Number of options during the Reporting Period

Name/ Category of Grantee	Number of Shares subject to outstanding options as at January 1, 2025	Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Number of Shares subject to outstanding options as at December 31, 2025	Date of grant of share options	Exercise Period	Vesting Period	Exercise price per Share HK\$	Weighted average closing price of the Shares immediately before the dates on which the options were exercised during the Reporting Period
	0	42,000	0	0	0	42,000	September 18, 2025 <i>Note (ii)</i>		September 18, 2026 – September 18, 2029	HK\$20.99	N/A
Dr. Zonghai LI	0	100,000	0	0	0	100,000	September 18, 2025 <i>Note (ii)</i>	The Options may be exercised during the period from the date of vesting to the 10th anniversary of the grant date.	September 18, 2026 – September 18, 2029	HK\$20.99	N/A
Dr. Huamao WANG	0	100,000	0	0	0	100,000	September 18, 2025 <i>Note (ii)</i>		September 18, 2026 – September 18, 2029	HK\$20.99	N/A
2. Substantial Shareholder											
Mr. Haiou CHEN	200,000	0	0	0	0	200,000	April 13, 2023		April 13, 2024 – April 12, 2027	HK\$14.46	N/A
	0	100,000	0	0	0	100,000	September 18, 2025 <i>Note (ii)</i>		September 18, 2026 – September 18, 2029	HK\$20.99	N/A
3. Employees	927,000	0	653,000	0	250,000	24,000	October 21, 2022		April 7, 2023 – October 20, 2026	HK\$13.58	HK\$16.05
	2,052,844	0	335,289	0	150,065	1,567,490	March 24, 2022		March 24, 2023 – March 23, 2026	HK\$16.32	HK\$18.76
	156,552	0	0	0	2,000	154,552	July 22, 2021		July 22, 2022 – July 21, 2025	HK\$31.00	N/A
	2,300,750	0	482,125	0	373,875	1,444,750	April 13, 2023		April 13, 2024 – April 12, 2027	HK\$14.46	HK\$17.29
	172,000	0	3,000	0	69,000	100,000	November 28, 2023		November 28, 2024 – November 27, 2027	HK\$11.39	HK\$15.77
	220,000	0	0	0	220,000	0	May 7, 2024		May 7, 2025 – May 7, 2028	HK\$5.94	N/A

Directors' Report

Number of options during the Reporting Period

Name/ Category of Grantee	Number of options during the Reporting Period					Number of Shares subject to outstanding		Date of grant of share options	Exercise Period	Vesting Period	Exercise price per Share HK\$	Weighted average closing price of the Shares immediately before the dates on which the options were exercised during the Reporting Period
	Number of Shares subject to outstanding options as at January 1, 2025	Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Number of Shares subject to outstanding options as at December 31, 2025						
	2,417,000	0	51,250	0	1,083,750	1,282,000	November 18, 2024			November 18, 2025 – November 18, 2028	HK\$7.26	HK\$16.51
	0	3,433,500	0	0	419,000	3,014,500	April 16, 2025 <i>Note (ii)</i>			April 16, 2026 – April 16, 2029	HK\$12.34	N/A
	0	6,398,500	0	0	258,000	6,140,500	September 18, 2025 <i>Note (iii)</i>			September 18, 2026 – September 18, 2029	HK\$20.99	N/A
Total:	8,802,310	10,276,000	1,524,664	0	2,825,690	14,727,956						

Notes:

- (i) There is no performance target attached to above options granted.
- (ii) The closing price per ordinary share of the Company is HK\$12.7 on April 15, 2025, being the business day immediately before April 16, 2025. Fair value of options granted on April 16, 2025 at the date of grant is HK\$12.34. For the relevant accounting standard and policy adopted, please refer to Note 31 to the consolidated financial statements. Please refer to the announcement of the Company dated April 16, 2025 for details.
- (iii) The closing price per ordinary share of the Company is HK\$20.86 on September 17, 2025, being the business day immediately before September 18, 2025. Fair value of options granted on September 18, 2025 at the date of grant is HK\$20.74. For the relevant accounting standard and policy adopted, please refer to Note 31 to the consolidated financial statements. Please refer to the announcement of the Company dated September 18, 2025 for details.
- (iv) Save as disclosed otherwise above, under the Post-IPO Share Options Scheme, (a) no grant of options has been made during the Reporting Period to any director, chief executive or substantial shareholder of the Company, or their respective associates, and (b) there is no option granted to any director, chief executive or substantial shareholder of the Company, or their respective associates before the Reporting Period and still being outstanding as at January 1, 2025.
- (v) No participant has been granted with options and awards in excess of the 1% individual limit.
- (vi) No grant has been made under the Post-IPO Share Options Scheme to related entity participant or service provider.

The total number of Shares that may be issued in respect of options and awards granted under the 2019 Equity Incentive Plan, Post-IPO RSU Scheme and Post-IPO Share Option Scheme during the Reporting Period divided by the weighted average number of Shares in issue (excluding treasury Shares, if any) for the Reporting Period is 2.41%.

Directors' Report

SUMMARY OF THE SHARE INCENTIVE SCHEMES

The principal terms and details of the Share Incentive Schemes are set out below:

Details	2019 Equity Incentive Plan	Post-IPO RSU Scheme	Post-IPO Share Option Scheme
1. Purpose	to secure and retain the services of eligible participants, to provide incentives for such persons to exert maximum efforts for the success of our Company and our affiliates, and to provide a means by which such eligible recipients may be given an opportunity to benefit from increases in value of the Shares through the granting of the Share Awards.	to align the interests of the eligible persons with those of our Group through ownership of Shares to encourage and retain them to make contributions to the long-term growth and profits of our Group.	to reward employees for their past contribution to the success of the Company and to provide incentives to them to further contribute to the Company.



Directors' Report

Details	2019 Equity Incentive Plan	Post-IPO RSU Scheme	Post-IPO Share Option Scheme
2. Eligible Participants	Eligible persons include any person employed by our Company or our affiliates, any director of our Company or any of its subsidiaries, any person, including a consultant, who is (i) engaged by our Company or our affiliates to render consulting or advisory services and is compensated for such services, or (ii) serving as a member of the board of directors of our affiliates and is compensated for such services.	Any individual, being an employee, director (including executive Directors, non-executive Directors and independent non-executive Directors) or officer, consultant, advisor, distributor, contractor, customer, supplier, agent, business partner, joint venture business partner or service provider of any member of the Group or any affiliate who the Board or its delegate(s) considers, in its sole discretion, to have contributed or will contribute to the Group is eligible to receive an award granted by the Board, by way of RSUs, which may vest in the form of Award Shares or the actual selling price of the Award Shares of RSUs in cash in accordance with the Post-IPO RSU Scheme. However, no individual who is resident in a place where the grant, acceptance or vesting of an Award pursuant to the Post-IPO RSU Scheme is not permitted under the laws and regulations of such place or where, in the view of the Board or its delegate(s), compliance with applicable laws and regulations in such place makes it necessary or expedient to exclude such individual, shall be entitled to participate in the Post-IPO RSU Scheme.	Any individual, being an employee, director or officer of any member of our Group who the Board may in its absolute discretion select to grant an Option to subscribe for such number of Shares as the Board may determine at the Subscription Price.

Directors' Report

Details	2019 Equity Incentive Plan	Post-IPO RSU Scheme	Post-IPO Share Option Scheme
3. Maximum number of Shares that can be awarded	Subject to capitalization adjustments, the aggregate number of Shares that may be issued pursuant to Share Awards shall not exceed 27,519,380 Shares. As at the Latest Practicable Date, the total number of Shares available for issue under the 2019 Equity Incentive Plan is 2,324,072, representing approximately 0.40% of the total issued Shares (excluding treasury Shares, if any).	The aggregate number of Shares underlying all grants made pursuant to the Post-IPO RSU Scheme (excluding Award which have been forfeited in accordance with the Post-IPO RSU Scheme) will not exceed 5% of the issued share capital of the Company as of the date of approval of the Post-IPO RSU Scheme without shareholders' approval, being 22,648,808 Shares. As at the Latest Practicable Date, the total number of Shares available for issue under the Post-IPO RSU Scheme is 16,788,674, representing approximately 2.92% of the total issued Shares (excluding treasury Shares, if any).	The maximum number of Shares in respect of which Options may be granted under the Post-IPO Share Option Scheme when aggregated with the maximum number of Shares in respect of which Options may be granted under any other option scheme over Shares shall not exceed 10% of the issued share capital of the Company as of the date of approval of the Post-IPO Share Option Scheme (or of the refreshing of the 10% limit) by the shareholders of the Company, being 45,297,617 Shares. As at the Latest Practicable Date, the total number of Shares available for issue under the Post-IPO Share Option Scheme is 27,520,333, representing approximately 4.78% of the total issued Shares (excluding treasury Shares, if any).
4. Maximum entitlement of each participant under the scheme	N/A	Save as prescribed in the scheme or as otherwise restricted by the Listing Rules, for any 12-month period, the aggregate number of Shares granted to any Selected Participant shall not exceed 1% of the total number of the issued Shares at the relevant time, without Shareholders' approval.	Except with the approval of Shareholders in general meeting, no Option may be granted to any one person such that the total number of Shares issued and to be issued upon exercise of Options and any other option over the Shares (including exercised, cancelled and outstanding options) granted and to be granted to such person in any 12-month period up to the date of the latest grant exceeds 1% of the Shares in issue from time to time.



Directors' Report

Details	2019 Equity Incentive Plan	Post-IPO RSU Scheme	Post-IPO Share Option Scheme
5. Vesting Period	The total number of Shares subject to a Share Option may vest and therefore become exercisable in periodic installments that may or may not be equal. The Share Option may be subject to such other terms and conditions on the time or times when it may or may not be exercised (which may be based on the satisfaction of performance goals or other criteria) as the Board may deem appropriate. The vesting provisions (including the vesting period) of each Share Option may vary.	The Board or its delegate(s) may from time to time while the Post-IPO RSU Scheme is in force and subject to all applicable laws, determine such vesting criteria and conditions or periods for the Award to be vested.	The Board or its delegate(s) may from time to time while the Post-IPO Share Option Scheme is in force and subject to all applicable laws, determine such vesting criteria and conditions or periods for the Options to be vested.

Directors' Report

Details	2019 Equity Incentive Plan	Post-IPO RSU Scheme	Post-IPO Share Option Scheme
6. Duration and remaining life	No Share Option shall be exercisable after the expiration of eight years from the date of its grant or such shorter period specified in a share award agreement. As at December 31, 2025, the remaining life of the 2019 Equity Incentive Plan was approximately one year.	The Post-IPO RSU Scheme shall terminate on the earlier of: (i) the end of the period of ten years commencing on the date on which the Post-IPO RSU Scheme is adopted except in respect of any non-vested RSUs granted hereunder prior to the expiration of the Post-IPO RSU Scheme, for the purpose of giving effect to the vesting in the form of Award Shares of such RSUs or otherwise as may be required in accordance with the provisions of the Post-IPO RSU Scheme; and (ii) such date of early termination as determined by the Board provided that such termination shall not affect any subsisting rights of any selected participant under the rules of the Post-IPO RSU Scheme, provided further that for the avoidance of doubt, the change in the subsisting rights of a selected participant in this paragraph refers solely to any change in the rights in respect of the RSUs already granted to a selected participant. As at December 31, 2025, the remaining life of the Post-IPO RSU Scheme was approximately five years and six months.	The Post-IPO Share Option Scheme shall be valid and effective for a period of 10 years commencing on the date when the Post-IPO Share Option Scheme becomes unconditional, after which period no further Options will be granted by the provisions of the Post-IPO Share Option Scheme, but the provisions of this Post-IPO Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any Options granted prior thereto or otherwise as may be required in accordance with the provisions of the Post-IPO Share Option Scheme. As at December 31, 2025, the remaining life of the Post-IPO Share Option Scheme was approximately five years and six months.

Directors' Report

Details	2019 Equity Incentive Plan	Post-IPO RSU Scheme	Post-IPO Share Option Scheme
7. Exercise price/ purchase price	The exercise price (or strike price) of each Share Option shall be determined in good faith by the Administrator and as set forth in a share award agreement. The consideration, if any, to be paid by the participant upon delivery of each Share subject to the restricted share unit award will be determined by the Board at the time of grant of such award.	No purchase price is to be paid by the participant upon vesting of Awards granted under the Post-IPO RSU Scheme.	The amount payable for each Share to be subscribed for under an option in the event of the option being exercised shall be determined by the Board at its absolute discretion, but shall be not less than the greater of: (i) the closing price of a Share as stated in the daily quotations sheet issued by the Stock Exchange on the date of grant; (ii) the average closing price of our Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant; and (iii) the nominal value of a Share on the date of grant.
8. Exercise Period	No share option shall be exercisable after the expiration of eight years from the date of its grant or such shorter period specified in a share award agreement.	N/A	The period during which the option can be exercised as set forth in the relevant offer letters in accordance with the plan.

Directors' Report

Details	2019 Equity Incentive Plan	Post-IPO RSU Scheme	Post-IPO Share Option Scheme
9. Consideration for Acceptance of Options or Awards	Each Option shall be in such form and shall contain such terms and conditions (including but not limited to the consideration for acceptance of Option, if any) as the Administrator shall deem appropriate. All Options shall be separately designated Incentive Share Options or Nonstatutory Share Options at the time of grant, and, if certificates are issued, a separate certificate or certificates shall be issued for Shares purchased on exercise of each type of Option. Each Restricted Share Award will be evidenced by a Share Award Agreement that will specify the period of restriction, the number of Shares granted, and such other terms and conditions as the Administrator, in its sole discretion, will determine.	The Company shall issue a letter to each Selected Participant in such form as the Board or the committee of the Board or person(s) to which the Board has delegated its authority may from time to time determine, specifying the Grant Date, the number of Award Shares underlying the Award, the consideration and the period for acceptance of grant of Award (if any), the vesting criteria and conditions, and the Vesting Date and such other details as the they may consider necessary.	An Option shall be deemed to have been granted and accepted and to have taken effect when the duplicate letter comprising acceptance of the offer of the grant of the Option duly signed by the Grantee together with a payment to the Company and/or any of its Subsidiaries of HK\$1 (or the equivalent of HK\$1 in the local currency of any jurisdiction where the company and/or its Subsidiaries operate, as the Board may in its absolute discretion determine) by way of consideration for the grant thereof is received by the Company within the time period specified in the offer of the grant of the Option. Such remittance shall not be refundable. To the extent that the offer of the grant of an Option is not accepted within 28 days after the Offer Date, it will be deemed to have been irrevocably declined and will lapse, unless the Board in its absolute discretion determines otherwise.

On behalf of the Board

CARsgen Therapeutics Holdings Limited

Dr. Zonghai LI

Chairman



Corporate Governance Report

The Board hereby presents to the shareholders the corporate governance report for the year ended December 31, 2025 (the “**Corporate Governance Report**”).

CORPORATE PURPOSE, CULTURE AND STRATEGY

We always adhere to achieving our purpose of “To become a global biopharmaceutical leader that brings innovative and differentiated cell therapies to cancer patients worldwide and makes cancer curable” by focusing on our strategy of “internally developed novel technologies and a product pipeline with global rights to address major challenges of CAR T-cell therapies, such as improving the safety profile, enhancing the efficacy in treating solid tumors and reducing treatment costs”. The management team has put our corporate culture into practice by incorporating the four core values of “Innovation and Creation”, “Truth-seeking and Pragmatism”, “Proactiveness” and “People-Oriented” into our daily work.

The Board carries out consistently ensuring that all members of the Group are guided by our purpose and strategy, align the four core values and the corporate culture in their daily work, and work together as one to promote quality development led by an advanced culture. The Group’s operating practices, internal policies and stakeholder relationships give us the opportunity to actively practices our corporate culture and values in a multi-dimensional and holistic manner, which may create stable and sustainable business development and growth and bring long-term value to shareholders, and benefit cancer patients around the world.

CORPORATE GOVERNANCE PRACTICES

The Company recognizes the importance of good corporate governance for enhancing the management of the Company as well as preserving the interests of the Shareholders as a whole. The Company has adopted corporate governance practices based on the principles and code provisions as set out in Part 2 of the CG Code as contained in Appendix C1 to the Listing Rules as its own code of corporate governance practices.

The Board is of the view that during the Reporting Period, the Company has complied with all the applicable code provisions as set out in the CG Code, except for code provision C.2.1 described in the paragraph headed “C. Directors’ Responsibilities, Delegation and Board Proceedings – C.2 Chairman and Chief Executive”. The Board will continue to review and monitor the code of corporate governance practices of the Company with an aim to maintaining a high standard of corporate governance.

The amendments to the CG Code came into effect on July 1, 2025 and the requirements under the new CG Code will apply to the corporate governance reports and annual reports of the Company for the financial years commencing on or after July 1, 2025. The Company will continue to review and enhance the corporate governance practices to ensure compliance with the new CG Code and align with the latest developments.

BOARD OF DIRECTORS

Responsibilities

The Board is responsible for the overall leadership of the Group, oversees the Group’s strategic decisions and monitors business and performance. The Board has delegated the authority and responsibility for day-to-day management and operation of the Group to the senior management of the Group. To oversee particular aspects of the Company’s affairs, the Board has established three Board committees including the audit committee (the “**Audit Committee**”), the remuneration committee (the “**Remuneration Committee**”) and the nomination and corporate governance committee (the “**Nomination and Corporate Governance Committee**”) (collectively the “**Board Committees**”). The Board has delegated to the Board Committees responsibilities as set out in their respective terms of reference.

Corporate Governance Report

All Directors have carried out duties in good faith and in compliance with applicable laws and regulations, and have acted in the interests of the Company and the shareholders at all times.

All Directors have full and timely access to all the information of the Company as well as the services and advice from the company secretary and senior management. The Directors may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.

The Company has arranged appropriate liability insurance in respect of legal action against the Directors. The insurance coverage will be reviewed on an annual basis.

Responsibility, Accountabilities and Contributions of the Board and Management

The Board should assume responsibility for leadership and control of the Company and is collectively responsible for directing and supervising the Company's affairs. The Board directly, and indirectly through its committees, leads and provides direction to the management by laying down strategies and overseeing their implementation, monitors the Group's operational and financial performance, and ensures that sound internal control and risk management systems are in place.

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. The independent non-executive Directors are responsible for ensuring a high standard of regulatory reporting of the Company and providing a balance in the Board for bringing effective independent judgement on corporate actions and operations.

The Board reserves for its decisions on all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those may involve conflict of interests), financial information, appointment of directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and coordinating the daily operation and management of the Company are delegated to the management.

The Board has clearly set out the circumstances under which the management should report to and obtain prior approval from the Board before making decisions or entering into any commitments on behalf of the Company. The Board regularly reviews the above said circumstances and ensures they remain appropriate.

The Company has arranged appropriate liability insurance in respect of legal action against the Directors. The insurance coverage will be reviewed on an annual basis.

Continuous Professional Development of Directors

The Company believes education and training are important for maintaining an effective Board. Every Director has received formal and comprehensive trainings to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

The Company arranges continuous professional development trainings to Directors to ensure Directors keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that their contribution to the Board remains informed and relevant. Directors also regularly meet with the senior management team to understand the Group's businesses, governance policies and regulatory environment. All Directors are also encouraged to attend relevant training courses.

Corporate Governance Report

The Directors pursued continuous professional development to comply with C.1.4 of the CG Code and relevant details are summarised as follows:

Name of Director	Participated in continuous professional development*
Executive Directors	
Dr. Zonghai LI (<i>Chairman</i>)	√
Dr. Huamao WANG	√
Dr. Hua JIANG	√
Non-executive Directors	
Mr. Bingsen GUO (<i>passed away on September 24, 2025</i>)	NA
Mr. Ronggang XIE	√
Mr. Huaqing GUO	√
Independent Non-executive Directors	
Dr. Guangmei YAN	√
Dr. Wen ZHOU	√
Ms. Xiangke ZHAO	√

* During the Reporting Period, our Company arranged trainings for the Directors related to updates and changes in regulatory requirements, business and market environment in a variety of ways from time to time.

Chairman and Chief Executive Officer

Pursuant to code provision C.2.1 of the Corporate Governance Code, companies listed on the Stock Exchange are expected to comply with, but may choose to deviate from the requirement that the roles of chairman and chief executive should be separate and should not be performed by the same individual. We do not have separate Chairman of the Board and Chief Executive Officer (“CEO”) and Dr. Zonghai LI, the Chairman of our Board and CEO, currently performs these two roles. Our Board believes that, in view of his experience, personal profile and his roles in our Company as mentioned above, Dr. Zonghai LI is the Director best suited to identify strategic opportunities and focus of the Board due to his extensive understanding of our business as our CEO. Our Board also believes that the combined role of Chairman of the Board and CEO can promote the effective execution of strategic initiatives and facilitate the flow of information between management and the Board. Our Board will continue to review and consider splitting the roles of Chairman of the Board and the CEO at a time when it is appropriate by taking into account the circumstances of our Group as a whole.

Corporate Governance Report

Composition

As at the Latest Practicable Date, the Board is comprised of eight Directors, with three executive Directors, two non-executive Directors and three independent non-executive Directors. During the Reporting Period and up to the Latest Practicable Date, our late non-executive Director, Mr. Bingsen GUO, passed away on September 24, 2025. Save for the passing of Mr. Bingsen GUO, there is no other change to the composition of the Board. A list of Directors and their respective biographies are set out on pages 31 to 35 of this report. Save as disclosed in this report, to the best knowledge of the Company, there are no financial, business, family, or other material relationship among members of the Board.

The Board has established mechanisms to ensure independent views and input are available to the Board. The Board ensures the appointment of at least three independent non-executive directors and at least one-third of its members being independent non-executive directors. Further, independent non-executive directors will be appointed to committees of the Board as required under the Listing Rules and as far as practicable to ensure independent views and input are available. The Nomination and Corporate Governance Committee strictly adheres to the independence assessment criteria as set out in the Listing Rules with regard to the nomination and appointment of independent non-executive directors, and is mandated to assess annually the independence of independent non-executive directors to ensure that they can continually exercise independent judgement.

During the Reporting Period and up to the Latest Practicable Date, the Board's composition is in compliance with the requirement under Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules. The Board believes that the balance between the executive Directors and the non-executive Directors is reasonable and adequate to provide sufficient checks and balances that safeguard the interests of the shareholders and the Group.

The Board values the importance of professional judgment and advice provided by non-executive Directors to safeguard the interests of the shareholders. The non-executive Directors contribute diversified qualifications and experience to the Group by expressing their views in professional, constructive and informed manner, and actively participate in Board and committee meetings and to bring professional judgment and advice on issues relating to the Group's strategies, policies, performance, accountability, resources, key appointments, standards of conduct, conflicts of interests and management process, with the shareholders' interests being the utmost important factor. The non-executive Directors also exercise their professional judgment and utilise their expertise to scrutinise the Company's performance in achieving agreed corporate goals, and monitor performance reporting.



Corporate Governance Report

Further, in compliance with Rule 3.10 of the Listing Rules, one of the Company's independent non-executive Director (namely Ms. Xiangke ZHAO) has the appropriate professional qualifications of accounting or related financial management expertise, and provide valuable advice from time to time to the Board. The Company has also received from each independent non-executive Director an annual confirmation of his/her independence and the Nomination and Corporate Governance Committee has conducted an annual review and considers that all independent non-executive Director are independent, taking into account of the independence guidelines set out in Rule 3.13 of the Listing Rules in the context of the length of service of each independent non-executive Director.

As part of the Company's corporate governance practice to provide transparency to the investor community and in compliance with the Listing Rules and the CG Code, the independent non-executive Directors are clearly identified in all corporate communications containing the names of the Directors. In addition, an up-to-date list of Directors identifying the independent non-executive Director and the roles and functions of the Directors is maintained on the Company's website and the Stock Exchange's website.

Appointments and Re-election of Directors

Each of our executive Directors and non-executive Directors has entered into a service contract with us under which the initial term of their service contracts shall be three years commencing from the date of their appointment until terminated in accordance with the terms and conditions of the service contract or by either party giving to the other not less than one months' prior notice. Pursuant to the service contracts entered into with us, none of our executive Directors and non-executive Directors will receive any remuneration as director's fee.

Each of our independent non-executive Directors has entered into an appointment letter with us. The initial term of their appointment letters shall commence from the date of their appointment for a period of three years or until the third annual general meeting of our Company after their appointments, respectively, whichever is earlier (subject always to re-election as and when required under the Articles of Association) until terminated in accordance with the terms and conditions of the appointment letter or by either party giving to the other not less than one month's prior notice in writing.

None of the Directors has entered into a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

In accordance with the Articles of Association, all Directors are subject to retirement by rotation at least once every three years and any new Director appointed to fill a casual vacancy shall submit himself for re-election by the shareholders at the first general meeting of the Company after appointment and new Directors appointed as an addition to the Board shall submit himself for re-election by the shareholders at the next following general meeting of the Company after appointment.

Director Nomination Policy

The Company has adopted a director nomination policy (the "**Director Nomination Policy**") which sets out the selection criteria and procedures in relation to nomination and appointment of Directors of the Company and aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company and the continuity of the Board and appropriate leadership at Board level.

Corporate Governance Report

The Director Nomination Policy sets out the factors for assessing the suitability and the potential contribution to the Board of a proposed candidate, including but not limited to the following:

- Integrity and reputation;
- Educational background, professional qualifications and work experience (including part-time jobs);
- Whether or not they have the necessary skills and experience;
- Whether or not they are able to spend sufficient time and energy to handle the Company's affairs;
- Whether or not they will promote the diversity of the Board in all aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and term of office;
- Whether or not the candidates for independent directors meet the requirements for independence under Rule 3.13 of the Listing Rules; and
- Any other relevant factors as determined by the Nomination and Corporate Governance Committee or the Board from time to time.

The Director Nomination Policy also sets out the procedures for the selection and appointment of new Directors and re-election of Directors at general meetings. The Nomination and Corporate Governance Committee and/or the Board may nominate candidates for directorship. Where the Board proposes a resolution to elect or re-elect a candidate as Director at the general meeting, the relevant information of the candidate will be disclosed in the circular to Shareholders and/or explanatory statement accompanying the notice of the relevant general meeting in accordance with the Listing Rules and/or applicable laws and regulations.

Shareholders who wish to propose a person for election as a Director at the general meeting shall follow the provisions in the Company's Articles of Association and the Company's policy on "Procedures for Shareholders to Propose a Person for Election as a Director of the Company".

During the year ended December 31, 2025, the Nomination and Corporate Governance Committee recommended to the Board the re-election of Mr. Ronggang XIE and Mr. Huaqing GUO as non-executive Directors and Dr. Guangmei YAN as independent non-executive Director, at the meeting of the Nomination and Corporate Governance Committee. The Nomination and Corporate Governance Committee has considered the structure and composition of the Board, the confirmations and disclosures given by the Directors, the qualifications, skills and experience, time commitment and contribution of the retiring Directors with reference to the nomination principles and criteria set out in the Company's Board Diversity Policy and Director Nomination Policy and the Company's corporate strategy, and a review of the independence of Dr. Guangmei YAN as independent non-executive Director.

The Nomination and Corporate Governance Committee will review the Director Nomination Policy, as appropriate, to ensure its effectiveness.

Corporate Governance Report

Board Meetings

The attendance of each Director at Board and committee meetings of the Company, whether in person or by means of electronic communication, is detailed in the table below:

Name of Directors	Attendance/No. of Meetings held during the Reporting Period				
	Board	Audit Committee	Remuneration Committee	Nomination and Corporate Governance Committee	General Meeting
Executive Directors					
Dr. Zonghai LI	7/7	N/A	1/1	1/1	1/1
Dr. Huamao WANG	7/7	N/A	N/A	N/A	1/1
Dr. Hua JIANG	7/7	N/A	N/A	N/A	1/1
Non-executive Directors					
Mr. Bingsen GUO (<i>passed away on September 24, 2025</i>)	3/3	N/A	N/A	N/A	1/1
Mr. Ronggang XIE	7/7	N/A	N/A	N/A	1/1
Mr. Huaqing GUO	7/7	3/3	N/A	N/A	1/1
Independent Non-executive Directors					
Dr. Guangmei YAN	7/7	N/A	1/1	1/1	1/1
Dr. Wen ZHOU	7/7	3/3	1/1	1/1	1/1
Ms. Xiangke ZHAO	7/7	3/3	N/A	N/A	1/1

Note: Mr. Bingsen GUO appointed a representative to attend 1 meeting of the Board of Directors.

At the Board meetings held during the Reporting Period, the Board discussed a wide range of matters, including annual results announcement, interim results announcement, remuneration of senior management and directors, and auditors' reappointment and remuneration, etc.

During the Reporting Period, the Board considered the following corporate governance matters:

- approval of the corporate governance report of the Company;
- review of the results of the internal audit work on the Group's risk management and internal control systems; and
- approval of the new and revised versions of corporate governance documents of the Company.

The Chairman of the Board held one meeting with the independent non-executive Directors during the Reporting Period without the presence of other Directors.

On May 22, 2025, the Company held its annual general meeting to consider and approve the re-election of Directors, the grant of general mandates to issue and repurchase shares, and the re-appointment of the auditor. All the proposed resolutions to the annual general meeting were taken by poll and the poll results were set out in the Company's announcement dated May 22, 2025. The Chairman as well as other members of the Board were available to respond to enquiries during the annual general meeting, which provided opportunities for communication between Directors, senior management and the Shareholders.

Corporate Governance Report

BOARD COMMITTEES

The Company has established the following committees under the Board of Directors: an Audit Committee, a Remuneration Committee and a Nomination and Corporate Governance Committee. The committees operate in accordance with terms of reference established by our Board of Directors.

Audit Committee

Our Company has established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code.

During the Reporting Period, there were no changes to the members and composition of the Audit Committee. As at the Latest Practicable Date, the Audit Committee consisted of two independent non-executive Directors, namely Ms. Xiangke ZHAO and Dr. Wen ZHOU, and one non-executive Director, namely Mr. Huaqing GUO. Ms. Xiangke ZHAO, being the chairman of the Audit Committee, holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules.

The primary duties of the Audit Committee are to assist the Board by providing an independent view of the effectiveness of the financial reporting process, internal control and risk management systems of our Group, overseeing the audit process and performing other duties and responsibilities assigned by our Board of Directors.

During the Reporting Period, the Audit Committee scheduled 3 meetings, during which matters such as financial reporting, operational and compliance controls, effectiveness of the risk management and internal control systems and internal audit function were discussed.

The attendance records of the members of the Audit Committee, during the Reporting Period, are as follows:

Name of Members of the Audit Committee	Attendance
Ms. Xiangke ZHAO	3/3
Mr. Huaqing GUO	3/3
Dr. Wen ZHOU	3/3

Remuneration Committee

Our Company has established the Remuneration Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code. During the Reporting Period, there were no changes to the members and composition of the Remuneration Committee. As at the Latest Practicable Date, the Remuneration Committee consisted of two independent non-executive Directors, namely, Dr. Guangmei YAN and Dr. Wen ZHOU, and one executive Director, namely Dr. Zonghai LI. Dr. Wen ZHOU was the chairman of the Remuneration Committee.

The primary duties of the Remuneration Committee include, without limitation, making recommendations to the Board of Directors on our policy and structure for the remuneration of all Directors and senior management and on the establishment of a formal and transparent procedure for developing the policy on such remuneration and determining the specific remuneration packages of all Directors and senior management.

Corporate Governance Report

During the Reporting Period, the Remuneration Committee scheduled 1 meeting, during which matters such as remuneration packages of senior management and independent non-executive directors, policy and structure for the remuneration of all directors and senior management were discussed.

During the Reporting Period, the Remuneration Committee reviewed and approved the following matters relating to share schemes as defined under Chapter 17 of the Listing Rules:

- On April 16, 2025, the grant of a total of 102,000 Options and 51,000 RSUs to Dr. Hua JIANG, without performance targets attached;
- On September 18, 2025, the grant of a total of 42,000 Options and 21,000 RSUs to Dr. Hua JIANG, without performance targets attached;
- On September 18, 2025, the grant of 100,000 Options to Dr. Zonghai LI, without performance targets attached;
- On September 18, 2025, the grant of 100,000 Options to Dr. Huamao WANG, without performance targets attached.

In light of the each of the above grants, the Remuneration Committee considered that (i) the grant of Options and/or RSUs forms part of his/her remuneration package, (ii) the grant of Options and/or RSUs is for recognition of his/her past contribution and enable his/her to benefit from the business success he/she is helping to create, (iii) the vesting period attached to the Options and/or RSUs will ensure his/her and the Company's long term interests are aligned and he/she is motivated to continue contributing towards the Company's development, and (iv) the above grant of Options and/or RSUs to his/her is in line with the purpose of the Post-IPO Share Option Scheme and/or the Post-IPO RSU Scheme.

The attendance records of the members of the Remuneration Committee, during the Reporting Period, are as follows:

Name of Members of the Remuneration Committee	Attendance
Dr. Wen ZHOU	1/1
Dr. Guangmei YAN	1/1
Dr. Zonghai LI	1/1

Corporate Governance Report

Nomination and Corporate Governance Committee

Our Company has established the Nomination and Corporate Governance Committee with written terms of reference in compliance with the Corporate Governance Code. During the Reporting Period, there were no changes to the members and composition of the Nomination and Corporate Governance Committee. As at the Latest Practicable Date, the Nomination and Corporate Governance Committee consisted of two independent non-executive Directors, namely, Dr. Guangmei YAN and Dr. Wen ZHOU, and one executive Director, namely Dr. Zonghai LI. Dr. Zonghai LI is the chairman of the Nomination and Corporate Governance Committee.

The primary duties of the Nomination and Corporate Governance Committee include, without limitation, reviewing the structure, size and composition of the Board of Directors, assessing the independence of the independent non-executive Directors, making recommendations to the Board of Directors on matters relating to the appointment of Directors, developing, reviewing and assessing the adequacy of our Company's policies and practices on corporate governance and reviewing our Company's compliance with the Corporate Governance Code and disclosure in the corporate governance report.

During the Reporting Period, the Nomination and Corporate Governance Committee scheduled 1 meeting, during which matters such as re-election of directors, structure, size and composition of the board were discussed.

The attendance records of the members of the Nomination and Corporate Governance Committee, during the Reporting Period, are as follows:

Name of Members of the Nomination and Corporate Governance Committee	Attendance
Dr. Zonghai LI	1/1
Dr. Guangmei YAN	1/1
Dr. Wen ZHOU	1/1

COMPANY SECRETARY

Mr. Wing Yat Christopher LUI has been appointed as the Company Secretary on February 23, 2021, and he has taken no less than 15 hours of relevant professional training during the Reporting Period and has complied with Rule 3.29 of the Listing Rules in relation to the professional training requirements. The primary contact person of Mr. Wing Yat Christopher LUI at the Company is Mr. Haiou CHEN who is our executive vice president.



SHAREHOLDERS RIGHTS

The Company encourages shareholders' active participation in annual general meetings and other general meetings or other proper means. To safeguard shareholders' interests and rights, a separate resolution will be proposed for each issue at general meetings, including the election of individual Directors. All resolutions put forward at general meetings will be voted by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and the Stock Exchange in a timely manner after each general meeting.

Convening of Extraordinary General Meeting

Any one or more members holding as of date of deposit of the requisition not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition, to require an extraordinary general meeting of the Company to be called by the Board for the matter specified in such requisition. A written requisition shall be deposited at Room 1918, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong. If within 21 days of such deposit the Board fails to proceed to convene such meeting to be held within a further 21 days, the requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Putting Forward Proposals at General Meetings

There are no provisions in the Articles of Association or in the Companies Law of the Cayman Islands for putting forward proposals or new resolutions by shareholders at general meetings. Shareholders who wish to move forward a resolution may request the Company to convene a general meeting in accordance with the procedures mentioned above.

COMMUNICATION WITH SHAREHOLDERS

Shareholders Communication Policy

To enable our shareholders to exercise their rights in an informed manner based on a good understanding of the Group's operations, businesses and financial information, the Company adopted the shareholders communication policy to provide effective communication with the Shareholders and other stakeholders. The policy sets out a number of ways to ensure effective and efficient communication with our shareholders and stakeholders is achieved, including but not limited to our corporate communications (in both English and Chinese, to facilitate shareholders' understanding) and posting of relevant information on the Company Website. To facilitate communication between the Company, our shareholders and stakeholders and solicit and understand the views of shareholders and stakeholders, investor and analyst briefings, roadshows, media interview and specialist industry forums are organized on a regular basis and are attended by our directors.

The Company has reviewed the implementation and is satisfied with the effectiveness of the shareholders' communication policy during the year ended December 31, 2025 as it has provided various channels for Shareholders, potential investors and other stakeholders of the Group to share their views on the matters affecting the Company and direct their views to the Company.

Corporate Governance Report

Enquiries to the Board

Shareholders who intend to put forward their enquiries or communicate their views about the Company to the Board could send written enquiries or materials to the Company. The Company will not normally deal with verbal or anonymous enquiries.

Shareholders may send their enquiries or requests as mentioned above to the following:

Address: 1F, Building 2,
No. 466 Yindu Road
Xuhui District
Shanghai
the PRC
(For the attention of the Board of Directors)

Email: IR@carsgen.com

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended December 31, 2025, and are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the auditors about their reporting responsibilities on the financial statements is set out in the section headed "Independent Auditor's Report".

DIVERSITY

The Board has adopted a board diversity policy which sets out the objective and approach to achieve and maintain diversity of our Board in order to enhance the effectiveness of our Board. Pursuant to the board diversity policy, we seek to achieve board diversity through the consideration of a number of measurable objectives, including but not limited to professional experience, skills, knowledge, gender, age, cultural and education background, ethnicity and length of service.

In recognizing the particular importance of gender diversity, our Company undertook in the Prospectus that our Nomination and Corporate Governance Committee would, within three years from the Listing Date, identify and recommend one female candidate to our Board for consideration on her appointment as Director of our Company. The current Board comprises five male members and three female members. The Board is of the view that the current composition of the Board is in line with the board diversity policy (including but not limited to gender diversity). The Company will continue to put effort into developing a pipeline of potential successors of the Board to maintain or achieve gender diversity via different channels, such as by engaging human resources agencies to identify potential successors for the Board.

We are also committed to adopting a similar approach to promote diversity within the management (including but not limited to the senior management) of our Company to enhance the effectiveness of corporate governance of our Company as a whole.

As at December 31, 2025, we hired 349 full-time employees, of which 123 were male and 226 were female. The Company is aiming to achieve a more balanced gender ratio in the workforce in the future and will continue to monitor and evaluate the diversity policy from time to time to ensure its continued effectiveness.

Nomination and Corporate Governance Committee will review the board diversity policy from time to time to ensure its continued effectiveness.

DIVIDEND POLICY

The Company has adopted a policy on payment of dividends pursuant to the CG Code taking into consideration of various elements including but not limited to, among other things, the Company's profitability, operation and development plans, external financing environment, costs of capital, the Company's cash flows and other factors that the Directors may consider relevant. The policy sets out the factors in consideration, procedures, methods and intervals of the payment of dividends with an objective to provide the shareholders with continuing, stable and reasonable returns on investment while maintaining the Company's business operation and achieving its long-term development goal. Distribution of any interim or final dividends will be formulated by the Board, and will be subject to shareholders' approval.

As at December 31, 2025, no arrangement was reached pursuant to which the Shareholders waived or agreed to waive their dividends.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Insider Dealing Policy (the "**Policy**"), with terms no less exacting than the Model Code as its own securities dealing policy to regulate all dealings by Directors and employees who, because of his/her office or employment, is likely to possess inside information in relation to the Group or the Company's securities.

Specific enquiries have been made to all Directors and the Directors have confirmed that they have complied with the Policy throughout the Reporting Period.

No incident of non-compliance of the Policy by the employees was noted by the Company for the Reporting Period.

CHANGE IN CONSTITUTIONAL DOCUMENTS

During the Reporting Period and up to the date of the Latest Practicable Date, and save as disclosed below there has not been any changes to the Articles of Association.

On March 6, 2026, the Board proposed to (i) make certain amendments to the Articles of Association, for the purpose of (a) reflecting and aligning with the Core Shareholder Protection Standards set out in Appendix A1 of the Listing Rules which require, among others, the holding of general meetings which shareholders can attend virtually with the use of technology and cast votes by electronic means; (b) making other house-keeping amendments to clarify, update and/or modify certain provisions in accordance with, or to better align with the applicable laws (collectively, "**Proposed Articles Amendments**"); and (ii) adopt the Ninth Amended and Restated Memorandum and Articles of Association incorporating and consolidating all the Proposed Articles Amendments.

The Proposed Articles Amendments and the adoption of the Ninth Amended and Restated Memorandum and Articles of Association are subject to the approval of the Shareholders by way of a special resolution at the AGM or any adjourned meeting.

AUDITOR'S RESPONSIBILITY AND REMUNERATION

The Company appointed E&Y as the external auditor for the year ended December 31, 2025. A statement by E&Y about their reporting responsibilities for the financial statements is included in the Independent Auditors' Report on pages 173 to 177.

Corporate Governance Report

The remuneration for the audit and non-audit services provided by the Auditor to the Group during the year ended December 31, 2025 was approximately as follows:

Type of Services	Amount (RMB'000)
Audit and audit related services	3,780
Non-audit services ^{Note}	598
Total	4,378

Note: Non-audit services are related to ESG reporting consulting and tax advising.

RISK MANAGEMENT AND INTERNAL CONTROL

Risk Management

We recognize that risk management is critical to the success of our business operation. Key operational risks faced by us include changes in general market conditions and the regulatory environment of the PRC, the United States and global biologics market, our ability to develop, manufacture and commercialize our product candidates, and our ability to compete with other pharmaceutical companies operating in the same markets as ours. See "Risk Factors" in the Prospectus for a discussion of various risks and uncertainties we face. We also face various market risks. In particular, we are exposed to foreign exchange, cash flow and fair value interest rate, credit and liquidity risks that arise in the normal course of our business.

We have adopted a series of risk management policies which set out a risk management framework to identify, assess, evaluate and monitor key risks associated with our strategic objectives on an ongoing basis. Our senior management, and ultimately our Directors, supervise the implementation of our risk management policies. Risks identified by management will be analyzed on the basis of likelihood and impact, and will be properly followed up and mitigated and rectified by our Group and reported to our Directors.

The following key principles outline our approach to risk management:

- Our Audit Committee will oversee and manage the overall risks associated with our business operation, including (i) reviewing and approving our risk management policies to ensure that it is consistent with our corporate objectives; (ii) monitoring the most significant risks associated with our business operation and our management's handling of such risks; (iii) reviewing our corporate risk and (iv) monitoring and ensuring the appropriate application of our risk management framework across our Group.
- Our management team will be responsible for (i) formulating and updating our risk management policy and targets; (ii) reviewing and approving major risk management issues of our Group; (iii) promulgating risk management measures; (iv) providing guidance on our risk management approach to the relevant departments in our Group; (v) reviewing the relevant departments' reporting on key risks and providing feedback; (vi) supervising the implementation of our risk management measures by the relevant departments; (vii) ensuring that the appropriate structure, processes and competencies are in place across our Group; and (viii) reporting to our Audit Committee on our material risks.

Corporate Governance Report

- The relevant departments, including but not limited to the Finance Department, the Compliance Department and the Human Resources Department, are responsible for developing and implementing our risk management policy and carrying out our day-to-day risk management practice, such as assessing risks on key business operations, advising risk responses and optimizing risk management policies. In order to standardize risk management across our Group and set a common level of transparency and risk management performance, the relevant departments will (i) gather information about the risks relating to their operation or function; (ii) conduct risk assessments, which include the identification, prioritization, measurement and categorization of all key risks that could potentially affect their objectives; (iii) continuously monitor the key risks relating to their operation or function; (iv) implement appropriate risk responses where necessary; and (v) develop and maintain an appropriate mechanism to facilitate the application of our risk management framework.

Internal Control

Our Board is responsible for establishing and ensuring effective internal controls to safeguard our Shareholder's investment at all times. Our internal control policies set out a framework to identify, assess, evaluate and monitor key risks associated with our strategic objectives on an ongoing basis.

Below is a summary of the internal control policies, measures and procedures we have implemented or plan to implement:

- We have adopted various measures and procedures regarding each aspect of our business operation, such as protection of intellectual property, environmental protection, and occupational health and safety. For example, we maintain a list of positions that require a certificate to undertake and require that the corresponding personnel to participate in trainings and pass the necessary assessment to obtain the certificate before they are allowed to commence their work. We provide periodic trainings on these measures and procedures to our employees as part of our employee training programs. From time to time, we are inspected for our compliance with environmental, health and safety laws and regulations by authorities such as the Public Security Bureau and the Health Commission. As of the Latest Practicable Date, we had not been subject to any administrative penalties in connection with environmental, health and safety matters.
- Our Directors (who are responsible for monitoring the corporate governance of our Group), with help from our legal advisors, will also periodically review our compliance status with all relevant laws and regulations after the Listing. We have established an Audit Committee in connection with the Listing, which (i) makes recommendations to our Directors on the appointment and removal of external auditors; and (ii) reviews the financial information and renders advice in respect of financial reporting as well as oversee internal control procedures of our Group.
- We have engaged Rainbow Capital (HK) Limited as our compliance advisor to provide advice to our Directors and management team. Our compliance advisor is expected to, upon our consultation, provide advice and guidance in respect of compliance with the applicable laws and the Listing Rules including various requirements of the financial reporting directors' duties and internal control in a timely fashion.

Corporate Governance Report

- We have engaged a PRC law firm to advise us on and keep us abreast of PRC laws and regulations after the Listing. We will continue to arrange various trainings sessions to be provided by external legal advisors from time to time when necessary, and/or any appropriate accredited institution to update our Directors, senior management and relevant employees on the latest PRC laws and regulations.
- We have established procedures to protect the confidentiality of clinical trial data. We clearly define the scope of the personnel who can access data generated from clinical trials and the information about the enrolled participants. Access to such data has been strictly limited to the authorized personnel according to the GCP and relevant regulations. We have also implemented measures to secure patients' privacy. For example, we only use anonymized code as a basis for patient identification. We require external parties and internal employees involved in clinical trials to comply with confidentiality requirements. Data are to be used only for the intended use, as agreed by the patients and consistent with the Informed Consent Form, or the ICF. We will obtain consent from patients for use of genetic materials or if any use of data falls outside the scope of the previously signed ICF. With regard to the use of genetic materials, our biological sample analysis laboratory has formulated standard procedures and strictly follow such procedures for the storage, use and destruction of biological samples of the clinical trial participants. In addition, our clinical operations team has standardized procedures for handling human genetic materials in compliance with the relevant laws and regulations, such as the HGR Regulation. To further enhance the employees' confidentiality awareness, we have developed and published the Confidentiality Management Policy and hold a training on trade secret management and confidentiality protection.
- We have developed the policy on information disclosure management which provide a general guide to the Directors, senior management and relevant employees of the Company in handling and dissemination of confidential information, monitoring information disclosure and responding to enquiries. Control procedures have been implemented to ensure that unauthorized access and use of inside information are strictly prohibited. The Board is aware of its obligations to announce any inside information in accordance with the Listing Rules.
- Our compliance policies are standard for our industry and apply to all of our employees. We have established and maintained strict anti-corruption and anti-bribery policies, which sets forth our internal policies and procedures with regard to business entertainment, provision of gifts and financial reimbursement. We also require all of our employees to attend the trainings on the anti-corruption and anti-bribery polices. This is to assess the necessity of the conference and ensure compliance with relevant regulations. We will also ensure that our commercialization team complies with applicable promotion and advertising requirements, which include restrictions on promoting products for unapproved uses or patient populations and limitations on industry-sponsored scientific and educational activities. Moreover, we have formulated an anti-corruption and anti-bribery integrity agreement which we require our suppliers, including CROs to execute before we enter into business relationship.



Corporate Governance Report

- We have complied with the Corporate Governance Code, except for the deviation from the code provision C.2.1 of the Corporate Governance Code. We have established three board committees, namely, the Audit Committee, the Nomination and Corporate Governance Committee and the Remuneration Committee, with respective terms of reference in compliance with the Corporate Governance Code.
- Our Directors believe that compliance creates value for us and dedicate to cultivating a compliance culture among all of our employees. To ensure such compliance culture is embedded into everyday workflow and set the expectations for individual behavior across the organization, we regularly conduct internal compliance checks and inspections, adopt strict accountability internally and conduct compliance training.

During the Reporting Period, we have regularly reviewed and enhanced our internal control system. We believe that our Directors and senior management possess the necessary knowledge and experience in providing good corporate governance oversight in connection with risk management and internal control matters.

Investment Risk Management

We engage in short-term investments with surplus cash on hand. Our primary objective for short-term investments is to preserve principal and increase fund-using efficiency and liquidity as well. Our finance department, under the supervision of our senior officer of Finance, is responsible for managing our short-term investment activities. Before making a proposal to invest in wealth management products, our financial department must assess our cash flow and operational needs and capital expenditures.

We operate under a Board approved investment policy which governs the investment of our funds and is reviewed from time to time by our Board. We will make its investment decisions on a case-by-case basis after thoroughly considering a number of factors, including but not limited to macroeconomic environment, general market conditions and the expected profit or potential loss of the investment. Under the Company's investment policy, we are prohibited from investing in high risk products and the proposed investment must not interfere with its business operation or capital expenditure. As of the Latest Practicable Date, the Company's investment decisions did not deviate from its investment policy.

Our portfolio to date has been required to hold only instruments with an effective final maturity of 24 months or less, with effective final maturity being defined either as the obligation of the issuer to repay principal and interest or the discretionary ability of investor to put the security back in advance to the issuer. The initial target range for the average maturity of our portfolio is 24 months.

We believe that our internal investment policies and the related risk management mechanism are adequate. We may make investments that meet the above criteria after consultation and approval by our Board where we believe it is prudent to do so.

Corporate Governance Report

Process and main features of risk management and internal control system

The goal of the Group is to identify and manage the risks (including ESG Risks) which are inherent in the Group's business and its operating markets so that the risks can be reduced, mitigated, transferred or avoided.

The Board acknowledges that it is its responsibility to ensure that the Company establishes and maintains sound risk management and internal control systems within the Group and to review the effectiveness of the systems. Such systems are designed to manage and mitigate risks inherent in the Group's business faced by the Group to an acceptable level, but not to eliminate the risk of failure to achieve business objectives, and can only provide reasonable assurance against material misstatement, loss or fraud.

The Board oversees the Group's overall risk management and internal control process through the Audit Committee which forms an important part of the corporate governance regime of the Group. The Audit Committee, on behalf of the Board, continuously reviews the risk management and internal control systems. The review process has been conducted annually to confirm the effectiveness of management and internal control systems comprising, among other things, periodic assessment of key operational risks and control measures, meetings with management of business groups, internal audit team, and the external auditors, reviewing the relevant work reports and information of key performance indicators, and discussing the major risks with the senior management of the Company to aim at mitigating, reducing, transferring or avoiding such risks; the strengths and weaknesses of the overall internal control system, and action programs to address the control weaknesses or improve the assessment process. The Audit Committee will then report to the Board after properly reviewing the effectiveness of the Group's risk management and internal control systems. The Board has conducted a review over the risk management and internal control system of the Group for the year ended December 31, 2025, which covers financial, operational, compliance procedural and risk management functions, and considers them efficient and adequate. No significant area of concern that may affect the financial, operational, compliance, control and risk management of the Group has been identified during the year ended December 31, 2025.

Review of effectiveness of the risk management and internal control system

In addition, the Board believes that the Company's accounting and financial reporting functions as well as ESG performance and reporting have been performed by staff of the appropriate qualifications and experience and that such staff receives appropriate and sufficient training and development. Based on the audit report of the Audit Committee, the Board also believes that sufficient resources have been obtained for the Company's internal audit function and that its staff qualifications and experience, training programs and budgets are sufficient. The Board has reviewed through the work of its Audit Committee and was satisfied to the effectiveness of the Group's internal control and risk management systems for the year ended December 31, 2025.

Inside Information

With regard to the internal controls and procedures for the handling and dissemination of inside information, the Group is in compliance with provisions under the Part XIVA and relevant parts of the Securities and Future Ordinances and Listing Rules. To be certain that all the staff members of the Group are aware of the inside information handling, the Group's disclosure policy sets out guidance and procedures to ensure that the inside information of the Group is disseminated to the public completely, accurately and timely. The Group also has reasonable measures and procedures regarding keeping the sensitive information confidential and ensuring the confidentiality terms are in place in the significant agreements. Other procedures including sending blackout period and securities dealing restrictions notification to the relevant Directors timely have also been implemented by the Group against possible mishandling of inside information within the Group.

Environmental, Social and Governance Report

ABOUT THE REPORT

CARsgen Therapeutics Holdings Limited (“**the Company**” or “**CARsgen Therapeutics**”, stock code: 02171) hereby releases its 2025 Environmental, Social, and Governance Report (“**ESG Report**”). This marks the fifth ESG Report published by the Company, aiming to introduce its management and performance in the areas of environmental protection, social responsibility, and corporate governance to stakeholders.

Reporting Scope

Unless otherwise stated, the scope of this report aligns with the consolidated financial statement scope of the Company’s 2025 Annual Report. The coverage includes the Company and its wholly-owned subsidiaries and controlled subsidiaries, collectively referred to as “**the Group**” or “**we**”. The Reporting Period is from January 1, 2025, to December 31, 2025, with some content potentially referencing prior years or extending into future periods.

Reporting Standards

This report has been prepared in accordance with the “Environmental, Social and Governance Reporting Code” (the “**ESG Reporting Code**”) as set out in Appendix C2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**The Stock Exchange**”) (refer to p. 1 of ESG report draft in CN version) (the “**Listing Rules**”).

Reporting Principles

- **Materiality:** This ESG Report incorporates the process of stakeholder engagement and materiality assessment to determine key ESG issues during its preparation.
- **Quantification:** This ESG Report presents key performance indicators (**KPIs**) for environmental and social aspects using quantitative data, accompanied by explanatory notes to describe their purpose and impact and comparative data where appropriate.
- **Balance:** This ESG Report adheres to the principle of balance, presenting our ESG performance impartially.
- **Consistency:** This ESG Report maintains consistency in its key performance indicators and statistical methodologies with those used in previous annual ESG reports to ensure the comparability of information.

Report Availability

This ESG Report is available for viewing or download from the HKEX news website (<http://www.hkexnews.hk>) and the Company’s official website (<https://www.CARsgen.com>).

Confirmation and Approval

This report, having been confirmed by the management, was approved by the Board of Directors on March 6, 2026.

Environmental, Social and Governance Report

CORPORATE HONORS

In 2025, the key awards and honors received by the Group are as follows:

Date of Award	Name of Award	Issuing Authority
November 2025	 2025中国医药创新企业100强 科济药业： 基于贵司在中国新药研发中的卓越表现，特授予“2025中国医药创新企业100强”称号。 In this appraisal, your company has been granted with "2025 Top 100 Chinese Pharmaceutical Innovative Enterprises" due to outstanding performance in Medicine R&D. E 药经理人	E-Pharma Manager
December 2025	 2025年度行业领军企业 新势力医疗健康企业 科济药业 取势立新 2025财经社第八届颁奖典礼	Cailian Press
	Annual Rising Stars Industry List – Rising Star Healthcare Companies	



Environmental, Social and Governance Report

1 BUILDING A STRONG FOUNDATION WITH GOVERNANCE FIRST

CARsgen Therapeutics firmly believes that sound corporate governance, a robust compliance system, and efficient management mechanisms form the cornerstone for the Company's sustainable development, enhancing operational resilience and value creation capabilities. We continuously improve our ESG governance, adhere strictly to business ethics, and actively engage with stakeholders, fostering an open, transparent, and harmonious business ecosystem.

1.1 ESG Governance Structure

Guided by the corporate vision of "Making Cancer Curable", CARsgen Therapeutics continuously strengthens its corporate social responsibility practices and comprehensively integrates the concept of sustainable development into its strategy and daily operations. We strictly adhere to the relevant requirements of the HKEX "ESG Reporting Code" and have established a systematic ESG governance structure that clarifies responsibilities and division of labor at all levels. This provides a solid institutional guarantee for continuously improving ESG management and achieving sustainable development goals:

Board of Directors	Acts as the highest responsible body for the management and public disclosure of the Company's ESG matters, assuming full responsibility;
Audit Committee	- Assesses and deliberates the Company's environmental, social, and governance-related risks and opportunities (including climate-related risks and opportunities), materiality, strategies, and objectives. - Supervises and reviews the Company's management, performance, and progress against related objectives regarding environmental, social, and governance matters. - Reviews the Company's public disclosures on the performance of environmental, social, and governance-related matters and makes recommendations to the Board of Directors for approval.
ESG Working Group	- Identify and manage ESG-related risks and opportunities (including climate-related risks and opportunities) and their materiality in the Company's daily operations. - Formulate relevant policies and action plans aligned with the Company's ESG strategy and objectives. - Communicate and coordinate with relevant departments within the Company to promote the implementation of ESG-related matters (policies, action plans). - Collect, compile, and prepare public disclosures regarding the Company's ESG-related matters.

ESG Governance Structure

Environmental, Social and Governance Report

Board of Directors Statement

Board of Directors Responsibilities

The Board of Directors serves as the highest governing body for ESG matters and public disclosure at CARsgen Therapeutics. It delegates authority and responsibility to the Audit Committee to assess and deliberate ESG-related risks and opportunities, material issues, strategies, and objectives, as well as to supervise and review the progress, performance, and achievement of relevant goals in ESG management. The Audit Committee is composed of no fewer than three non-executive Directors, who are appointed by and perform their duties under the Board.

ESG Risk Management

To effectively manage various risks, we have established a risk management system with the Board of Directors and the Audit Committee as the highest supervisory bodies. A three-tier risk prevention mechanism, spanning from frontline business departments to internal audit, has also been implemented. Based on the Company's actual operational and developmental circumstances, stakeholder focus areas, and changes in the external environment, we regularly conduct ESG risk identification and assessment, and formulate and implement targeted risk response strategies accordingly. Under the supervision of the Board of Directors, we continuously refine our internal control and risk management systems to ensure effective management of ESG risks.

ESG Material Issues

We have established a transparent and efficient stakeholder communication mechanism to promptly understand expectations and concerns regarding CARsgen Therapeutics' ESG initiatives. Regarding material issues, we prioritize them as key focus areas for our ESG efforts, formulate corresponding management strategies, and regularly review and evaluate the Company's performance and progress in achieving targets within these focus areas to respond to stakeholder expectations. During the Reporting Period, the external environment remained stable, with no structural changes in regulatory trends, key investor concerns, or industry ESG standards. Concurrently, there were no significant adjustments in the Company's internal strategic direction, business focus, developmental stage, or organizational structure. Therefore, we have decided to maintain the materiality assessment results from the previous year. The Board of Directors has also reviewed and approved the achievement of CARsgen Therapeutics' ESG targets during the Reporting Period.

ESG Work Execution

An ESG Working Group, comprising senior management and heads of key functional departments, serves as the primary management and coordinating body. Under the guidance and supervision of the Audit Committee, it is responsible for formulating policies and action plans aligned with the ESG strategy and objectives, coordinating internal and external resources, and promoting the comprehensive implementation and integration of related initiatives into daily business management. At the execution level, respective functional departments are tasked with implementing ESG-related matters, continuously monitoring performance, and ensuring the effective achievement of CARsgen Therapeutics' ESG strategy and goals.

Environmental, Social and Governance Report

1.2 Stakeholder Engagement

We have established a sound stakeholder communication mechanism and engage in regular, ongoing dialogue with stakeholders. This allows us to fully understand and effectively respond to the needs of all stakeholders, including investors and shareholders, government regulatory bodies, suppliers, industry partners, employees, customers, healthcare professionals, patients, communities, and the general public. We actively seek and consider their opinions and suggestions regarding our ESG strategy and performance, incorporating their key concerns into the ESG management framework of the Group.

Stakeholders	Requirements and Expectations	Communication Methods
Shareholders/ Investors	Investment Returns; Information Disclosure; Risk Management and Control	Interim and Annual Reports, Financial Statements, and Announcements; Company Website; Meetings, Road shows
Government Regulatory Bodies	Compliant Operations; Tax Compliance; Social Contribution	Government Department Research Visits; Government Department Thematic Meetings; Written Reports; Industry Forums
Potential Customers/ Trial Participants	Product Quality and Safety; Product R&D and Innovation; Rights Protection; Privacy Protection	Customer Feedback; Exchange Seminars
Healthcare Professionals	Product Quality and Safety; Product R&D and Innovation; Anti-Corruption and Business Ethics	Company Website; Company Email; Social Media; Daily Communication
Suppliers/ Partners	Supplier Management; Fairness and Impartiality; Win-Win Cooperation; Anti-Corruption	Business Communication; Regular Meetings; Site Visits; Evaluations and Assessments

Environmental, Social and Governance Report

Stakeholders	Requirements and Expectations	Communication Methods
Industry Associations	Communication and Collaboration; Fair Competition; Industry Empowerment	Industry Alliances; Seminars and Exchange Conferences; Project Collaboration
Employees	Training and Development; Comprehensive Remuneration and Benefits Mechanism; Equal Opportunity and Diversity; Occupational Health and Safety	Email Communication; Internal Meetings; Internal Training; Team Building Activities
Media	Industry Cooperation and Development; Product Quality and Safety; Product R&D and Innovation; Anti-Corruption and Business Ethics	Company Website; Annual Reports, Financial Statements, and Announcements; Media Interviews; Press Conferences/Media Briefings; Social Media
Community and the General Public	Community Care; Public Welfare Participation; Environmental Protection	Company Website; Daily Communication; Public Welfare Services; Social Media

1.3 Materiality Assessment

With the assistance of a third-party professional institution, we conducted a materiality assessment to determine the significance of various ESG issues for CARsgen Therapeutics' business development and for different stakeholder groups. This helps identify the key focus areas for our ESG initiatives and serves as a crucial reference for formulating ESG management strategies and preparing the ESG Report.

Step 1: Identification of ESG Issues

In accordance with the requirements of the "ESG Reporting Code" and considering the Company's specific business operations and industry characteristics, we established the CARsgen Therapeutics ESG Issues Matrix through a series of benchmarking and analyses. This confirms coverage of our ESG practices during the Reporting Period.

Step 2: Determination of Materiality

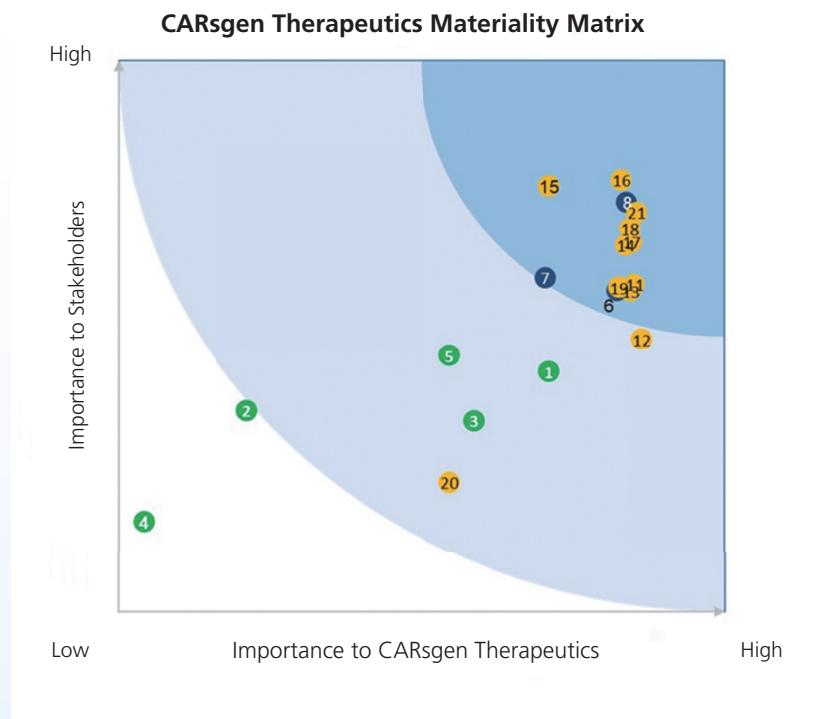
We assessed the materiality of each issue by evaluating both its "Significance to CARsgen Therapeutics" and its "Influence on Stakeholders," employing methods such as interviews and surveys. Based on this, a Materiality Assessment Matrix was generated to confirm the priority order of the ESG issues.

Environmental, Social and Governance Report

Step 3: Validation of Assessment Results

The Group's Board of Directors and senior management reviewed and confirmed the assessment findings. Based on these results, 19 material issues were identified, including product quality and safety, product R&D and innovation, privacy and information protection, supply chain management, customer service, occupational health and safety, business ethics, accessible healthcare, intellectual property protection, employee compensation and benefits, and compliance employment, among others. Responses to these key issues are detailed in relevant sections of this report to address stakeholder concerns.

During the Reporting Period, we executed the materiality analysis process, and the results are as follows:



Environmental Issues	Social Issues
1. Resource Utilization 2. Energy and Greenhouse Gas Management 3. Emissions Management 4. Climate Change Response 5. Environmental Management	9. Compliance Employment 10. Employee Development 11. Employee Compensation and Benefits 12. Occupational Health and Safety 13. Product R&D and Innovation 14. Product Quality and Safety 15. Customer Service 16. Supply Chain Management 17. Accessible Healthcare 18. Community Investment 19. Clinical Trial Safety
Governance Issues	
6. Business Ethics 7. Intellectual Property Protection 8. Privacy and Information Protection	

Environmental, Social and Governance Report

1.4 Business Ethics

CARsgen Therapeutics upholds business ethics standards in all operational activities and maintains a zero-tolerance stance towards all forms of misconduct and incidents, including corruption, bribery, and unfair competition. Under the Board of Directors, an Audit Committee composed of independent directors is responsible for managing business ethics-related risks. It fosters a top-down ethical culture to ensure that business ethics principles are integrated into every aspect of the Company's operations.

1.4.1 Anti-Bribery, Anti-Corruption and Anti-Money Laundering

CARsgen Therapeutics strictly adheres to relevant laws and regulations including the *Law of the People's Republic of China on Combating Unfair Competition*, the *Code of Conduct for Employees in Medical Institutions*, the *Interim Provisions on the Prohibition of Commercial Bribery*, and the *Foreign Corrupt Practices Law*. The Company has also established a series of internal management policies, such as the *Code of Conduct (COC)*, the *Anti-Corruption and Anti-Commercial Bribery Management Policy*, the *Anti-Fraud Management Policy*, and the *Anti-Money Laundering Management Guidelines*. These policies detail prohibited behaviors, requiring employees to uphold principles of integrity, self-discipline, honesty, and trustworthiness in the performance of their duties, thereby jointly safeguarding the Company's culture of integrity. In cases of violations, a working group led by the Compliance Department and including other relevant functions conducts investigations, proposes remedial actions, and prepares a report for management review. Disciplinary action is taken against involved parties in accordance with regulations.

To further ensure the implementation of business ethics-related policies, we conduct regular internal audits to verify the design and operational effectiveness of the internal control system. During the Reporting Period, multiple internal audits were performed covering business ethics, anti-bribery, and anti-fraud. In 2025, the audits did not identify any material instances of non-compliance. The internal audit results are reported by the Compliance Department to management and the Audit Committee, and any identified issues are communicated with relevant departments for corrective action.

Furthermore, CARsgen Therapeutics has a commercial partnership with Huadong Medicine Co., Ltd. ("**Huadong Medicine**") for specific products (for details on this collaboration, please refer to the "Management's Discussion and Analysis" section). The agreements signed with Huadong Medicine explicitly stipulate CARsgen's audit rights regarding compliance matters. Huadong Medicine is required to sign a *Compliance Commitment Letter*, making commitments in areas including anti-bribery and anti-corruption, promotional compliance, data security and personal information protection, biosafety and protection of human genetic resources, and compliance audits. This extends the Group's business ethics standards to commercial activities, safeguarding the corporate reputation of CARsgen Therapeutics.



Environmental, Social and Governance Report

Digital Consultation Processes Assist in Preventing Compliance Risks

In 2025, CARsgen Therapeutics officially launched the “Compliance Inquiry” function module on its internal OA platform, providing employees with a convenient online channel for consulting on compliance matters. Through this system workflow, employees can initiate inquiries to the Compliance Department on a range of compliance topics (e.g., clinical projects, promotional activities, labor and personnel matters). Compliance specialists provide professional review opinions or solutions based on external laws and regulations, internal company policies, and historical case experience. During the Reporting Period, employees initiated a total of 81 compliance inquiries, all of which achieved 100% timely response and closed-loop handling.

We have established comprehensive whistleblowing channels and handling mechanisms. All employees and external stakeholders can report violations of business ethics and related incidents, either anonymously or with their identity disclosed, through channels including the dedicated reporting email (compliance@carsgen.com), physical mailbox, or in-person communication. The Compliance Department and other designated oversight units receiving reports promptly record the information. They classify, analyze, and assess reported matters in a timely manner, reporting to company management when necessary, and for significant incidents, escalating to the Chief Executive Officer (CEO), the Audit Committee, and the Board of Directors as required. Following investigation and verification, we strictly handle the matter and implement corrective actions in accordance with relevant regulations. The outcomes are disclosed and archived for future reference.

CARsgen Therapeutics has established a whistleblower protection mechanism to effectively safeguard the legitimate rights and interests of whistleblowers.

Confidentiality of Identity	The identity of the whistleblower shall be kept confidential, with explicit stipulations strictly prohibiting the disclosure of the whistleblower's name, address, and other personal information, as well as the content of the report, to the reported party.
Equal Treatment	The Company explicitly stipulates equal treatment of whistleblowers in terms of employment conditions and treatment, strictly prohibiting any form of discriminatory behavior against whistleblowers.
Prevention of Retaliation	The Company explicitly prohibits any organization or individual from engaging in any form of retaliation against the whistleblower.

CARsgen Therapeutics Whistleblower Protection Mechanism

Environmental, Social and Governance Report

CARsgen Therapeutics actively fosters an upright and ethical corporate atmosphere and deepens its culture of integrity and compliance. During the Reporting Period, CARsgen organized annual compliance training for all company employees (including Directors) and suppliers. The training systematically covered CARsgen's procurement process requirements, and business ethics norms concerning anti-corruption, anti-fraud, anti-bribery, and other related areas. Participants signed the *Annual Compliance Training Confirmation* upon completion of the training. Furthermore, we support some employees in joining the Association of China Compliance Professionals (ACCP) and regularly participate in its activities to stay updated on compliance standards and best practices within the pharmaceutical industry.

During the Reporting Period, there were no incidents of corruption, money laundering, or fraud within the Group.

1.4.2 Responsible Marketing

The Group strictly complies with advertising laws and regulations in the countries where it operates, including the *Advertising Law of the People's Republic of China*, the U.S. *Federal Trade Commission Act (FTC Act)*, and the *Truth in Advertising Act*, among others. We also adhere to local advertising and labeling regulations and industry standards in all operational locations. The Group has established internal management policies such as the *External Communication Management Policy*, the *WeChat Official Account Publishing Standards and Management Policy*, and the *Brand Identity Guidelines*. These clearly define the review processes for promotional materials and externally published content, delineate the responsibilities of relevant departments and principles for information disclosure, and ensure that all employees are aware of and adhere to external communication standards. This safeguards the accuracy of external communications and product information, prevents exaggerated claims and the dissemination of deceptive or misleading content, and earnestly respects and protects patient rights.

CARsgen Therapeutics has established comprehensive policies and procedures. All external promotional materials and related meetings must undergo internal approval before implementation to ensure compliance with the marketing standards responsible. All non-publicly disclosed confidential information is subject to joint review by the head of the designated confidential information management department, the Information Disclosure Office, and the External Communications Department to guarantee its scientific rigor, accuracy, and compliance. We also require our commercialization partner, Huadong Medicine, to meet the compliance requirements for marketing and promotion.



CARsgen Therapeutics Information Disclosure Review Procedures

Environmental, Social and Governance Report

1.4.3 Data Security and Privacy Protection

CARsgen Therapeutics considers data security and privacy protection as fundamental to its stable operations and strictly complies with laws and regulations such as the *Network Security Law of the People's Republic of China*, the *Data Security Law of the People's Republic of China*, and the *Personal Information Protection Law of the People's Republic of China*. We have established internal procedures including the *Computerized System Change and Password Management Procedures*, *Computer Virus Prevention and Control Management Procedures*, and *Computer Room Management Procedures*. These clearly define system management workflows, strengthen access control mechanisms, and comprehensively ensure data integrity and security.

In infrastructure endpoint management, we enhance permission and security controls through the configuration of relevant group policies and professional tools. Account settings follow the principle of least privilege, and permission allocations are dynamically adjusted based on actual business needs to prevent privilege misuse and sensitive information leakage. To prevent data loss and ensure business continuity, we adhere to systems such as the *Disaster Recovery Management Procedures and Data Backup and Recovery System Operation Procedures*, systematically managing data backup and recovery mechanisms to continuously enhance data security resilience.

We attach great importance to and strictly protect the information and privacy data of patients, employees, and business partners. We standardize data retention and usage processes, minimizing the collection of non-essential data: on the basis of complying with Good Clinical Practice (GCP) requirements, we de-identify and encrypt patient-related data and provide privacy protection notices. We require all relevant employees and partners to sign *Confidentiality Agreement* to prevent any potential disclosure of patient privacy and information to unauthorized or non-relevant personnel.

During the Reporting Period, in addition to including information security content in new employee training, we also conducted specialized information security training sessions, with a total of 169 participants. Throughout the Reporting Period, the Group did not experience any major information security incidents or data breach events.

Environmental, Social and Governance Report

2 QUALITY AS THE FOUNDATION, RESPONSIBILITY ON OUR SHOULDERS

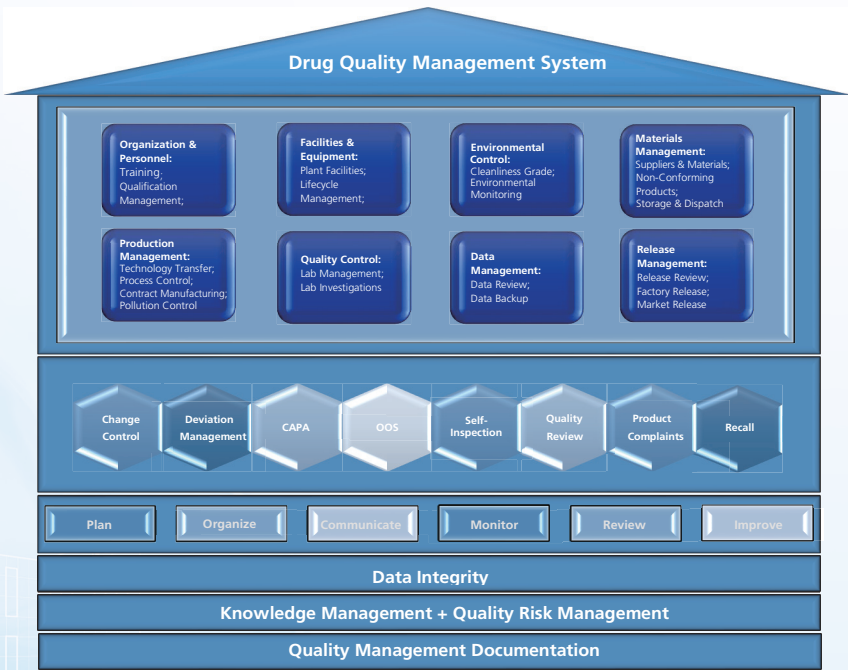
CARsgen Therapeutics consistently regards quality as its lifeline, committed to delivering excellent and accessible medicines and services to patients and customers, and focused on the closed-loop management of the entire product lifecycle. We continuously improve our quality assurance and quality control systems, place importance on pharmacovigilance system construction, and persistently optimize the supply chain. This comprehensive approach safeguards the stability of our products and services and ensures sustainable development of our business.

2.1 Prioritizing Quality

CARsgen Therapeutics continuously refines its quality management system, enhances quality control capabilities, and strengthens supplier quality management and employee quality awareness. These efforts solidify the foundation of quality and fulfill our unwavering commitment to excellence.

2.1.1 Quality Management System

CARsgen Therapeutics strictly implements high-standard international regulatory requirements and has established a comprehensive drug quality management system. The Company continuously advances the digitalization and standardization of its quality management system. By integrating processes and strengthening data-driven approaches, we persistently enhance the proactivity and precision of quality control, building an efficient, reliable, and continuously evolving modern manufacturing and operations system.



CARsgen Therapeutics Drug Quality Management System

Environmental, Social and Governance Report

We strictly adhere to relevant laws, regulations, and industry standards, including the *Drug Administration Law of the People's Republic of China*, the *Regulations for the Implementation of the Drug Administration Law of the People's Republic of China*, and *Good Manufacturing Practice*(GMP). Based on these, we have developed and continuously improved the *Quality Manual*, which clarifies the Company's quality policy and objectives, defines the responsibilities of the designated drug quality responsible person, and ensures the independent functioning of the quality management unit.

During the Reporting Period, we integrated processes across different subsidiaries in areas such as change control, deviation management, complaint handling, and corrective and preventive actions (CAPA), establishing unified standardized operating procedures. This enabled cross-enterprise process coordination and enhanced the efficiency of quality incident response and resolution. Furthermore, we prioritized the development of a customized data information management system to achieve electronic production information and traceability. We also developed an AI large model-powered system, advancing quality management towards proactive prevention and intelligent operations.



WMS (Warehouse Management System)

Value: Enables precise management of material inventory and automated distribution, ensuring continuous supply for production and mitigating the risk of production stoppages due to material shortages.



MES (Manufacturing Execution System)

Value: Provides transparency in production progress, real-time monitoring of equipment status, and error-proof control of process standards, significantly enhancing overall manufacturing efficiency.



DMS & TMS (Document and Training Management System)

Value: Centralizes the management of standard documents such as SOPs, ensuring personnel qualifications and training compliance, thereby fundamentally securing the quality foundation.



CAR-T Cell Product Whole Process Management System

Value: Achieves seamless end-to-end traceability from patient apheresis, cell transportation, production, quality control release, to final reinfusion, ensuring clear product origin, controlled processes, and definite disposition.



Intelligent Evolution: AI Large Model Empowers System Value Leap

Through the private deployment of an AI large model, intelligence is infused into a solid digital foundation, achieving a transition from "control" to "foresight."

- For Production (MES+): Intelligent Scheduling – Dynamically optimizes production plans to enhance equipment utilization.
- For Quality: Root Cause Analysis – Rapidly identifies key factors influencing complex quality issues and locates "golden batch" production parameters.
- Core Advantages: Local deployment ensures data security, with stable and fast response speeds that meet the stringent requirements of the production environment.

Information System Management Framework

Environmental, Social and Governance Report

To comprehensively evaluate quality assurance capabilities and risk management levels across all operational stages, we systematically conduct annual internal quality audits covering key functional areas such as production, testing, engineering, and warehousing, generating written audit reports. The quality management department regularly performs on-site system audits to ensure that the entire production process continuously complies with GMP and national drug regulatory requirements. Simultaneously, we actively accept external audits and various inspections by drug regulatory authorities. For any issues identified, we promptly develop and implement effective Corrective and Preventive Actions (CAPA) to continuously enhance the maturity and adaptability of our quality management system.

Entities	Internal Quality Audits	External Quality Inspections
CARsgen Life Sciences	1 GMP Self-Inspection	3 External Quality Inspections
CARsgen Pharmaceuticals	1 GMP Self-Inspection	3 External Quality Inspections

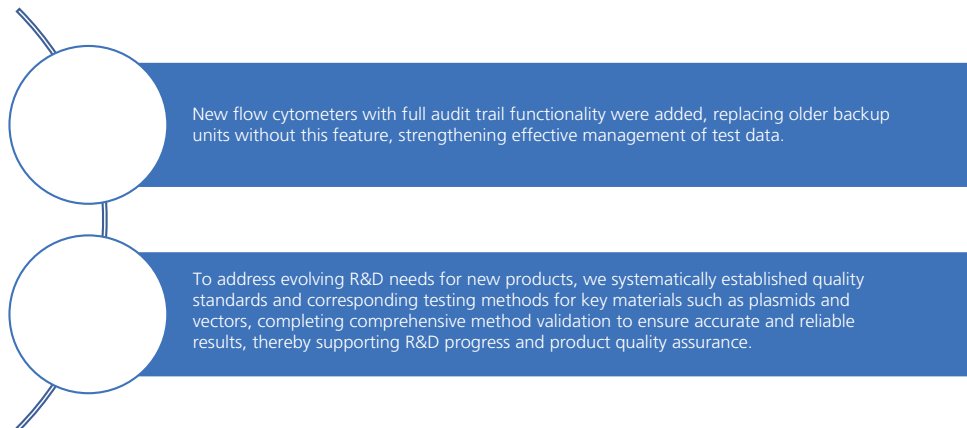
2.1.2 Quality Control

CARsgen Therapeutics has established a comprehensive, systematic, and traceable quality control system for both marketed and forthcoming products, covering quality monitoring throughout the entire process from raw materials to finished goods. All testing items undergo rigorous analytical method qualification and validation to ensure the accuracy, reliability, and compliance of test results. The Company has developed independent Standard Operating Procedures (SOPs) and corresponding quality standards, including core procedures such as the *QC Laboratory Management Procedure*, *QC Sample Management Procedure*, and *QC Record and Test Report Management Procedure*. These provide clear and actionable guidance for all testing activities, effectively ensuring operational consistency and scientific rigor.

We possess robust in-house quality testing capabilities and have established a dedicated quality control team comprising professionals in physicochemical and microbiological testing, bioactivity assessment, and operations. This team is responsible for establishing and maintaining testing methods and quality standards, while also conducting corresponding tests on raw materials, packaging materials, pharmaceutical water, intermediate products, and finished products to ensure product quality stability and safety control.



Environmental, Social and Governance Report



Quality Control Highlights

2.1.3 Quality Culture and Quality Training

We are committed to fostering a quality-centric corporate culture, deeply integrating quality awareness into daily operational management, and promoting a shift where quality principles transition from regulatory requirements to proactive behaviors by all employees. We systematically develop annual quality training plans at both the company-wide and departmental levels, and utilize diverse internal communication and learning platforms to flexibly deliver a variety of quality training activities in various formats.

During the Reporting Period, CARsgen Therapeutics conducted 13 company-wide quality management training sessions and 44 departmental-level quality management training sessions. CARsgen Life Sciences conducted a total of 27 training sessions, including annual quality management training and employee onboarding training.

Environmental, Social and Governance Report

Case Study: CARsgen Therapeutics Quality Month Campaign

During the Reporting Period, CARsgen Therapeutics held a Quality Month campaign themed “Quality counts on U & I.” Through five key initiatives, the campaign comprehensively promoted quality awareness by conducting thematic training to deepen employees’ understanding of GMP regulations and key quality control points; organizing weekly quality knowledge contests to stimulate learning enthusiasm; hosting “Talk on Quality at Lunch” story-sharing sessions, using real cases to integrate quality culture into daily work; launching suggestion initiatives to encourage all employees to participate in process optimization; and having various departments organize special activities based on their actual work to promote experience summarization and continuous improvement.



Furthermore, we support employees in obtaining professional competency certificates related to quality. By providing incentives such as training resources, study time support, and certification subsidies, we encourage employees to participate in professional certification training in areas like Good Clinical Practice (GCP) and laboratory quality supervision, thereby enhancing their professional expertise in quality management.

2.1.4 Supplier Quality Management

We prioritize material and supplier quality management, implementing a tiring and categorized management approach based on material type and criticality. For key suppliers, we enforce strict access control through methods such as questionnaires, on-site audits, and the signing of quality agreements. Upon confirmation of compliance with requirements, they are included in the Approved Supplier List and subjected to periodic re-evaluation every three years. For general suppliers, quality information is primarily collected through questionnaires, with a re-evaluation cycle of five years. During the Reporting Period, we conducted a total of 20 supplier audits, utilizing both on-site and remote formats. The scope of these audits covered material suppliers, testing service providers, transportation service providers, etc.

Environmental, Social and Governance Report

2.2 Drug Safety Assurance

CARsgen Therapeutics integrates drug safety assurance throughout the entire product lifecycle. By establishing a comprehensive pharmacovigilance management system, continuously optimizing risk control and adverse event response capabilities, and strengthening product recall and customer complaint handling mechanisms, the Company is fully committed to ensuring patient medication safety.

The Company extends drug safety assurance to the clinical medication. Given the highly specialized nature of CAR-T products, which require operators to possess corresponding technical and product knowledge, CARsgen Life Sciences conducts systematic training for hospitals and partners to comprehensively ensure patient medication safety. During the Reporting Period, training was completed for 33 hospitals, involving 417 medical personnel. The training covered key aspects of the entire CAR-T cell therapy management process, including apheresis collection and packaging, cell product receipt and reconstitution, as well as clinical infusion, effectively enhancing the standardized operational capabilities and safety management levels of medical institutions.

2.2.1 Pharmacovigilance

CARsgen Therapeutics strictly adheres to the requirements of laws and regulations, including the *Drug Administration Law of the People's Republic of China* and the *Good Pharmacovigilance Practice*. We continuously improve our pharmacovigilance system to achieve comprehensive safety monitoring and risk management from the whole lifecycle of clinical trials to the post-marketing, providing strong support for drug safety assurance. We regularly review and continuously optimize pharmacovigilance processes and system documentation to ensure compliance with the latest regulatory requirements, enhancing the independence and compliance of our pharmacovigilance system.



Pharmacovigilance System

To enhance the systematic, professional, and efficient nature of pharmacovigilance work, we have established a clearly structured and well-defined pharmacovigilance organizational framework. The CEO of CARsgen Therapeutics, who serves as the ultimate responsible executive, and the Safety Management Committee and Pharmacovigilance Department collaborate to oversee the planning, supervision, and implementation of pharmacovigilance activities across the entire Group, ensuring efficient and high-quality execution. At the operational level, the Safety Management team, Pharmacovigilance Physicians, and Pharmacovigilance Operations and Compliance personnel are responsible for carrying out specific tasks.

Environmental, Social and Governance Report

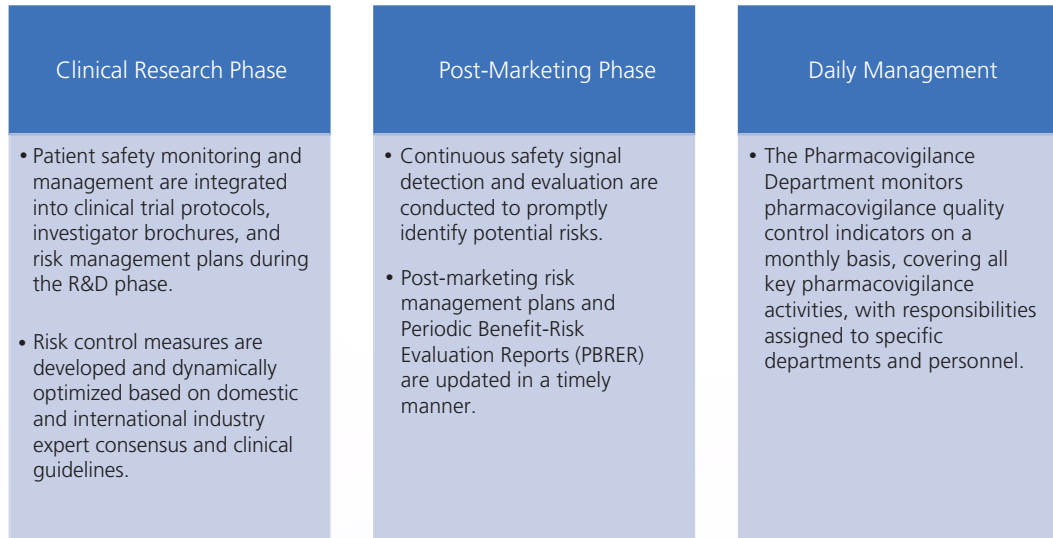
Decision-Making Level	Chief Executive Officer (CEO)	The highest responsible person for pharmacovigilance;
Management Level	Safety Management Committee (SMC)	Responsible for major risk assessment, handling of major or urgent drug-related incidents, risk control decision-making and other major matters related to pharmacovigilance;
	Pharmacovigilance Department	The scope of pharmacovigilance covers all subsidiaries of the Group, receives reports from pharmacovigilance physicians and pharmacovigilance operation and compliance, and is generally responsible for pharmacovigilance work such as risk identification, assessment and control, collection, processing and reporting of adverse events, etc;
Execution Level	Safety Management Team (SMT)	Safety Management Team: Input for safety signal analysis and evaluation, regular safety review, risk management and escalate to the Safety Management Committee if necessary;
	Pharmacovigilance Physician	Responsible for case (Individual Case Safety Report, ICSR) safety assessment, periodic safety review/ signal detection and evaluation, prepare drug characteristic summary, risk management plan, periodic safety update report, periodic benefit risk evaluation report, etc;
	Pharmacovigilance Operations and Compliance	Whole process of ICSR management, pharmacovigilance quality control and management, and oversight and management of Pharmacovigilance CRO (Contract Research Organization), etc.

Pharmacovigilance Organization



Environmental, Social and Governance Report

During the Reporting Period, CARsgen Therapeutics implemented a series of measures in pharmacovigilance management, covering all stages from clinical research to post-marketing surveillance and daily operations. These efforts have continuously improved the quality of key pharmacovigilance activities.



For adverse event management, we have established standardized and efficient event handling and reporting mechanisms. Through various channels including a hotline, public email, and the company's official website, we comprehensively collect information on adverse drug events. This ensures all-around coverage of drug safety concerns and guarantees that every adverse drug event receives a timely, professional, and compliant response and resolution.



CARsgen Therapeutics Adverse Event Handling Process

Environmental, Social and Governance Report

Furthermore, we place significant emphasis on pharmacovigilance capability building and employee professional training. Aligned with the practical needs of both clinical development and post-marketing management, we are comprehensively advancing internal capacity development and external professional engagement.

Conducted specialized pharmacovigilance training

- CARsgen Life Sciences organized company-wide pharmacovigilance training, focusing on postmarketing spontaneous adverse event reporting. The training utilized a blended online and offline format, with assessments to verify effectiveness.

Enhanced professional capabilities

- Pharmacovigilance personnel continuously updated their knowledge of new regulatory guidelines and actively participated in training sessions and industry conferences hosted by regulatory authorities.
- The Head of the Pharmacovigilance Department at CARsgen Life Sciences served as a lecturer at the "Seminar on Quality Management and Risk Management for the Full Lifecycle Development of Cell and Gene Therapy (CGT) Products" organized by the National Medical Products Administration (NMPA) Advanced Training Institute, delivering a presentation titled "Establishment of a Pharmacovigilance Quality Management System and Analysis of Safety Events in CGT Clinical Research," thereby actively contributing to industry expertise.

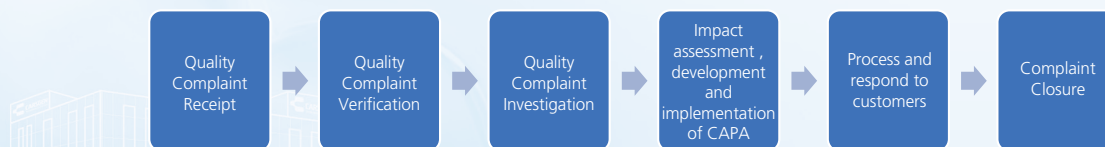
Supported product launch preparations

- In preparation for the market launch of satricabtagene autoleucel (CT041), the Pharmacovigilance Department completed and submitted a Clinical Risk Management Plan. Upon product approval, this plan will be updated to a Post-Marketing Risk Management Plan in accordance with regulatory requirements, followed by company-wide training to ensure the team effectively fulfills its pharmacovigilance responsibilities post-launch.

Pharmacovigilance Capability Building

2.2.2 Customer Complaints

CARsgen Therapeutics places great importance on customer complaints and feedback, considering them as crucial inputs for quality management and continuous improvement. The Company has established a customer complaint grading system, categorizing complaints into Levels 1 to 3 based on the potential impact on patient health, and implements classification management accordingly. Specific response and handling procedures are defined for different complaint levels to ensure timely response and effective resolution of issues. Through systematic and standardized customer complaint management, the Company continuously enhances service quality and product safety, fulfilling its commitment to customers and patients.

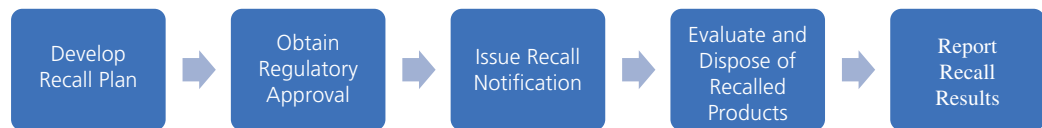


Complaint Handling Process

Environmental, Social and Governance Report

2.2.3 Product Recall

CARsgen Therapeutics strictly adheres to relevant laws and regulations, including the *Drug Administration Law of the People's Republic of China*, the *Drug Recall Management Measures*, and *Good Manufacturing Practice (GMP)*. We have established a comprehensive, traceable, and controllable recall system to ensure patient medication safety. The Company has formulated and implements the *Drug Recall Management Procedures*, which clearly define the recall process, execution requirements, and disposal measures. This ensures that drug recall activities can be initiated quickly, accurately, and efficiently when necessary, safeguarding patient safety and public health to the greatest extent possible.



Product Recall Process

As an autologous CAR-T product, ensuring a one-to-one correspondence between the patient and the product is a core requirement. Therefore, we have developed the CAR-T Cell Product Whole Process Management Traceability System. This system automatically assigns a unique Chain of Identity (COI) number to each patient, enabling precise traceability throughout the entire process from apheresis, transportation, manufacturing, and release to reinfusion, effectively preventing product mix-ups. Since product launch, the system has undergone over ten iterations and upgrades, continuously optimized to better meet practical operational and compliance requirements.

During the Reporting Period, CARsgen Therapeutics did not receive any complaints related to product quality or services, nor did it experience any product recall events due to safety or health reasons.

2.3 Supply Chain Management

CARsgen Therapeutics continuously strengthens the entire lifecycle management of suppliers, strictly controlling access and performance evaluation. We simultaneously enhance the construction of a sustainable supply chain, comprehensively improving supply stability and resilience.

2.3.1 Supplier Management

CARsgen Therapeutics complies with the requirements of relevant laws and regulations, such as the *Good Manufacturing Practice of Drugs*, and develops and continuously optimizes internal management systems including the *Supplier Management Policy*, *Supplier Site Review Operation Procedure*, *Service Vendor Performance Assessment Standard*, and *Material Vendor Performance Assessment Standard* in line with actual business development. This facilitates the gradual establishment of a management system covering the entire supplier lifecycle, enhancing supply chain quality and collaboration efficiency, and effectively ensuring the quality of raw materials, components, and services.

Environmental, Social and Governance Report

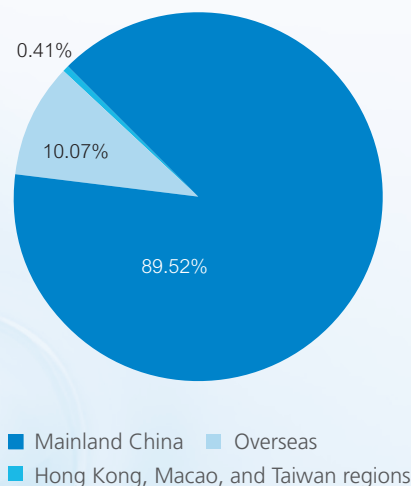
During the supplier qualification phase, we comprehensively evaluate multiple dimensions including product quality, service capability, operational status, and corporate reputation to establish a scientific and objective evaluation system. For clinical development service suppliers, key considerations such as quality management systems and risk control capabilities are further integrated, continuously optimizing and refining the qualification criteria.

During the supplier assessment phase, we implement a tiered assessment management mechanism. In accordance with the *Supplier Audit Operating Procedures*, we conduct comprehensive evaluations of suppliers accounting for 80% of the total procurement value from the previous year. The results categorize suppliers into four types: "Strategic Suppliers," "Key Suppliers," "Mature Suppliers," and "Suppliers to be Eliminated," with corresponding management measures applied to each tier.

For key material suppliers, we actively conduct on-site audits. For suppliers who, after communication, are unable to accept our audit, we enhance transparency and risk control capabilities for high-risk suppliers by joining RX360¹ and purchasing their audit reports, thereby further strengthening the overall quality management level of the supply chain.

We emphasize building long-term, stable cooperative relationships with suppliers and maintain close communication through various means such as online training, video conferences, emails, phone calls, and on-site visits. This allows us to promptly understand and resolve issues encountered during collaboration. During the Reporting Period, we organized annual supplier compliance training in an online format, with a total of 65 participants, effectively enhancing supplier compliance awareness and collaboration capabilities.

As of the end of the Reporting Period, the Group had a total of 1,479 suppliers. We implement relevant management measures for all suppliers. The suppliers are distributed by region as follows:



1 RX360 is a globally leading third-party quality and compliance information service platform for the pharmaceutical and biotechnology industries. It is dedicated to providing authoritative, transparent, and trustworthy supplier quality and compliance assessment data for drug manufacturers, R&D institutions, and supply chain stakeholders. The platform aggregates comprehensive information, including third-party audit reports, quality system evaluations, on-site inspection results, GMP compliance status, and risk ratings, from a wide range of global pharmaceutical companies, CROs/CDMOs, and API and excipient suppliers.

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2.3.2 Sustainable Supply Chain

CARsgen Therapeutics continuously implements sustainable supply chain management principles, dedicated to building a green, efficient, and trustworthy sustainable supply chain system. We integrate ESG factors into the supplier evaluation system, systematically understanding suppliers' ESG practices through methods such as questionnaires. These cover topics including environmental protection, EHS management, labor rights protection, business ethics, and community engagement, promoting sustainable supply chain development. As of the end of the Reporting Period, 22 suppliers have obtained various types of environment-related certifications or credentials, such as ISO 14001, ISO 50001, and the Green Lab Gold certification.

To ensure supply chain stability, we implement a Business Continuity Plan (BCP). The procurement department regularly holds production meetings with user departments to review inventory status and procure required raw materials in advance. Simultaneously, by deepening localization of procurement and promoting domestic substitution of key materials, we effectively reduce logistics carbon emissions and supply chain risks, enhancing supply chain resilience.



Localized Procurement

During the Reporting Period, we actively promoted domestic substitution development in categories such as cell culture media, magnetic beads, consumables, and disinfectants. Taking consumables as an example, to address the supply chain risks, high carbon emissions, and cost pressures arising from the long-term reliance on imports (exceeding 80%) in the biopharmaceutical R&D and manufacturing sector, we systematically implemented a domestic substitution strategy. We proactively engaged with high-quality domestic suppliers, driving customized production and collaborative R&D. This enabled synergistic innovation from design to mass production, reducing dependence on imported products.

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CARsgen Therapeutics Domestic Substitution Development

During the Reporting Period, we successfully completed the localization switch of suppliers for a total of 25 types of reagents and consumables.

3 PIONEERING INNOVATION AND PRACTICING OUR MISSION

CARsgen Therapeutics consistently places patient needs at its core, committed to providing safe, effective, and accessible innovative treatment solutions. As a leading CAR-T therapy biotechnology company, the Company continuously increases investment in independent research and development, deepening its exploration of cutting-edge breakthroughs in CAR-T technology for the treatment of hematological malignancies and solid tumors. Simultaneously, the Company steadfastly adheres to clinical ethics standards, rigorously upholds the ethical bottom line in research, development, and clinical practice, and actively promotes the enhancement of drug accessibility. These efforts contribute to the well-being of patients worldwide and advance the progress of human health.

3.1 Driving Innovative Breakthroughs

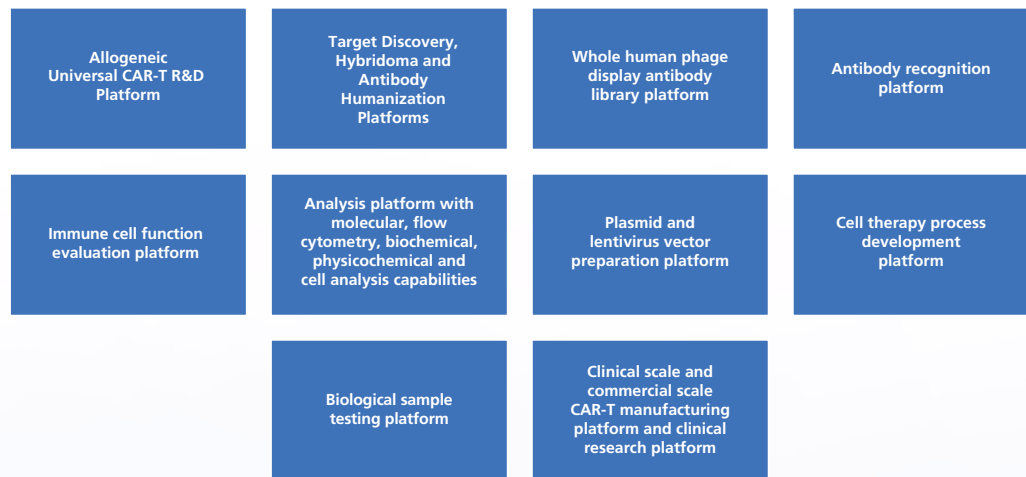
CARsgen Therapeutics continuously advances research and development in cutting-edge technologies, deepens industry-academia-research exchanges and collaborations, integrates resources to build a comprehensive R&D platform, and comprehensively enhances innovation capabilities and the efficiency of technology transformation.



Environmental, Social and Governance Report

3.1.1 Cutting-edge Technology R&D

Guided by the vision of “Making Cancer Curable,” the Company focuses on four core strategic pillars – efficacy, safety, patient accessibility, and target accessibility – to continuously promote the development and application of innovative technology platforms. We have established an integrated R&D platform that covers the entire development cycle, including target discovery, antibody development, vector design, process development, manufacturing, quality assurance, and quality control. This platform facilitates the efficient translation of basic research into clinical applications, accelerates the drug development process, and brings longer-lasting, higher-quality life prospects to patients worldwide.



CARsgen Therapeutics Comprehensive R&D Platform

We continuously strengthen the development of our early-stage research and clinical study teams to ensure that every stage of R&D is managed scientifically and in accordance with standardized processes, thereby guaranteeing the high-quality and efficient advancement of clinical development projects. To inspire innovation and R&D enthusiasm among all employees, the Company has implemented incentive mechanisms, including the “Technology Invention Award,” the “Achievement Transformation Award,” and the “Intellectual Property Information Award.” These awards are designed to recognize staff members who have made significant contributions to key technological breakthroughs, patent portfolio development, and the translation of scientific research achievements.

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March 3, 2025	Satricabtagene autoleucl (CT041) has been included in the breakthrough therapy drug category list by the Center for Drug Evaluation of the National Medical Products Administration, with the intended indication for Claudin18.2-positive advanced gastric/gastroesophageal junction adenocarcinoma in patients who have failed at least two prior lines of therapy.
June 26, 2025	The National Medical Products Administration (NMPA) of China has accepted the New Drug Application (NDA) for satricabtagene autoleucl (CT041), a Claudin18.2-targeting autologous CAR-T cell product, for the treatment of patients with Claudin18.2-positive advanced gastric/gastroesophageal junction adenocarcinoma (G/GEJA) who have failed at least two prior lines of therapy.
November 3, 2025	CARsgen Therapeutics has disclosed clinical data for its allogeneic BCMA CAR-T product CT0596, developed based on the Company's proprietary THANK-u Plus® platform, for the treatment of relapsed/refractory multiple myeloma (R/R MM), as well as data for its allogeneic CD19/CD20 CAR-T product CT1190B for the treatment of relapsed/refractory non-Hodgkin lymphoma (R/R NHL). The data indicate that these two allogeneic CAR-T products have demonstrated a preliminary favorable safety profile and encouraging signals of efficacy.

Key R&D achievements in 2025

3.1.2 Deepening Exchange and Cooperation

While steadfastly committed to independent research and development, the Company embraces an open and collaborative philosophy. It maintains close communication with peer companies, suppliers, industry associations, and various other partners. The Company continuously deepens exchanges and cooperation with scientific research institutions and industry partners both domestically and internationally, working jointly to actively promote the sharing and transformation of innovative achievements.



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June 2, 2025	The full results of the confirmatory Phase II clinical trial (CT041-ST-01, NCT04581473) for satricabtagene autoleucel (CT041) — an investigational autologous CAR-T cell product targeting Claudin18.2 protein — conducted in China involving patients with Claudin18.2-positive advanced gastric/gastroesophageal junction adenocarcinoma who had failed at least two prior lines of therapy, have been published in full in <i>The Lancet</i> . Furthermore, the results were presented in an oral presentation at the 2025 American.
June 16, 2025	Findings from an investigator-initiated clinical trial (NCT06407947) of CT071 — an autologous CAR-T cell product targeting GPRC5D — for the treatment of newly diagnosed multiple myeloma (NDMM) were presented in a poster session at the 30th Annual Congress of the European Hematology Association (EHA).
September 18, 2025	Updated long-term follow-up results from the Phase I clinical trial of zevorcabtagene autoleucel (Product Code: CT053, an autologous CAR-T cell product targeting BCMA) were presented in a poster session at the 22nd Annual Meeting of the International Myeloma Society (IMS).
October 8, 2025	Findings from an investigator-initiated clinical trial (NCT05838131) evaluating CT071 — an autologous CAR-T cell product targeting GPRC5D — for the treatment of relapsed/refractory multiple myeloma (R/R MM) have been published in <i>The Lancet Haematology</i> .
October 20, 2025	Results from a Phase Ib registration clinical trial (CT041-ST-05, NCT05911217) conducted in China evaluating satricabtagene autoleucel (CT041) — an investigational autologous CAR-T cell product targeting Claudin18.2 — as adjuvant therapy for pancreatic cancer (PC) were presented in a poster session at the 2025 Annual Congress of the European Society for Medical Oncology (ESMO).
December 8, 2025	Clinical data for the allogeneic BCMA CAR-T product CT0596 for the treatment of relapsed/refractory multiple myeloma (R/R MM) were presented in a poster session at the 67th Annual Meeting of the American Society of Hematology (ASH).

2025 Exchange of Innovative Achievements

Furthermore, the Company actively participates in the formulation of industry standards, leveraging its strengths in technological accumulation and industrial experience within the field of cell therapy. During the Reporting Period, the Company contributed to the development of two group standards: *Cell Freezing Bag* (T/SHQAP 020 – 2025) and *Single-Use Systems for Cell Production – Part 1: Storage Bag* (T/SHQAP 021.1 – 2025), thereby promoting the standardization of industry production processes and quality control.

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3.2 Strict Adherence to Clinical Ethics

CARsgen Therapeutics strictly adheres to ethical guidelines, effectively safeguarding the rights and welfare of trial subjects as well as medication safety. Concurrently, the Company places emphasis on animal welfare, comprehensively implementing the principles of responsible clinical research and development.

3.2.1 Protection of Rights and Interests of Subjects

CARsgen Therapeutics conducts clinical trials in accordance with the ethical principles outlined in the Helsinki Declaration strictly adheres to relevant laws, regulations, and standards including the *Quality Management Standards for Drug Clinical Trials*, the *Management Standards for Clinical Trials of Medical Devices*, and the *Measures for Ethical Review of Biomedical Research Involving Human Beings*. CARsgen US also rigorously complies with international standards such as the United States Federal Regulations (CFR), the guiding principles of the International Coordinating Council for Technical Requirements of Drugs for Human Use (ICH), the Good Clinical Practice (GCP) to ensure the scientific integrity, regulatory compliance, and ethical conduct of the entire research process, thereby fully protecting the rights and welfare of subjects.

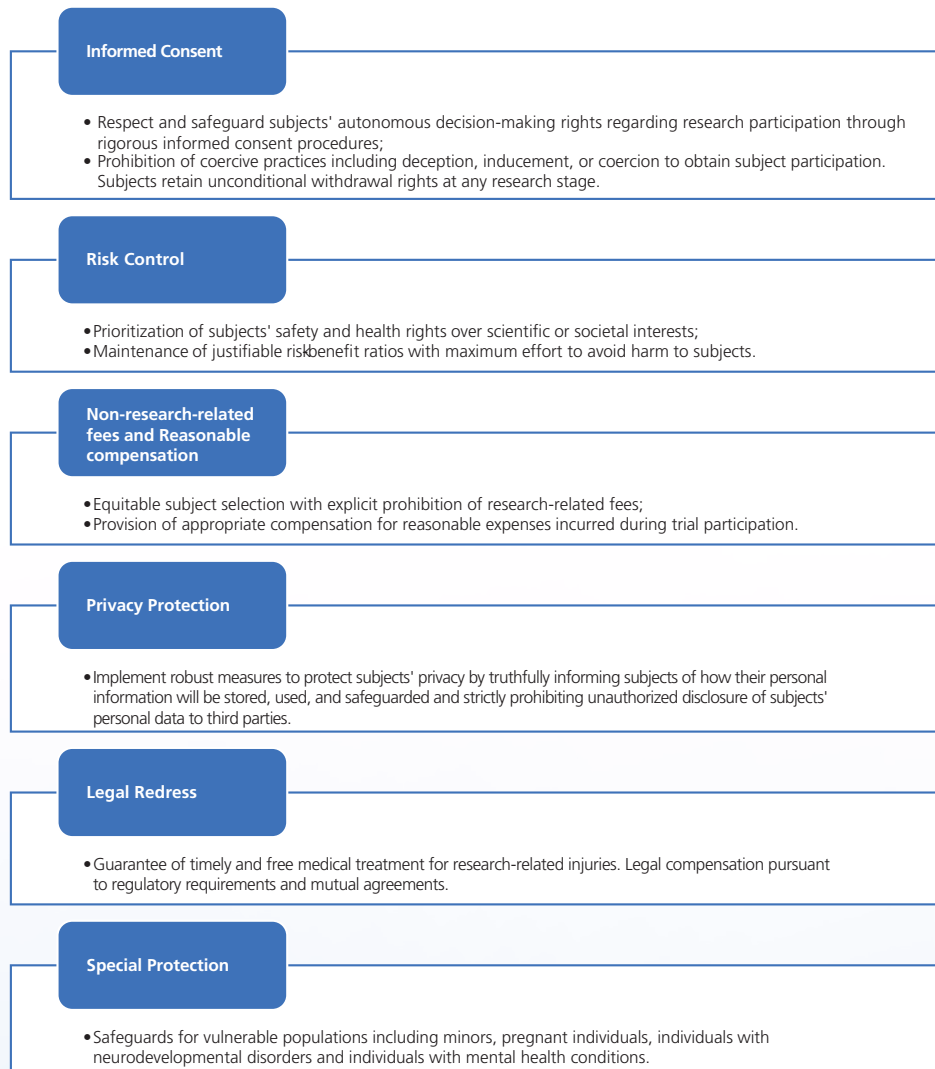
The Company has established dedicated clinical research monitors and strengthened the ethical review mechanism with collaborating hospitals to ensure participant safety during clinical research. All clinical projects undergo stringent ethical review to guarantee they are conducted with full protection of participant rights. During the Reporting Period, the Company strictly followed all requirements for hospital clinical trial management and collaborated with 34 partner hospitals to conduct comprehensive ethical reviews. This process encompassed multiple critical stages, including project initiation review, ongoing supervision review, and annual re-review.

Furthermore, the Company places great emphasis on enhancing the professional capabilities of its clinical research monitors and clinical research coordinators. It provides systematic and specialized training aimed at improving their professional competence, technical skills, and deep understanding of subjects rights protection, thereby further ensuring the standardization and safety of clinical research activities.

Simultaneously, the Company maintains a high level of concern for the health and well-being of trial subjects. For certain projects, even after participants complete the follow-up period specified in the clinical trial protocol, the Company continues to provide the investigational drug free of charge to safeguard their long-term health and life interests.



Environmental, Social and Governance Report



Principles for safeguarding the rights and interests of subjects

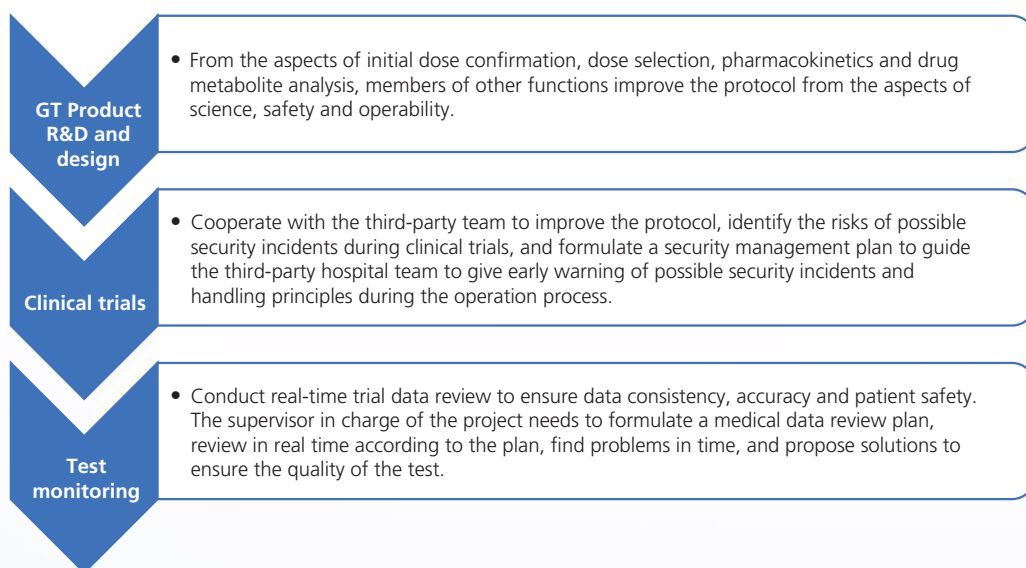
3.2.2 Animal Welfare

The Company consistently upholds the principle of "Humane Care for Animals." During the implementation of animal experiments, we strictly adhere to the "3Rs" principles – Replacement, Reduction, and Refinement – and are committed to minimizing animal stress, alleviating suffering, and avoiding unnecessary harm, thereby fully demonstrating respect and care for life. The Company rigorously complies with relevant national laws and regulations, including the *National Regulations on the Administration of Animal Experiments*, and has established and refined internal management systems such as the *Environmental Standard Operating Procedures for Animal Experimental Barriers*. These documents clearly define the criteria for selecting and handling experimental animals, laboratory environmental requirements, personnel qualification standards, and specific operational protocols to ensure that all animal experiments are conducted safely and orderly under scientific, compliant, and humane conditions.

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3.2.3 Subject Medication Safety

CARsgen Therapeutics places medication safety at the core of its research, development, and registration activities. The Company strictly adheres to laws and regulations including the *Drug Administration Law of the People's Republic of China* and the *Measures for Drug Registration*. It has established and implemented the *New Drug Application (NDA) Procedures* to standardize the entire drug registration process, ensuring the safety, efficacy, and quality of registered products.



Subject CGT safety control process

3.3 Protection of Intellectual Property Rights

CARsgen Therapeutics fully recognizes the supportive role of a robust intellectual property rights (IPR) protection mechanism in fostering innovation and R&D. Such a mechanism not only effectively safeguards against technology leakage and infringement risks but also creates sustainable competitive advantages for the Company. We have established the *Intellectual Property Rights Management Policy*, supported by specific implementation measures including the *Intellectual Property Management Rights Management Manual*, the *Intellectual Property Rights Incentive and Disciplinary Measures*, the *Intellectual Property Rights Emergency Response Plan*, and *Intellectual Property Rights Implementation, Licensing and Transfer Control Procedures*. Concurrently, the Company continuously refines its internal regulatory systems, building a standardized management framework to protect its independent innovation capabilities.



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Optimizing the *Procedures for Intellectual Property Retrieval and Analysis Management*

- Standardize the processes, methods, and criteria for search and analysis to enhance the professionalism, accuracy, and consistency of output. This will provide reliable intellectual property support for key decisions such as technology R&D and product launches, enabling proactive identification, assessment, and mitigation of potential risks.

Optimizing the *Patent Document Proofreading and Review Management Procedures*

- Eliminate textual defects, ensure the completeness and compliance of all legal requirements in patent application documents, strengthen the legal stability of patent rights, maximize the scope of patent protection, and enhance patent quality and the success rate of grant.

Optimization of the Intellectual Property Management System

To further enhance intellectual property risk management, the Company, in collaboration with external experts, conducted a risk assessment for potential intellectual property infringement. This initiative aims to build an efficient and robust legal support system for intellectual property rights, effectively control risks, and practically protect the legitimate rights and interests of the Company and its stakeholders.

Furthermore, the Company actively carries out training related to intellectual property protection to strengthen employees' awareness and improve the team's practical capabilities in areas such as patent portfolio development, risk prevention and control, and compliance management. To enhance team competencies and support the Company's innovation protection, risk management, and commercial success, the head of the intellectual property department participated in a high-level intellectual property talent training program for biopharmaceutical innovation and entrepreneurship organized by Tongji University.

Intellectual Property Training for New Employees

Focusing on the intellectual property system and trade secret protection, the Company conducts targeted training for new employees to enhance their compliance awareness and practical capabilities. During the Reporting Period, two sessions of training on intellectual property-related regulations and trade secret protection were organized for newly hired staff, with a total of 29 participants.



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To enhance the Company's comprehensive competitiveness in intellectual property and in response to the national *Outline for Building a Leading Country in Intellectual Property Rights (2021-2035)*, we actively applied for the designation of "National Intellectual Property Demonstration Enterprise." During the Reporting Period, CARsgen Therapeutics filed 27 new patent applications and was granted 24 new patents. As of the end of the Reporting Period, the Company held a total of 152 granted patents.

3.4 Improve Access to CGT products

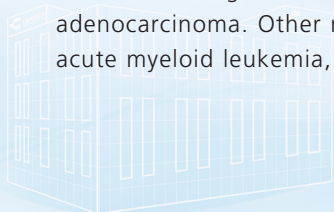
In line with its mission to of "patient-centric", CARsgen Therapeutics continuously develops innovative and differentiated CAR-T products while steadily improving drug accessibility to benefit more patients. During the Reporting Period, the Company's innovative therapies were successfully included in commercial health insurance innovative drug catalogs, assisting patients in gaining access to affordable and accessible advanced treatments.

Zevorcabtagene autoleucel has been included in the Commercial Health Insurance Innovative Drug Catalog.

In 2025, the National Healthcare Security Administration (NHSA), for the first time, established the Commercial Health Insurance Innovative Drug Catalog alongside the National Reimbursement Drug List (NRDL), focusing on drugs with a high degree of innovation, significant clinical value, and substantial patient benefits. During the Reporting Period, zevorcabtagene autoleucel (Product Code: CT053), a fully human BCMA-targeting CAR-T product independently developed by CARsgen Therapeutics Holdings Limited, was among the first to be included in the *Commercial Health Insurance Innovative Drug Catalog (2025)* for the treatment of relapsed/refractory multiple myeloma. Currently, medical institutions certified and filed to administer zevorcabtagene autoleucel cover more than 20 provinces and municipalities nationwide, exceeding 100 institutions. This facilitates further reduction of the financial burden on patients, enhances the accessibility of advanced cell therapies, and enables more patients to benefit from innovative treatments.

Simultaneously, the Company leverages a multi-tiered insurance system, including various inclusive commercial health insurance programs such as Huimin Insurance initiatives and city-customized insurance plans, to enhance the accessibility of innovative therapies and alleviate the financial burden on patients.

Furthermore, the Company strives to address more unmet clinical needs by actively expanding its product pipeline to cater to patients with rare diseases. Within the existing pipeline, satricabtagene autoleucel (CT041) has been granted Orphan Drug designation by the U.S. Food and Drug Administration (FDA) for the treatment of gastric/gastroesophageal junction adenocarcinoma. Other rare diseases covered by the pipeline include primary plasma cell leukemia, acute myeloid leukemia, and B-cell non-Hodgkin lymphoma, etc.



Environmental, Social and Governance Report

4 PEOPLE FIRST, BUILDING EXCELLENCE TOGETHER

CARsgen Therapeutics adheres to a people-oriented and fair & inclusive philosophy. Grounded in compliant employment practices, we foster a diverse and inclusive cultural atmosphere, maintain smooth two-way communication channels, emphasize talent cultivation and long-term development, thoughtfully care for employee well-being, and safeguard their physical and mental health. We are committed to building a safe, warm, and sustainable workplace ecosystem.

4.1 Talent Attraction

CARsgen Therapeutics upholds the principles of compliant, equal, and inclusive employment. We establish fair and equitable talent attraction mechanisms and actively cultivate an open and diverse workplace environment to attract outstanding global talents for mutual growth.

4.1.1 Compliant Employment

CARsgen Therapeutics earnestly safeguards the fundamental legal rights and interests of every employee or job applicant. We strictly comply with the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China*, the *Provisions on the Prohibition of Child Labor*, and all relevant laws, regulations, and regulatory requirements in the regions where we operate. We have formulated and implemented a series of employee-related rules and regulations, including the *Planning of Human Resources Demands and Recruitment Process*, the *Overtime and Leave Management Policy*, the *Employee Internal Recruitment Management Policy*, and the *Corporate Internal Employee Application Policy*. These measures ensure that all stages – from onboarding and in-service management to position adjustment and departure – follow statutory procedures, and eliminate any form of non-compliant employment practices such as the use of child labor or forced labor. During the Reporting Period, no incidents involving the employment of child labor or forced labor occurred within the Group.

Simultaneously, we continuously expand our recruitment channels to attract outstanding talent through internal referrals, internal transfers, university-enterprise collaborations, and the introduction of external senior professional/technical and managerial talents. This approach also provides quality employment opportunities for more individuals.

Environmental, Social and Governance Report

Campus Visit Event in Collaboration with East China University of Science and Technology

During the Reporting Period, we collaborated with East China University of Science and Technology to organize a campus visit event. A group of 45 teachers and students from the university visited CARsgen Therapeutics for a learning tour. Relevant departments of the company introduced the corporate overview, product features, and R&D strengths to the visiting delegation, and shared details about the talent cultivation system, career development pathways, and employee benefits policies. Several outstanding employee representatives shared their personal growth experiences. Furthermore, the event included a visit to our skills training classrooms for the students, allowing them to gain a direct understanding of the production and quality control processes, thereby deepening their knowledge of and interest in the company.



4.1.2 Diversity & Inclusion

CARsgen Therapeutics is dedicated to fostering a workplace environment characterized by inclusivity, respect, equality, and diversity. We have established and adhere to fair and equal employment policies and processes, providing equal employment opportunities to all qualified candidates. We explicitly prohibit any form of discrimination. No employee shall be subjected to differential treatment or barriers in recruitment, promotion, training, compensation & benefits, position adjustment, or daily interactions based on individual characteristics such as gender, age, race, ethnicity, religion, nationality, sexual orientation, gender identity, marital or parental status, or physical or mental health condition.

We consistently implement inclusive employment practices, creating equal employment opportunities for individuals with disabilities. As of the end of the Reporting Period, the company has successfully employed 3 persons with disabilities. Simultaneously, we actively cultivate a fair and inclusive development environment for female employees, supporting female job applicants and employees in finding a sense of belonging, achievement, and growth potential in their careers.

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As of the end of the Reporting Period, the Group had a total of 362 employees, of whom 65.2% were female.

Employee Composition	Unit	December 31, 2025	December 31, 2024	December 31, 2023
Total	person	362	468	516
By gender				
Male	person	126	174	201
Female	person	236	294	315
By employment type				
Full-time	person	355	465	516
Internship	person	7	3	0
By age				
Under 30 years old	person	141	184	165
30-50 years old	person	208	254	315
Over 50 years old	person	13	30	36
By region				
Chinese Mainland	person	360	393	398
Overseas	person	2	75	118

During the Reporting Period, the Group's employee turnover rate was 38.31%

Employee turnover rate structure	Unit	December 31, 2025	December 31, 2024	December 31, 2023
Total	%	38.31%	29.67%	23.00%
By gender				
Male	%	50.67%	36.27%	22.70%
Female	%	31.32%	25.62%	23.20%
By age				
Under 30 years old	%	29.54%	28.08%	17.10%
30-50 years old	%	39.39%	27.07%	24.50%
Over 50 years old	%	93.02%	60.61%	33.30%
By region				
Chinese Mainland	%	27.62%	18.96%	21.30%
Overseas	%	142.86% ²	73.58%	28.00%

2 Due to the resignation of employees assigned to the U.S. position, the number of departures has exceeded the allocated headcount for the position in that region, resulting in a calculated turnover rate of over 100%.

Environmental, Social and Governance Report

4.1.3 Employee Communication

CARsgen Therapeutics is committed to listening to our employees' voices and addressing their needs and expectations. We provide employees with various forms of communication channels, conduct regular employee surveys, organize management face-to-face sessions, and other initiatives to gain in-depth understanding of business operations and employee engagement. Based on survey findings, we actively respond to employee feedback to enhance their sense of involvement and belonging.

Communication	• Departmental Regular Communication Meetings • Management Face-to-Face Sessions
Activities	Celebratory Events
Surveys & Interviews	• Fresh Graduate Follow-up Interviews • Employee Surveys/Interviews
Anonymous Feedback Channels	Employee Feedback Mailbox

CARsgen Therapeutics Employee Communication Channels

4.2 Employee Development & Cultivation

Talent is the primary resource driving innovation and leading development. CARsgen Therapeutics establishes clear growth pathways for employees, provides customized learning and development opportunities, continuously enhances employees' professional capabilities and overall competencies, and supports the mutual growth of individuals and the company.

4.2.1 Career Development

CARsgen Therapeutics is committed to building a comprehensive talent development mechanism. Through well-defined promotion channels, a scientific performance management system, and a systematic training framework, we provide growth support for various talents, fully stimulate employee potential, and realize mutual growth for employees and the enterprise. We have formulated and issued the *Employee Hierarchy Development System and Plan*, which clarifies promotion procedures, assessment criteria, and key behavioral requirements, establishing a fair, open, and impartial promotion mechanism. By implementing a dual-track development model consisting of the "Management Ladder³" and "Professional Specialization Track⁴", we ensure every employee can leverage their strengths in suitable areas to achieve their career goals. During the Reporting Period, 9.67% of employees at CARsgen Therapeutics received promotions.

Furthermore, to stimulate employee potential and promote internal talent mobility, we have formulated and implemented the *Employee Internal Application Management Policy*, actively encouraging employees to apply for internal positions. We regularly publish internal job openings and, considering the career development aspirations of key employees alongside actual business needs, orderly facilitate employee transfers, job rotations, and concurrent appointments, supporting employees in achieving lateral development across different roles. During the Reporting Period, we assisted over 39 employees in completing internal transfers.

3 Management Ladder: Career advancement opportunities achieved through the expansion of supervisory or mentoring responsibilities.

4 Professional Specialization Track: Promotion opportunities obtained through the improvement of professional skills.

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4.2.2 Employee Training

CARsgen Therapeutics places high importance on employees' professional growth and capability enhancement. We provide employees with a mature and comprehensive training system and abundant support resources. Aligned with business development needs and guided by relevant policy documents such as the *Training Management Policy*, we have designed and developed a series of courses and cultivation programs that cover various job requirements and individual employee development needs.

We offer customized offline development training for our talent, complemented by a systematic online learning resource library, creating an integrated online-offline continuous empowerment system. In terms of system construction, we prioritize the development of internal professional training based on specialized fields before expanding to external professional content. We have progressively established an efficient and practical training system encompassing multiple dimensions such as onboarding training, professional competency enhancement training, and organizational efficiency training. This system provides multi-level and multi-faceted development support for employees, continuously improving their professional proficiency, management capabilities, and organizational development skills. During the Reporting Period, we approved 55 external training applications from employees across various departments including Clinical, Production, Quality, and Functions. These trainings aimed to improve employees' operational skills and professional competencies, and we actively encouraged and supported them in obtaining relevant professional certifications.

New Employee Centralized Training

During the Reporting Period, the company organized 2 centralized training sessions for new employees, with a total of 29 participants. Each training lasted for one day and covered topics including the performance system, expense reimbursement, labor union benefits, procurement processes, GMP fundamentals, and clinical monitoring work. The training aimed to help new employees gain a comprehensive understanding of the company, quickly adapt to the environment and team, and facilitate their integration and potential contribution.



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Specialized Training on “Types and Usage Methods of Cleaning and Disinfecting Agents”

The company invited experts to conduct specialized training on “Types and Usage Methods of Cleaning and Disinfecting Agents”, with a total of 32 participants. The content covered disinfectant validation techniques, principles of disinfection and audit compliance requirements, application of disinfection effectiveness monitoring, human factors engineering practices for personnel contamination prevention and control, as well as SOP design for cleaning/disinfection and optimization of operational compatibility. This training helped employees enhance their operational standardization and risk prevention awareness.



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During the Reporting Period, 86.02 % of the Group's employees received training, and the average annual learning time of employees was up to 39.83 hours.

Employee Training – Proportion of employees receiving training	Unit	December 31, 2025	December 31, 2024	December 31, 2023
By gender				
Male	%	82.67	93.87	66.70
Female	%	87.92	82.43	82.90
By Employment Type				
Senior management	%	73.68	45.45	40.00
Middle management	%	82.94	67.03	63.40
Junior staff	%	88.28	100.00	85.70

Employee Training – Training hours per employee	Unit	December 31, 2025	December 31, 2024	December 31, 2023
By gender				
Male	Hours	44.05	60.18	28.50
Female	Hours	37.43	44.31	39.50
By Employment Type				
Senior management	Hours	3.08	33.34	2.80
Middle management	Hours	17.55	34.04	43.30
Junior staff	Hours	54.20	60.92	31.30

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4.3 Compensation & Benefits

CARsgen Therapeutics has established a fair, reasonable, and market-competitive compensation system while providing employees with diversified benefits, holistically focusing on their physical and mental well-being and quality of life.

4.3.1 Compensation & Performance

Through a scientific incentive mechanism, CARsgen Therapeutics has built a compensation and performance system that balances fairness and attractiveness. This system includes fixed salary, performance bonuses, social insurance, welfare allowances, and equity incentives. Governance documents such as the *Compensation Control Procedures* and the *Employee Honor and Reward Policy* clarify the composition and evaluation criteria of compensation, standardizing the entire process of compensation management.

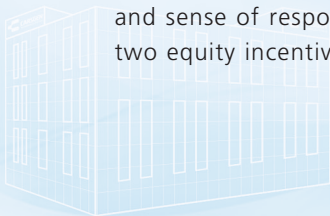
Performance Management

A fair and impartial performance evaluation system is the foundation for motivating employees. We continuously optimize our performance management system, strictly implement internal regulations such as the *Performance Management Policy*, set clear and transparent performance goals, and establish a comprehensive evaluation mechanism that includes self-assessment, departmental assessment, divisional center review, and final management evaluation. This ensures the evaluation process is open and equitable, and timely improvement feedback is provided to employees, helping them clarify their career development direction.

We advocate for ongoing performance communication and evaluation throughout the year, providing objective, timely, and effective performance feedback to drive continuous improvement and growth. Simultaneously, we emphasize the attraction and retention of outstanding talent by establishing diverse recognition awards, including the CEO Award, Outstanding Contribution Award, Innovation Award, Dedication Award, and Long Service Award. These awards honor exceptional individuals and teams who have demonstrated outstanding performance in achieving the Group's strategic objectives, exhibited a high degree of dedication, and embodied the core values of CARsgen Therapeutics.

Equity Incentive Plan

We regard equity incentives as a significant component of our long-term incentive strategy. By granting Restricted Stock Units (RSUs) and Options (Options), we provide employees with opportunities to share in the company's growth, effectively stimulating their work motivation and sense of responsibility. During the Reporting Period, CARsgen Therapeutics implemented two equity incentive plans, covering a total of 97% of eligible full-time employees.



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Grant Date	Grant Type	Recipient Group	Coverage		Incentive Instrument	Grant Details
			ratio			
Mar 2025	Annual Incentive Grant	Employees meeting 2024 performance standards	43%		Restricted Stock Units (RSUs) & Options (Options)	Implemented based on annual performance evaluation results to incentivize top-performing employees
Sep 2025	Special Retention Grant	Full-time employees at Assistant level or above hired on or before Sep 12, 2025 (excluding retired rehires)	97%		Restricted Stock Units (RSUs) & Options (Options)	Aimed at strengthening long-term retention incentives
Annual Total	–	Total covering eligible full-time employees	97%		RSUs & Options	Total Grant Volume: • RSUs: 3,391,000 shares • Options: 9,598,500 shares • Total Number of Grants: 503

CARsgen Therapeutics' 2025 Equity Incentive Plan⁵

⁵ For details regarding the grants under the equity incentive plan, please refer to announcements of the Company dated April 16, 2025 and September 18, 2025.

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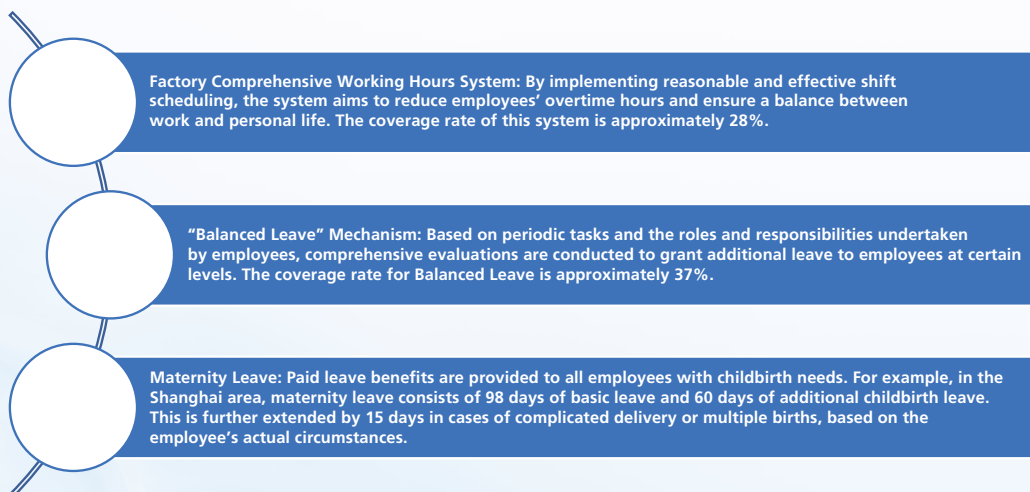
4.3.2 Employee Welfare

We continuously refine and enhance our employee benefits system. During the Reporting Period, we compiled the *Employee Benefits Handbook*, aiming to provide employees with objective and clear benefits guidance, helping them fully understand and effectively utilize various benefit policies. The company's overall benefits system comprises four major components: statutory benefits, cash subsidies, goods & services, and care & activities. This comprehensive framework covers the diverse needs of employees in both work and life, tangibly enhancing their sense of gain and well-being.

Statutory Benefits	Includes social insurance, housing provident fund, and statutory holidays.
Cash Subsidies	Includes meal allowances ⁶ , travel subsidies, shift allowances, government rewards and subsidies, etc.
Goods & Services	Includes dormitory provision ⁷ , shuttle buses, annual health check-ups, etc.
Care & Activities	Includes festival benefits, employee care initiatives, team-building activities, sports & fitness programs, family visitation leave, etc.

CARsgen Therapeutics Employee Benefits System

We focus on employees' work-life balance, improving the leave system to safeguard their physical and mental health and support sustainable development.



6 Meal Allowance: The company provides a monthly meal allowance to all employees and regularly supplies various refreshments during overtime work, achieving 100% employee coverage.

7 The company provides dormitories for newly hired fresh graduates. The company subsidizes 40%-65% of the dormitory rent, covering approximately 5% of the total employee population.

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Furthermore, we strive to create a fulfilling off-duty experience for our employees. To strengthen communication and enhance team cohesion, the company regularly organizes a variety of employee activities. These include fun and engaging sports days, employee birthday celebrations, women's care events, and regular team-building activities. These initiatives not only provide opportunities for employees to relax and unwind but also foster cross-departmental communication and teamwork, cultivating a positive and harmonious workplace atmosphere.

Organizing an Employee Tug-of-War Competition

In 2025, CARsgen Therapeutics organized an employee tug-of-war competition. This event enriched employees' leisure time, promoted interaction among staff, and increased team cohesion. Simultaneously, it strengthened employees' sense of belonging and identification with the company, contributing to the cultivation of a positive and proactive corporate culture.



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Birthday Celebration Events

CARsgen Therapeutics organizes departmental birthday celebration events twice a year, in the first and second halves of the year, open to all labor union members. Through carefully planned interactive games, birthday blessing ceremonies, and warm refreshments, the company fosters a caring and friendly workplace atmosphere. During the Reporting Period, a total of 369 employees participated in these activities.



4.4 Health and Safety

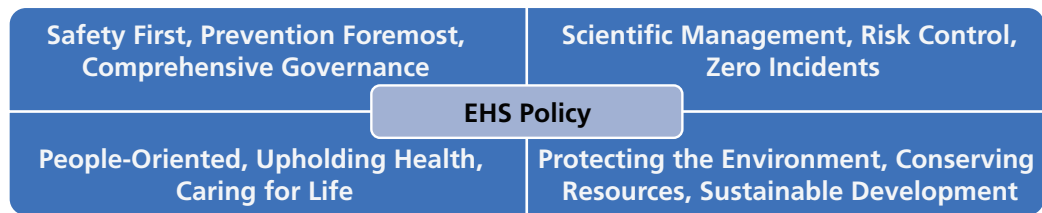
CARsgen Therapeutics actively implements primary responsibility for production safety, continuously advances the standardization of safety production, and steadily enhances the level of standardization and refinement in safety management.

4.4.1 Health & Safety Risk Control

CARsgen Therapeutics places high importance on employee occupational health and safety. We strictly comply with relevant laws and regulations such as the Labor Law of the People's Republic of China, the *Workplace Safety Law of the People's Republic of China*, the *Occupational Disease Prevention and Control Law of the People's Republic of China*, and the US OSHA standards. We continuously improve our internal management system, formulate and enhance multiple policies including the *EHS Management Manual*, and establish a scientific and comprehensive Environment, Health, and Safety (EHS) management system to effectively advance environmental protection, occupational health, and safety management.

The company's EHS management system encompasses key elements such as corporate commitment, EHS policy, organizational structure and division of responsibilities, hazard identification, risk assessment and control, operational control, preventive measures, supervision, inspection and rectification, incident investigation, emergency response, and management review. This enables holistic and systematic management, effectively safeguarding employee health and safety as well as operational compliance.

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We have established a comprehensive EHS (Environment, Health, and Safety) management structure. The CEO of CARsgen Therapeutics serves as the top responsible person, providing overall leadership for EHS initiatives. Under this leadership, an EHS Management Committee has been formed, comprising the COO and heads of relevant departments, to coordinate and oversee EHS matters. EHS specialists act as coordinators responsible for regulatory compliance. Each relevant department is equipped with safety officers who assist in conducting hazard inspections, organizing training and awareness campaigns, and managing on-site activities to ensure the effective operation of the EHS system.

To strengthen occupational health and safety risk management, we regularly conduct risk identification and assessments, implementing a dual prevention mechanism to safeguard employee health and safety. Concurrently, we have adopted safety protection measures such as emergency drills, signage installation, and equipment safety management to enhance our safety management capabilities and emergency response preparedness.

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Emergency Incident Management

- Formulated plans such as the Emergency Response Plan and the Biosafety Incident Emergency Plan, establishing an emergency response mechanism;
- During the Reporting Period, conducted a total of 7 emergency drills, including scenarios for liquid nitrogen leakage, pressure vessel leakage, on-site treatment of minor personnel injuries, chemical leakage, biohazardous material leakage, hazardous waste leakage, and fire evacuation drills.

Equipment Safety Management

- Completed the installation and compliance acceptance of special equipment, such as autoclaves in new laboratories, to ensure operational safety;
- Supplemented the allocation of various types of Personal Protective Equipment (PPE), covering multiple scenarios including experiments, operations, and cleaning.

Safety Signage Installation

- Installed numerous new safety signs, including zoning signs for hazardous waste and medical waste storage rooms, exhaust and wastewater discharge outlet signs, occupational health hazard notification signs, area-specific PPE requirement signs, emergency exit door signs, and "Mind Your Hands" warning labels on refrigerator doors.

Safety Measures

During the Reporting Period, CARsgen Therapeutics established Occupational Health and Safety (OHS) objectives, which included: zero major accidents; zero occurrences of occupational diseases; zero government penalties; 100% completion of internal safety inspections as per the annual plan, with timely rectification of identified hazards or issues, achieving a 100% on-time rectification completion rate. During the Reporting Period, CARsgen Therapeutics successfully achieved all its Occupational Health and Safety objectives.

CARsgen Therapeutics has recorded zero work-related fatalities in the past three years. During the Reporting Period, the number of workdays lost due to occupational injuries was zero.

4.4.2 Health Management and Awareness Enhancement

CARsgen Therapeutics prioritizes the daily health management of its employees. In accordance with relevant national laws and regulations, the company has established internal rules and regulations such as the *Occupational Health Management Regulations* and the *Occupational Health Examination Management Procedures*. These documents clarify departmental responsibilities, standardize the workflow for occupational health management, and effectively control and eliminate occupational disease hazards in the workplace and production processes to prevent the occurrence of occupational diseases.

We strictly implement the health surveillance system, conducting pre-employment, in-service, and post-employment health examinations for all personnel exposed to occupational health hazards. During the Reporting Period, to help employees better understand their health status, we invited two professional physicians from a medical examination institution to conduct a dedicated session for interpreting annual physical examination reports. Through one-on-one, in-depth offline consultations, we provided detailed and professional report interpretations and health guidance to 21 colleagues.

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Safety Awareness Promotion

To enhance employee safety awareness and practical skills, the company has refined the topics of employee health and safety training. Multiple safety training sessions have been conducted through a combination of online and offline formats. These include biosafety training, disaster prevention and emergency response training, hands-on fire extinguisher usage training, chemical safety training, hazardous waste training, special equipment training, seasonal infectious disease prevention training, and new employee training. These initiatives comprehensively improve employee safety awareness and practical capabilities.

Case Study: “Safety Month” Campaign

During the Reporting Period, CARsgen Therapeutics organized a “Safety Month” campaign themed “Everyone Advocates for Safety, Everyone Knows How to Respond to Emergencies.” The campaign involved all employees in hazard identification and rectification actions and concurrently conducted a safety knowledge competition. The activities covered the entire workforce, effectively enhancing safety awareness and emergency response capabilities.



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Case Study: First Aid Skills Training

During the Reporting Period, CARsgen Therapeutics conducted specialized training on "10 Essential First Aid Skills Everyone Should Learn." Through theoretical explanations and practical drills, the training enabled employees to quickly master key first aid methods, enhancing their emergency response capabilities. This initiative aims to empower employees to act confidently and competently in critical moments, fostering a safe, prepared, and mutually supportive workplace environment.



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5 GREEN LEADERSHIP, ADVANCING SUSTAINABILITY

CARsgen Therapeutics upholds the philosophy of green development. We comprehensively examine and address the risks and opportunities presented by climate and environmental changes, continuously improve our environmental management system, implement energy conservation, emission reduction, and waste management measures, and are committed to unifying business operations with sustainable development.

5.1 Addressing Climate Change

As global attention to climate change intensifies, achieving carbon neutrality goals has become a shared objective of the international community. CARsgen Therapeutics actively responds to global ESG trends, undertaking climate change initiatives with reference to the Hong Kong Stock Exchange's climate-related disclosure guidance. Aligned with our strategic direction and industry characteristics, we systematically identify and assess climate-related risks, integrating response actions into our energy management system, and continuously advancing energy conservation and emission reduction efforts.

5.1.1 Governance

Under the overall leadership of the Board of Directors, we have established an ESG governance system with clear responsibilities and tiered implementation. Climate change management has been incorporated into its core functional scope, coordinated and advanced by the Audit Committee and the ESG Working Group. For the specific structure, please refer to the "1.1 ESG Governance Structure" section of this report.

Furthermore, we have formulated and implemented the Climate Change Management Requirements. This document explicitly stipulates the collection and analysis of carbon emission-related data in daily operations, sets carbon reduction targets, assesses and selects carbon reduction solutions, and implements them in order of priority.

5.1.2 Strategy

The Group fully recognizes that climate-related risks and opportunities may have a potential impact on the company's strategic positioning and financial condition. We actively employ scenario analysis methods, considering short-, medium-, and long-term business development alongside current policies, regulations, and the macroeconomic environment, to assess the financial impact of climate risks and opportunities under different temperature rise and policy scenarios.

For physical risks, we selected the Intergovernmental Panel on Climate Change (IPCC) Shared Socioeconomic Pathways SSP2-4.5 and SSP5-8.5 for analysis. For transition risks, we chose the International Energy Agency (IEA) Net Zero Emissions by 2050 Scenario (NZE 50) and Announced Pledges Scenario (APS) for analysis. The scope of this assessment was limited to the Group's operational sites in Shanghai⁸.

8 The Group only maintains offices in the United States, which do not involve significant climate risks.

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Scenario Assumption	Climate Scenario	Scenario Introduction
Physical Risks	SSP2-4.5	SSP2-4.5 is a medium-emission scenario. It envisions the implementation of some emission reduction measures, but global greenhouse gas emissions would still peak around mid-century and then gradually decline. Under this scenario, the global average temperature increase by 2100 is projected to be between approximately 2.4°C and 3.0°C.
	SSP5-8.5	SSP5-8.5 is a high-emission scenario, also known as the “business-as-usual” scenario. It assumes no additional emission reduction measures are taken in the future to limit greenhouse gas emissions. Under this scenario, global greenhouse gas emissions continue to grow.
Transition Risk	NZE 50	This scenario outlines a narrow but technically feasible and cost-effective pathway to achieve net-zero CO2 emissions from the global energy and industrial sectors by 2050 and to stabilize the global temperature increase to within 1.5°C.
	APS	The Announced Pledges Scenario (APS) represents a future energy and emissions development path based on the climate policies and commitments already announced by national governments. This scenario considers the impact of these policy pledges on energy demand, prices, and emissions.

CARsgen Therapeutics, referencing the framework recommended by the Task Force on Climate-related Financial Disclosures (TCFD), has conducted a systematic identification of the physical and transition risks that the Group may face in its operational processes. We analyzed the likelihood and potential impact of climate risks across three time horizons: short-term (1 year), medium-term (2-3 years), and long-term (more than 3 years).

During the Reporting Period, CARsgen Therapeutics engaged a third-party professional organization to conduct interviews with various departments on climate risks and opportunities, enabling a comprehensive identification and assessment. Based on the internal interview findings and considering industry characteristics, we have determined the following list of physical and transition risks, including an assessment of the likelihood and potential impact of each risk and opportunity.



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Climate Risk/ Opportunity Category	Climate Risk/Opportunity Type		Impact on CARsgen Therapeutics's business model and value chain	Possibility	Impact Level
Physical Risks	Acute Risk	Typhoons/ Hurricanes	Strong winds may damage factory buildings and equipment, preventing employees from commuting normally, thereby disrupting CARsgen Therapeutics' production and operational activities. Simultaneously, transportation disruptions affect the supply of raw materials and the timeliness of product delivery. Increased Difficulty in Sourcing Raw Materials: May cause supply chain disruptions for CARsgen Therapeutics, leading to insufficient supply or increased costs of raw materials/experimental materials.	Medium	Low
		Extreme Heat	CARsgen Therapeutics' finished products and some raw materials/experimental materials are sensitive to temperature changes and generally require storage in low-temperature environments, with cold chain requirements throughout the transportation process. Extreme heat increases cooling demands for storage, transportation, and manufacturing processes	Low	Low
		Flooding	Global warming increases flood risks, severely impacting local traffic and municipal conditions, preventing employee commutes and disrupting transportation, affecting the company's normal operations, logistics, and transportation.	Low	Low
	Chronic Risk	Rising Average Temperatures	The supply of CARsgen Therapeutics' raw materials may be affected by rising temperatures. Increased temperatures raise cooling demands for storage, transportation, and manufacturing processes.	Low	Low

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Climate Risk/ Opportunity Category	Climate Risk/Opportunity Type		Impact on CARsgen Therapeutics's business model and value chain	Possibility	Impact Level
Transition Risks	Policy & Regulation	Increased Carbon Pricing	The biopharmaceutical industry in which CARsgen Therapeutics operates is not yet included in China's carbon trading system but may be included in the future. Regulatory requirements for carbon emission management across the product lifecycle will gradually increase.	Low	Medium
		Strengthened Emission Reporting Requirements	The Hong Kong Stock Exchange has introduced climate-related information disclosure requirements aligned with the International Sustainability Standards Board (ISSB) and the TCFD recommendations. All listed companies are required to disclose climate-related information in their ESG reports.	Low	Low
	Market	Rising Raw Material Costs	The shift to a low-carbon economy may alter the supply-demand dynamics of commodities, products, and services, potentially reducing supply and pushing up raw material prices. Additionally, prices of traditional fossil fuel-based raw materials may fluctuate with the introduction of new carbon reduction regulations.	Low	Medium
	Reputation	Increasing Negative Feedback from Stakeholders	Poor evaluation of the company's climate strategy execution by stakeholders, including customers, employees, investors, and shareholders, or negative information generated due to excessive emissions, may damage CARsgen Therapeutics' market reputation, thereby increasing its financing difficulties.	Low	Low
Opportunities	Resource Efficiency	Adopting More Efficient Production Processes	By comprehensively managing climate change risks within its operational system and value chain, CARsgen Therapeutics can enhance its overall risk management, operational standards, business efficiency, and supply chain stability.	Medium	Low
	Energy Sources	Utilizing Low-Carbon Energy	Through proactive measures such as purchasing green electricity and installing rooftop photovoltaics to utilize low-carbon energy, CARsgen Therapeutics can reduce its energy costs.	Medium	Medium



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The risks and opportunities arising from climate change exert a non-negligible influence on enterprise operations and business activities. Based on the climate scenario analysis conducted this year, we have performed a quantitative assessment of the risks and opportunities identified in the climate risk and opportunity inventory that are likely to have a financial impact on CARsgen Therapeutics.

Physical Risks

Typhoon Risk, Flood Risk, Extreme Heat Risk

Risk Response Measures

We have systematically integrated response measures for various physical risks to form a company-level risk management strategy, primarily comprising the following three core initiatives:

- 1. Operational Resilience and Emergency Management:** Refined the *Climate Risk Emergency Response Plan*, detailing procedures for personnel evacuation, equipment protection, and material reserves, and regularly conduct emergency drills; strengthened municipal infrastructure construction such as drainage systems at plant sites, and monitor the topography and municipal drainage conditions of operational locations to mitigate flooding risks.
- 2. Supply Chain Stability Assurance:** Established a supplier diversification mechanism, implementing multi-supplier and localized backup strategies for critical materials; developed a supplier risk assessment system, tracked international raw material market dynamics, and appropriately increased stockpiles of key raw materials during the typhoon season to control supply and cost risks.
- 3. Long-term Infrastructure Adaptation:** Comprehensively evaluated terrain and climate factors in the selection of new facility locations to enhance long-term climate resilience.

Quantification Methodology

Based on the actual geographic locations and climate characteristics of each operational site, the Group referenced climate change risk assessment databases such as the World Resources Institute (WRI) to calculate the annualized fixed asset loss ratio or annualized productivity loss ratio due to physical climate risks at operational locations.

Quantification Results

The physical risks do not constitute a current financial impact on CARsgen Therapeutics. Under both the SSP2-4.5 and SSP5-8.5 scenarios, our analysis indicates that the potential financial impact of each climate transition risk and opportunity on CARsgen Therapeutics is relatively low.

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Physical Risk	Financial Quantification Impact	IPCC AR6 SSP2-4.5 Scenario			IPCC AR6 SSP5-8.5 Scenario		
		Short-term	Medium-term	Long-term	Short-term	Medium-term	Long-term
Typhoon	Fixed Asset Damage Ratio ⁹	<1%	<1%	<1%	<1%	<1%	<1%
Flooding	Fixed Asset Damage Ratio	<1%	<1%	<1%	<1%	<1%	<1%
Extreme Heat	Productivity Loss Ratio ¹⁰	<10%	<10%	<10%	<10%	<10%	<10%

Transition Risks & Opportunities

Transition risk: Rising raw material costs, Increasing carbon pricing

Opportunity: Adopting more efficient production processes, Utilizing low-carbon energy

Risk & Opportunity Response Measures

We have systematically integrated response measures for climate transition-related risks and opportunities, developing the company's climate transition management strategy, which is implemented through the following four key pathways:

- 1. Policy and Market Response Mechanism:** Closely monitor carbon market policies and trading dynamics, prudently disclose greenhouse gas emission data, and actively promote carbon reduction initiatives such as energy-saving renovations and energy structure transformation.
- 2. Supply Chain Resilience Building:** Establish a comprehensive supplier risk assessment system, expand the list of alternative suppliers to reduce sole-source dependence; ensure supply chain reliability and stability, and continuously track international market and raw material price trends to support cost control and strategic decision-making.
- 3. Energy Management Measures:** For details, please refer to the "Energy Management" section.

⁹ Given that the potential damage ratio to fixed assets from typhoons and floods is projected to be less than 1% in the short, medium, and long term, the financial impact on CARsgen Therapeutics is assessed as low and does not constitute a material financial risk.

¹⁰ As CARsgen Therapeutics is not a labor-intensive enterprise, and the projected productivity loss ratio due to extreme heat risk is estimated to be less than 10% in the short, medium, and long term, the associated financial impact is assessed as low and does not constitute a material financial risk.

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Quantification Methodology

The Group measures and assesses the financial impact of climate-related transition risks and opportunities using the indicators “Operating Cost Ratio” and “Ratio of Cost Savings to Revenue.” Based on the degree of impact, we categorize them as Lower Risk (absolute impact value <5%), Medium Risk (absolute impact value ≥5%, ≤10%), and Higher Risk (absolute impact value >10%).

Quantification Results

The aforementioned transition risks and opportunities do not constitute a current financial impact on CARsgen Therapeutics. Under both the NZE 50 and APS scenarios, our analysis indicates that the potential financial impact of each climate transition risk on CARsgen Therapeutics is relatively low.

Transition Risks	Financial Quantification Impact	IEA APS Scenario			IEA NZE 50 Scenario		
		Short-term	Medium-term	Long-term	Short-term	Medium-term	Long-term
Rising Raw Material Costs	Operating Cost Ratio	<5%	<5%	<5%	<5%	<5%	<5%
Increasing Carbon Pricing	Operating Cost Ratio	<5%	<5%	<5%	<5%	<5%	<5%

Opportunities	Financial Quantification Impact	IEA APS Scenario			IEA NZE 50 Scenario		
		Short-term	Medium-term	Long-term	Short-term	Medium-term	Long-term
Using More Efficient Production Processes	Ratio of Cost Savings to Revenue	<5%	<5%	<5%	<5%	<5%	<5%
Using Low-Carbon Energy	Ratio of Cost Savings to Revenue	<5%	<5%	5%-10%	<5%	<5%	5%-10%

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5.1.3 Risk Management

CARsgen Therapeutics integrates climate change into its enterprise risk management processes by combining international mainstream risk management guidelines and frameworks, establishing a comprehensive climate risk and opportunity management procedure.

We have developed a climate change risk analysis model based on meteorological and economic data from authoritative public platforms to conduct comprehensive analyses. This, combined with the distribution of the Group's operational locations and the associated business activities and assets, allows us to assess the potential impact on the Group from climate risks under various scenarios, as well as the likelihood of these risks occurring.

We have formulated targeted response measures for potential climate risks, covering infrastructure, energy, and the supply chain, and have fully integrated the management of these climate risks into the work plans of relevant departments.

5.1.4 Metrics & Targets

We actively address the challenges posed by climate change and seize transitional opportunities. We continuously monitor and evaluate greenhouse gas emissions, promote low-carbon optimization in production processes, incorporate carbon emissions per production batch into routine management to ensure they remain stable and controlled, and systematically reduce the environmental impact of our operations.

During the Reporting Period, the Group established a greenhouse gas emission intensity target for the production process of the product CT053. Specifically, compared to the base year 2025, the greenhouse gas emission intensity (tons of CO₂ equivalent per production batch) for CT053 in the production process is targeted to decrease by at least 3% in 2026.



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Greenhouse gas emissions ¹¹	Unit	2025	2024	2023
Total Greenhouse Gas Emissions	tons of CO ₂ equivalent	8,711.42	12,821.59	12,241.74
Direct Greenhouse Gas Emissions (Scope 1)	tons of CO ₂ equivalent	86.59	621.64	553.09 ¹²
Indirect Greenhouse Gas Emissions (Scope 2)	tons of CO ₂ equivalent	8,624.84	12,199.95	11,688.65
Greenhouse Gas Emissions Intensity (Scope 1 + 2)	tons of CO ₂ equivalent/ production batch	41.68	59.09	54.16
Greenhouse Gas Emissions Intensity in the Production Process of CT053	tons of CO ₂ equivalent/ production batch	33.01	/	/
Greenhouse Gas Emissions (Scope 3) ¹³	tons of CO ₂ equivalent	4,640.46	/	/
Category 1: Purchased Goods & Services	tons of CO ₂ equivalent	2,583.76	/	/
Category 2: Capital Goods	tons of CO ₂ equivalent	149.37	/	/
Category 3: Fuel – and Energy-Related Activities	tons of CO ₂ equivalent	1,133.55	/	/
Category 4: Upstream Transportation & Distribution	tons of CO ₂ equivalent	79.72	/	/
Category 5: Waste Generated in Operations	tons of CO ₂ equivalent	110.65	/	/
Category 6: Business Travel	tons of CO ₂ equivalent	180.39	/	/
Category 7: Employee Commuting	tons of CO ₂ equivalent	393.09	/	/
Category 9: Downstream Transportation & Distribution	tons of CO ₂ equivalent	9.92	/	/
Category 12: End-of-Life Treatment of Sold Products ¹⁴	tons of CO ₂ equivalent	0.00026	/	/

5.2 Environmental Compliance Management

CARsgen Therapeutics strictly complies with laws and regulations such as *the Environmental Protection Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution, and the Law of the People's Republic of China on the Prevention and Control of Water Pollution*. The company has established the "Environmental Management Requirements Policy" system, which identifies key environmental factors in operations and stipulates the priority sequence of "substitution, reduction, reuse, recycling, and treatment" when evaluating and selecting pollution prevention and control measures, systematically advancing the achievement of environmental compliance objectives. We monitor and assess pollutant emissions in accordance with regulations, continuously reducing the environmental impact of operations. During the Reporting Period, no activities that significantly impact the environment and natural resources were identified.

11 Based on the operational characteristics, the company's greenhouse gas emissions primarily consist of carbon dioxide, including direct greenhouse gas emissions from diesel, and indirect energy-related greenhouse gas emissions from purchased electricity and steam. The greenhouse gas emissions are calculated in accordance with the International Organization for Standardization's "Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals" (ISO 14064-1), the "2019 Refinement to the 2006 IPCC Guidelines for National Greenhouse Gas Inventories" by the Intergovernmental Panel on Climate Change, and the location-based national grid average CO₂ emission factor announced in the Ministry of Ecology and Environment's "Announcement on the Release of the 2023 Power Sector CO₂ Emission Factor."

12 A major improvement was needed for the statistical method for the company's total Scope 1 direct greenhouse gas emissions in 2023 (corrected from 3,639.12 tons of CO₂ to 553.09 tons of CO₂). As a result, CARsgen Therapeutics' actual total greenhouse gas emissions in 2023 were 12,241.74 tons of CO₂, with a greenhouse gas emission intensity of 54.16 tons of CO₂ equivalent per production batch.

13 CARsgen Therapeutics has begun accounting for Scope 3 greenhouse gas emissions in the current year.

14 Category 12 emissions sources include emissions from the disposal of scrapped blood bag clamps as scrap metal by waste disposal companies.

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To fully implement environmental management measures, we have established an environmental management structure with the CEO of CARsgen Therapeutics as the highest responsible person, under which an EHS (Environment, Health and Safety) Management Committee is established, with members including the COO of CARsgen Therapeutics and heads of relevant business departments. The EHS Management Committee holds regular meetings to study and formulate EHS objectives and plans, review progress on key tasks, coordinate and resolve implementation issues, track and supervise the implementation of resolutions, and regularly report to management on work progress.

Based on the core elements of the ISO 14001 environmental management system, CARsgen Therapeutics, through the EHS Committee, organizes annual internal compliance audits to systematically assess the compliance of all departments with environmental laws and regulations. During the Reporting Period, the Group conducted special clean production audits for all production and operation bases, covering energy consumption, water resource consumption, opportunities for clean production, and implemented measures, with no major improvement items identified.

5.3 Emissions and Discharge Management

CARsgen Therapeutics strictly implements national and local pollutant emission standards, continuously improves internal management mechanisms, and actively implements emission reduction measures in accordance with the *"Environmental Management Requirements Policy,"* effectively controlling and reducing pollutant emissions. During the Reporting Period, the Group obtained pollutant discharge permits in accordance with the law, fulfilled the obligation to report pollutant discharge information, and submitted pollutant discharge permit implementation reports truthfully and on time. We have established a continuous monitoring and management system for emission data to ensure that emissions per production batch remain stable and under control.

5.3.1 Air Emissions Management

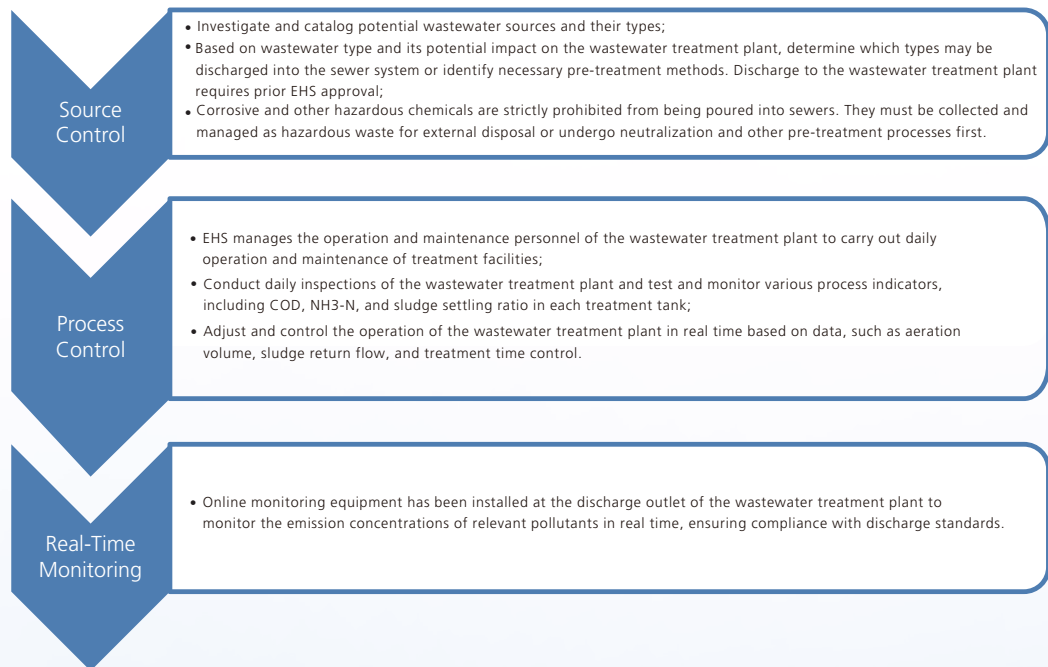
CARsgen Therapeutics has established a strict waste gas emission management system, defining emission control standards, management specifications, and operational procedures. The main waste gases generated during the Group's production process include hydrogen chloride, sulfuric acid mist, and ammonia, all of which are treated by activated carbon adsorption before being discharged at high altitude. To ensure compliance with standards, the Group regularly commissions qualified third-party testing institutions to monitor waste gas emissions, ensuring that waste gas emissions meet standard.

Waste Gas Emissions	Unit	2025	2024	2023
Total Waste Gas Emissions	tons	0.01	0.05	0.05
Including: Hydrogen Chloride	tons	0.00	0.03	0.03
Ammonia	tons	0.01	0.02	0.02

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5.3.2 Wastewater Management

CARsgen Therapeutics strictly complies with the wastewater discharge standards of the regions in which it operates and has established a comprehensive internal management system. The primary pollutants in the Group's wastewater include Chemical Oxygen Demand (COD) and Ammonia Nitrogen. We determine and implement appropriate treatment methods based on the type of wastewater. Simultaneously, we regularly engage qualified third-party organizations for testing and equipment maintenance to ensure that wastewater discharge meets regulatory standards.



Wastewater Treatment Process

Wastewater Discharge	Unit	2025	2024	2023
Total Wastewater Discharge	tons	5,813.31	8,659.38	17,642.00
Including: COD	tons	0.31	0.48	3.80
Ammonia nitrogen	tons	0.00	0.01	0.32

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5.3.3 Hazardous and Non-hazardous Waste Management

CARsgen Therapeutics generates hazardous waste during production and operations, primarily including laboratory waste liquids, biological waste from R&D and production processes, and medical/pharmaceutical waste. To minimize the environmental impact of hazardous waste, the Group has formulated the *Hazardous Waste Management Regulation*, specifying comprehensive management requirements for different categories of hazardous waste (including medical waste). These requirements cover classification standards, collection methods, specialized containers, labeling, record-keeping, on-site transfer, personnel and personal protective equipment (PPE), temporary storage, outsourced disposal, and emergency drills.

The Group's hazardous waste storage conditions strictly comply with the standards and regulations of the locations where its operational bases are situated. We systematically implement waste management processes to ensure that hazardous waste management – spanning classification, labeling, documentation, transportation, and temporary storage – meets all relevant legal and regulatory requirements.

We engage qualified third-party organizations with the appropriate certifications to handle hazardous waste, continuously reducing the risk of environmental pollution during the treatment process. For such suppliers, we conduct on-site EHS audits covering dimensions such as regulatory compliance, management systems conforming to ISO requirements, and resource recycling capabilities. Audit reports are generated to ensure their qualifications are complete and their management practices are standardized. In managing and monitoring non-hazardous waste, we strictly adhere to the applicable laws and regulations of the operational locations and operate in accordance with the Group's established non-hazardous waste management procedures.

Waste discharge	Unit	2025	2024 ¹⁵	2023
Total Hazardous Waste	tons	32.16	28.82	35.20
Hazardous Waste Density	tons/production batch	0.15	0.13	0.16
Total Non-hazardous Waste	tons	62.90	459.96	117.13
Non-Hazardous Waste Density	tons/production batch	0.30	2.12	0.52

15 In 2024, CARsgen Therapeutics underwent relocation, generating 412 tons of construction waste.

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5.4 Resource Usage

CARsgen Therapeutics fully recognizes the critical role of natural resources in sustaining human society, which are also indispensable in pharmaceutical R&D and production. Through systematic and integrated management, the Group enhances water resource utilization efficiency and optimizes packaging material management based on environmental protection principles, laying a solid foundation for long-term sustainable development.

CARsgen Therapeutics is deeply aware of the importance of environmentally friendly packaging materials in reducing environmental impact. While strictly complying with drug safety regulatory requirements, we actively explore pathways for reducing and recycling pharmaceutical packaging. The Group conducts comprehensive assessments of the packaging materials used in daily operations and establishes standardized management processes covering acceptance, inspection, storage, and distribution, implementing strict controls on packaging quality to ensure compliance with specifications and sustainability requirements.

Packaging Material Consumption	Unit	2025	2024	2023
Total Packaging Material Consumption	kg	204.53	56.00	12.66
Packaging Material Consumption Intensity	kg/production batch	0.98	0.26	0.06

As the global water scarcity situation becomes increasingly prominent, the importance of systematic water resource management continues to rise. CARsgen Therapeutics' production and operational water primarily relies on municipal water supply. During the Reporting Period, the Group did not experience any water shortage situations. While strictly adhering to local laws and regulations, we continuously promote water-saving practices and improve water efficiency through measures such as optimizing production processes and enhancing employee awareness of water conservation. We are consistently improving our water resource management system to lay a solid foundation for sustainable operations.

In 2025, CARsgen Therapeutics implemented a project involving the installation of wastewater collection tanks. These tanks store high-temperature wastewater after production for natural cooling, effectively reducing the use of cooling water. During the Reporting Period, this project saved approximately 10 tons of cooling water.

Water Resource Consumption	Unit	2025	2024	2023
Total Water Consumption	tons	100,495.00	90,193	90,040
Water Consumption Intensity	tons/production batch	480.84	415.64	398.41

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Energy Management

To enhance energy management efficiency, CARsgen Therapeutics has established and continuously monitors various energy goals. By optimizing operational energy efficiency and resource allocation, and conducting energy conservation awareness campaigns, we aim to achieve sustainable improvements in energy management.

Operational Efficiency and Resource Optimization: Continuously improve energy and resource use efficiency, strengthen coordination between business operations and the supply chain, maximize output per unit of energy consumption, and systematically enhance operational efficiency and stability.

- a) Installed Variable Speed Drives (VSDs) on exhaust ventilation systems to automatically adjust fan airflow based on fume hood operation signals, achieving on-demand energy supply.
- b) Installed glycol heat recovery units on air conditioning systems to recover waste heat (in winter) and cooling capacity (in summer) from exhaust air, using it to pre-heat fresh air intake, enabling cascading energy utilization.
- c) Cleaned and flushed air conditioning chilled/hot water systems with specialized cleaning agents, effectively improving heat exchange efficiency and reducing electricity consumption.

Energy Conservation Awareness Campaigns: Organized specialized training such as “Basic Concepts of Cleaner Production,” with 50 participants. Conducted a Painted Glass Art Workshop activity, involving 30 employees, using recycled old glass cups as canvases to awaken environmental awareness through creative practice.

Energy Consumption ¹⁶	Unit	2025	2024	2023
Indirect Energy Consumption				
Total Purchased Electricity	MWh	10,365.46	15,088.02	14,219.67
Total Purchased Steam	MWh	10,650.05	11,466.22	10,709.25
Direct Energy Consumption				
Diesel	MWh	326.40	229.77	36.34
Total Energy Consumption	MWh	21,341.90	29,103.16	27,642.52
Energy Consumption Intensity	MWh/Production Batch	102.11	134.12	122.31



16 In 2025, CARsgen Therapeutics did not consume gasoline or natural gas.

6 SHARING AND BUILDING, A BETTER HOME

CARsgen Therapeutics consistently adheres to the principle of balancing economic benefits with social benefits, actively building a harmonious symbiotic relationship with the community. In 2025, we carried out various public welfare activities, including caring for special children, organizing employee voluntary blood donation, and conducting voluntary tree planting activities, continuously fulfilling our corporate social responsibility. Through cultural and sports exchanges and volunteer activities, we convey warmth and care to the community, demonstrating responsibility and commitment to society. During the Reporting Period, CARsgen Therapeutics' public welfare activities accumulated a total of 34 hours, with a total investment of RMB17,400.

In 2025, CARsgen Therapeutics actively fulfilled its social responsibility, responding to public health needs, and organized 5 batches of voluntary blood donation activities with a total of 16 employees participating, demonstrating the corporate spirit of "Boundless Great Love" and social responsibility.

Volunteers accompanied children with special needs to enjoy the springtime together

In April 2025, CARsgen Therapeutics organized 12 employees to volunteer at the Shanghai Feiye Art Special Education Center, accompanying 13 children with special needs and conducting an art co-creation activity. Through training sessions to learn relevant knowledge about communicating with children with special needs, appreciating and participating in interactive programs, and jointly creating artistic fans, the volunteers established genuine emotional connections with the children, embodying the company's community responsibility philosophy of "Mutual Empowerment and Harmonious Coexistence."



Special Children Care Activity

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Public Tree Planting Initiative

In March 2025, CARsgen Therapeutics organized 29 employees to participate in a voluntary tree planting activity, planting 30 trees. In accordance with the “Measures for the Management of Forms of Fulfilling Obligatory Tree Planting by the Whole People (Trial)”, the volunteers who participated in the tree planting received the “Certificate of Fulfillment of Obligatory Tree Planting by All Personnel” issued by the Shanghai Greening Committee Office. Through this public tree planting initiative, CARsgen Therapeutics actively implements the long-term concept of harmonious coexistence between humans and nature, making positive contributions to green city construction and ecological civilization.



**Certificate of CARsgen Therapeutics’ Obligatory
Tree Planting Activity and Group Photo of Volunteers**



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APPENDIX: HKEX ESG CODE INDEX

Environmental, Social and Governance Categories and General Disclosures and Key Performance Indicators (KPIs)		Indexes
A. Environment		
A1: Emissions		
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air emissions, discharges into water and land, and generation of hazardous and non-hazardous waste	5.2 Environmental Compliance Management
A1.1	The types of emissions and respective emissions data.	5.3 Emissions and Discharge Management
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	5.3 Emissions and Discharge Management
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	5.3 Emissions and Discharge Management
A1.5	Description of emissions target(s) set and steps taken to achieve them.	5.1 Addressing Climate Change
A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	5.3 Emissions and Discharge Management

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A2: Use of Resources

General disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	5.4 Resource Usage
A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	5.4 Resource Usage
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	5.4 Resource Usage
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	5.4 Resource Usage
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	5.4 Resource Usage
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	5.4 Resource Usage

A3: The Environment and Natural Resources

General disclosure	Policies on minimizing the issuer's significant impacts on the environment and natural resources.	5.2 Environmental Compliance Management
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	5.2 Environmental Compliance Management



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B. Society

Employment and Labor Practices

B1: Employment

General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	4.1 Talent Attraction
B1.1	Total workforce by gender, employment type (for example, full-or part-time), age group and geographical region.	4.1 Talent Attraction
B1.2	Employee turnover rate by gender, age group and geographical region.	4.1 Talent Attraction

B2: Health and Safety

General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	4.4 Health and Safety
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	4.4 Health and Safety
B2.2	Lost days due to work injury.	4.4 Health and Safety
B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	4.4 Health and Safety

B3: Development and Training

General disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	4.2 Employee Development & Cultivation
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	4.2 Employee Development & Cultivation
B3.2	The average training hours completed per employee by gender and employee category.	4.2 Employee Development & Cultivation

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B4: Labor Standards

General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.	4.1 Talent Attraction
B4.1	Description of measures to review employment practices to avoid child and forced labor.	4.1 Talent Attraction
B4.2	Description of steps taken to eliminate such practices when discovered.	4.1 Talent Attraction

Operating Practices

B5: Supply Chain Management

General disclosure	Policies on managing environmental and social risks of the supply chain.	2.3 Supply Chain Management
B5.1	Number of suppliers by geographical region.	2.3 Supply Chain Management
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	2.3 Supply Chain Management
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	2.3 Supply Chain Management
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	2.3 Supply Chain Management

B6: Product Responsibility

General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	1.4 Business Ethics 2.1 Prioritizing Quality
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	2.2 Drug Safety Assurance
B6.2	Number of products and service related complaints received and how they are dealt with.	2.2 Drug Safety Assurance
B6.3	Description of practices relating to observing and protecting intellectual property rights.	3.3 Protection of Intellectual Property Rights
B6.4	Description of quality assurance process and recall procedures.	2.2 Drug Safety Assurance
B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	1.4 Business Ethics

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B7: Anti-Corruption

General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	1.4 Business Ethics
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases.	1.4 Business Ethics
B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	1.4 Business Ethics
B7.3	Description of anti-corruption training provided to directors and staff.	1.4 Business Ethics

Community

B8: Community investment

General disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	6 Sharing and Building, A Better Home
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	6 Sharing and Building, A Better Home
B8.2	Resources contributed (e.g. money or time) to the focus area.	6 Sharing and Building, A Better Home

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Part D: Climate-related Disclosures

Climate-related Disclosures

Chapter

- (I) **Governance**
1. An issuer shall disclose information about:
 - (a) the governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of **climate-related risks and opportunities**. Specifically, the issuer shall identify that body(s) or individual(s) and disclose information about:
 - (i) how the body(s) or individual(s) determines whether appropriate skills and competencies are available or will be developed to oversee strategies designed to respond to climate-related risks and opportunities; 1.1 ESG Governance Structure
 - (ii) how and how often the body(s) or individual(s) is informed about **climate-related risks and opportunities**; 1.1 ESG Governance Structure
 - (iii) how the body(s) or individual(s) takes into account **climate-related risks and opportunities** when overseeing the issuer's strategy, its decisions on major transactions, and its risk management processes and related policies, including whether the body(s) or individual(s) has considered trade-offs associated with those risks and opportunities; 1.1 ESG Governance Structure
 - (iv) how the body(s) or individual(s) oversees the setting of, and monitors progress towards, targets related to **climate-related risks and opportunities** (see paragraphs 19 to 22), including whether and how related performance metrics are included in remuneration policies (see paragraph 17); and 1.1 ESG Governance Structure
 - (b) management's role in the governance processes, controls and procedures used to monitor, manage and oversee **climate-related risks and opportunities**, including information about:
 - (i) whether the role is delegated to a specific management-level position or management-level committee and how oversight is exercised over that position or committee; and 1.1 ESG Governance Structure
 - (ii) whether management uses controls and procedures to support the oversight of **climate-related risks and opportunities** and, if so, how these controls and procedures are integrated with other internal functions. 1.1 ESG Governance Structure

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(II) Strategy

Climate-related risks and opportunities

2. An issuer shall disclose information to enable an understanding of **climate-related risks and opportunities** that could reasonably be expected to affect the issuer's cash flows, its access to finance or cost of capital over the short, medium or long term. Specifically, the issuer shall:

- (a) describe **climate-related risks and opportunities** that could reasonably be expected to affect the issuer's cash flows, its access to finance or cost of capital over the short, medium or long term; 5.1 Addressing Climate Change
- (b) explain, for each climate-related risk the issuer has identified, whether the issuer considers the risk to be a **climate-related physical risk or climate-related transition risk**; 5.1 Addressing Climate Change
- (c) specify, for each **climate-related risk and opportunity** the issuer has identified, over which time horizons – short, medium or long term – the effects of each **climate-related risk and opportunity** could reasonably be expected to occur; and 5.1 Addressing Climate Change
- (d) explain how the issuer defines 'short term', 'medium term' and 'long term' and how these definitions are linked to the planning horizons used by the issuer for strategic decision-making. 5.1 Addressing Climate Change

Business model and value chain

3. An issuer shall disclose information that enables an understanding of the current and anticipated effects of **climate-related risks and opportunities** on the issuer's **business model and value chain**. Specifically, the issuer shall disclose:
 - (a) a description of the current and anticipated effects of **climate-related risks and opportunities** on the issuer's **business model and value chain**; and 5.1 Addressing Climate Change
 - (b) a description of where in the issuer's **business model** and value chain **climate-related risks and opportunities** are concentrated (for example, geographical areas, facilities and types of assets). 5.1 Addressing Climate Change

Strategy and decision-making

4. An issuer shall disclose information that enables an understanding of the effects of **climate-related risks and opportunities** on its strategy and decision-making. Specifically, the issuer shall disclose:
 - (a) information about how the issuer has responded to, and plans to respond to, **climate-related risks and opportunities** in its strategy and decision-making, including how the issuer plans to achieve any climate-related targets it has set and any targets it is required to meet by law or regulation. Specifically, the issuer shall disclose information about:
 - (i) current and anticipated changes to the issuer's **business model**, including its resource allocation, to address **climate-related risks and opportunities**; 5.1 Addressing Climate Change
 - (ii) current and anticipated adaptation and mitigation efforts (whether direct or indirect); 5.1 Addressing Climate Change

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(iii) any climate-related transition plan the issuer has (including information about key assumptions used in developing its transition plan, and dependencies on which the issuer's transition plan relies), or an appropriate negative statement where the issuer does not have a climate-related transition plan; and (iv) how the issuer plans to achieve any climate-related targets (including any greenhouse gas emissions targets (if any)), described in accordance with paragraphs 19 to 22; and (b) information about how the issuer is resourcing, and plans to resource, the activities disclosed in accordance with paragraph 4(a) 5. An issuer shall disclose information about the progress of plans disclosed in previous reporting periods in accordance with paragraph 4(a)	5.1 Addressing Climate Change 5.1 Addressing Climate Change 5.1 Addressing Climate Change 5.1 Addressing Climate Change
Financial position, financial performance and cash flows	
Current financial effect	
6. An issuer shall disclose qualitative and quantitative information about: (a) how climate-related risks and opportunities have affected its financial position, financial performance and cash flows for the reporting period; and (b) the climate-related risks and opportunities identified in paragraph 6(a) for which there is a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the related financial statements.	5.1 Addressing Climate Change 5.1 Addressing Climate Change 5.1 Addressing Climate Change
Financial position, financial performance and cash flows	
Anticipated financial effect	
7. The issuer shall provide qualitative and quantitative disclosures about: (a) how the issuer expects its financial position to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities, taking into consideration: 將如何變化: (i) its investment and disposal plans; (ii) its planned sources of funding to implement its strategy; and (b) how the issuer expects its financial performance and cash flows to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities.	5.1 Addressing Climate Change 5.1 Addressing Climate Change 5.1 Addressing Climate Change

Climate resilience

8. An issuer shall disclose information that enables an understanding of the resilience of the issuer's strategy and **business model** to climate-related changes, developments and uncertainties, taking into consideration the issuer's identified **climate-related risks and opportunities**. An issuer shall use climate-related scenario analysis to assess its **climate resilience** using an approach that is commensurate with an issuer's circumstances. In providing quantitative information, the issuer may disclose a single amount or a range. Specifically, the issuer shall disclose:
 - (a) the issuer's assessment of its **climate resilience** as at the reporting date, which shall enable an understanding of:
 - (i) the implications, if any, of the issuer's assessment for its strategy and **business model**, including how the issuer would need to respond to the effects identified in the climate-related scenario analysis; 5.1 Addressing Climate Change
 - (ii) the significant areas of uncertainty considered in the issuer's assessment of its **climate resilience**; and 5.1 Addressing Climate Change
 - (iii) the issuer's capacity to adjust, or adapt its strategy and **business model** to climate change over the short, medium or long term; 5.1 Addressing Climate Change
 - (b) how and when the climate-related scenario analysis was carried out, including:
 - (i) information about the inputs used, including:
 - (1) which climate-related scenarios the issuer used for the analysis and the sources of such scenarios;
 - (2) whether the analysis included a diverse range of climate-related scenarios;
 - (3) whether the climate-related scenarios used for the analysis are associated with climate-related transition risks or **climate-related physical risks**;
 - (4) whether the issuer used, among its scenarios, a climate-related scenario aligned with the **latest international agreement on climate change**; 5.1 Addressing Climate Change
 - (5) why the issuer decided that its chosen climate-related scenarios are relevant to assessing its resilience to climate-related changes, developments or uncertainties;
 - (6) time horizons the issuer used in the analysis; and
 - (7) what scope of operations the issuer used in the analysis (for example, the operation, locations and business units used in the analysis);
 - (ii) the key assumptions the issuer made in the analysis; and 5.1 Addressing Climate Change
 - (iii) the reporting period in which the climate-related scenario analysis was carried out. 5.1 Addressing Climate Change

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(III) Risk Management	9. An issuer shall disclose information about:	
	(a) the processes and related policies it uses to identify, assess, prioritise and monitor climate-related risks, including information about: (i) the inputs and parameters the issuer uses (for example, information about data sources and the scope of operations covered in the processes); 5.1 Addressing Climate Change (ii) whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related risks; 5.1 Addressing Climate Change (iii) how the issuer assesses the nature, likelihood and magnitude of the effects of those risks (for example, whether the issuer considers qualitative factors, quantitative thresholds or other criteria); 5.1 Addressing Climate Change (iv) whether and how the issuer prioritises climate-related risks relative to other types of risks; 5.1 Addressing Climate Change (v) how the issuer monitors climate-related risks; and 5.1 Addressing Climate Change (vi) whether and how the issuer has changed the processes it uses compared with the previous reporting period; 5.1 Addressing Climate Change (b) the processes the issuer uses to identify, assess, prioritise and monitor climate-related opportunities (including information about whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related opportunities); and (c) the extent to which, and how, the processes for identifying, assessing, prioritising and monitoring climate-related risks and opportunities are integrated into and inform the issuer's overall risk management process.	
(IV) Metrics and Targets	Greenhouse gas emissions	
	10. An issuer shall disclose its absolute gross greenhouse gas emissions generated during the reporting period, expressed as metric tons of CO₂ equivalent, classified as: (a) Scope 1 greenhouse gas emissions; 5.1 Addressing Climate Change (b) Scope 2 greenhouse gas emissions; and 5.1 Addressing Climate Change (c) Scope 3 greenhouse gas emissions. 5.1 Addressing Climate Change	



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11. An issuer shall:
 - (a) measure its **greenhouse gas** emissions in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) unless required by a jurisdictional authority or another exchange on which the issuer is listed to use a different method for measuring **greenhouse gas** emissions; 5.1 Addressing Climate Change
 - (b) disclose the approach it uses to measure its **greenhouse gas** emissions including:
 - (i) the measurement approach, inputs and assumptions the issuer uses to measure its **greenhouse gas** emissions; 5.1 Addressing Climate Change
 - (ii) the reason why the issuer has chosen the measurement approach, inputs and assumptions it uses to measure its **greenhouse gas** emissions; and 5.1 Addressing Climate Change
 - (iii) any changes the issuer made to the measurement approach, inputs and assumptions during the reporting period and the reasons for those changes; 5.1 Addressing Climate Change
 - (c) for **Scope 2 greenhouse gas emissions** disclosed in accordance with paragraph 10(b), disclose its location-based **Scope 2 greenhouse gas emissions**, and provide information about any contractual instruments that is necessary to enable an understanding of the issuer's **Scope 2 greenhouse gas emissions**; and 5.1 Addressing Climate Change
 - (d) for **Scope 3 greenhouse gas emissions** disclosed in accordance with paragraph 10(c), disclose the categories included within the issuer's measure of **Scope 3 greenhouse gas emissions**, in accordance with the **Scope 3 categories** described in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011). 5.1 Addressing Climate Change
- Climate-related transition risks**
12. An issuer shall disclose the amount and percentage of assets or business activities vulnerable to **climate-related transition risks**. 5.1 Addressing Climate Change
- Climate-related physical risks**
13. An issuer shall disclose the amount and percentage of assets or business activities vulnerable to **climate-related physical risks**. 5.1 Addressing Climate Change

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Climate-related opportunities

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|---|-------------------------------|
| 14. An issuer shall disclose the amount and percentage of assets or business activities aligned with climate-related opportunities. | 5.1 Addressing Climate Change |
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Capital deployment

- | | |
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| 15. An issuer shall disclose the amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities . | 5.1 Addressing Climate Change |
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Internal carbon prices

- | | |
|--|---|
| 16. An issuer shall disclose: | |
| (a) an explanation of whether and how the issuer is applying a carbon price in decision-making (for example, investment decisions, transfer pricing, and scenario analysis); and | CARsgen Therapeutics has not established an internal carbon price; this matter is not applicable. |
| (b) the price of each metric tonne of greenhouse gas emissions the issuer uses to assess the costs of its greenhouse gas emissions; or an appropriate negative statement that the issuer does not apply a carbon price in decision-making. | CARsgen Therapeutics has not established an internal carbon price; this matter is not applicable. |

Remuneration

- | | |
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| 17. An issuer shall disclose whether and how climate-related considerations are factored into remuneration policy, or an appropriate negative statement. This may form part of the disclosure under paragraph 1(a)(iv). | CARsgen Therapeutics has not incorporated climate-related considerations into its remuneration policy; this matter is not applicable. |
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Industry-based metrics

- | | |
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| 18. An issuer is encouraged to disclose industry-based metrics that are associated with one or more particular business models , activities or other common features that characterise participation in an industry. In determining the industry-based metrics that the issuer discloses, an issuer is encouraged to refer to and consider the applicability of the industry-based metrics associated with disclosure topics described in the IFRS S2 Industry-based Guidance on implementing Climate-related Disclosures and other industry-based disclosure requirements prescribed under other international ESG reporting frameworks. | Industry benchmarks were not referenced; this matter is not applicable. |
|---|---|



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Climate-related targets

19. An issuer shall disclose (a) the qualitative and quantitative climate-related targets the issuer has set to monitor progress towards achieving its strategic goals; and (b) any targets the issuer is required to meet by law or regulation, including any **greenhouse gas** emissions targets. For each target, the issuer shall disclose:
 - (a) the metric used to set the target; 5.1 Addressing Climate Change
 - (b) the objective of the target (for example, mitigation, adaptation or conformance with science-based initiatives); 5.1 Addressing Climate Change
 - (c) the part of the issuer to which the target applies (for example, whether the target applies to the issuer in its entirety or only a part of the issuer, such as a specific business unit or geographic region); 5.1 Addressing Climate Change
 - (d) the period over which the target applies; 5.1 Addressing Climate Change
 - (e) the base period from which progress is measured; 5.1 Addressing Climate Change
 - (f) milestones or interim targets (if any); 5.1 Addressing Climate Change
 - (g) if the target is quantitative, whether the target is an absolute target or an intensity target; and 5.1 Addressing Climate Change
 - (h) how the latest international agreement on climate change, including jurisdictional commitments that arise from that agreement, has informed the target. 5.1 Addressing Climate Change
20. An issuer shall disclose information about its approach to setting and reviewing each target, and how it monitors progress against each target, including:
 - (a) whether the target and the methodology for setting the target has been validated by a third party; 5.1 Addressing Climate Change
 - (b) the issuer's processes for reviewing the target; 1.1 ESG Governance Structure
 - (c) the metrics used to monitor progress towards reaching the target; and 5.1 Addressing Climate Change
 - (d) any revisions to the target and an explanation for those revisions. 5.1 Addressing Climate Change
21. An issuer shall disclose information about its performance against each climate-related target and an analysis of trends or changes in the issuer's performance. 5.1 Addressing Climate Change

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22. For each greenhouse gas emissions target disclosed in accordance with paragraphs 19 to 21, an issuer shall disclose:
- (a) which greenhouse gases are covered by the target; 5.1 Addressing Climate Change
 - (b) whether Scope 1, Scope 2 or Scope 3 greenhouse gas emissions are covered by the target; 5.1 Addressing Climate Change
 - (c) whether the target is a gross greenhouse gas emissions target or a net greenhouse gas emissions target. If the issuer discloses a net greenhouse gas emissions target, the issuer is also required to separately disclose its associated gross greenhouse gas emissions target; 5.1 Addressing Climate Change
 - (d) whether the target was derived using a sectoral decarbonisation approach; and 5.1 Addressing Climate Change
 - (e) the issuer's planned use of carbon credits to offset greenhouse gas emissions to achieve any net greenhouse gas emissions target. In explaining its planned use of carbon credits, the issuer shall disclose¹:
 - (i) the extent to which, and how, achieving any net greenhouse gas emissions target relies on the use of carbon credits; /
 - (ii) which third-party scheme(s) will verify or certify the carbon credits; /
 - (iii) the type of carbon credit, including whether the underlying offset will be nature-based or based on technological carbon removals, and whether the underlying offset is achieved through carbon reduction or removal; and /
 - (iv) any other factors necessary to enable an understanding of the credibility and integrity of the carbon credits the issuer plans to use (for example, assumptions regarding the permanence of the carbon offset). /

Applicability of cross-industry metrics and industry-based metrics

23. In preparing disclosures to meet the requirements in paragraphs 3 to 8 and 19 to 20, an issuer shall refer to and consider the applicability of cross-industry metrics (see paragraphs 10 to 17) and (ii) industry-based metrics (see paragraph 18). Industry benchmarks were not referenced; this matter is not applicable.

1 During the Reporting Period, CARsgen Therapeutics did not utilize nor plan to utilize carbon credits. Therefore, this matter is not applicable.

Independent Auditor's Report



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To the shareholders of CARsgen Therapeutics Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of CARsgen Therapeutics Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 178 to 251, which comprise the consolidated statement of financial position as at December 31, 2025, and the consolidated statement of profit or loss and other 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 the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs") as issued by the International Auditing and Assurance Standards Board ("IAASB"). 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 Hong Kong Institute of Certified Public Accountants' *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.

Independent Auditor’s Report

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.

Key audit matter	How our audit addressed the key audit matter
Risk of misstatement of research and development expenses	
The Group incurred significant research and development (“R&D”) expenses of RMB245 million as disclosed in the consolidated statement of profit or loss and other comprehensive income for the year ended December 31, 2025, of which a material portion was service fees paid to contract research organisations (“CROs”) and clinical site management operators (“SMOs”) (collectively referred to as “Outsourced Service Providers”). The R&D activities with these Outsourced Service Providers are documented in agreements and are typically performed over an extended period. These expenses are charged to profit or loss based on the progress of the R&D projects. We identified the measurement of R&D expenses as a key audit matter due to the significant amount of the R&D expenses and the reason that the completeness and allocation of these costs to the appropriate reporting period based on the progress of the research and development projects involved judgement. The accounting policy and the disclosure for significant accounting judgement related to R&D expenses are disclosed in note 2.4 and note 3 to the consolidated financial statements.	We obtained an understanding of and performed walkthroughs over the key controls of the R&D expense process; We inquired management about the reasons for periodical fluctuations in R&D expenses and assessed the reasonableness of those fluctuations; We, on a sampling basis, reviewed the key terms set out in R&D related agreements with Outsourced Service Providers and evaluated the method for the calculation basis for R&D expenses with reference to the progress of the R&D projects based on the inspection of supporting documents; We, on a sampling basis, reviewed the payments for R&D expenses and other supporting documents in both the current and subsequent periods, in order to assess the completeness and cut-off of the R&D expenses.

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 ISAs 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

As part of an audit in accordance with ISAs, 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

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 Lau Kwok Wa Lawrence (practising certificate number: P04882).

Ernst & Young

Certified Public Accountants

Hong Kong

March 6, 2026

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended December 31, 2025

	Notes	2025 RMB'000	2024 RMB'000
Revenue	5	125,662	39,425
Cost of sales		(45,714)	(24,678)
Gross profit		79,948	14,747
Selling and distribution expenses		(1,408)	(875)
Administrative expenses		(68,426)	(159,524)
Research and development expenses		(245,357)	(466,186)
Other income	5	13,540	63,934
Other losses – net	6	117,491	(260,287)
Operating loss		(104,212)	(808,191)
Finance income		8,202	16,118
Finance costs		(6,897)	(5,713)
Finance income – net	7	1,305	10,405
Loss before income tax		(102,907)	(797,786)
Income tax expense	11	–	(346)
Loss for the year		(102,907)	(798,132)
Attributable to:			
Owners of the parent		(97,861)	(798,132)
Non-controlling interests		(5,046)	–
		(102,907)	(798,132)
Other comprehensive (loss)/income for the year:			
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences on translation of subsidiaries		159,108	(95,906)
<i>Items that will not be reclassified to profit or loss</i>			
Exchange differences on translation of the Company		(263,009)	188,722
Other comprehensive (loss)/income for the year, net of tax		(103,901)	92,816
Total comprehensive loss for the year and attributable to ordinary equity holders of the parent		(206,808)	(705,316)
Attributable to:			
Owners of the parent		(201,762)	(705,316)
Non-controlling interests		(5,046)	–
		(206,808)	(705,316)
Loss per share attributable to ordinary equity holders of the parent			
Basic and diluted loss per share (in RMB)	13	(0.18)	(1.44)

Consolidated Statement of Financial Position

December 31, 2025

	Notes	2025 RMB'000	2024 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	84,424	106,749
Right-of-use assets	15	13,421	17,200
Intangible assets	17	1,147	2,943
Other non-current assets and prepayments	18	15,057	15,867
Total non-current assets		114,049	142,759
CURRENT ASSETS			
Trade receivables	19	15,552	8,768
Inventories	20	7,138	6,926
Other receivables	21	16,043	19,344
Other current assets and prepayments	22	15,940	16,179
Cash and cash equivalents	23	1,123,414	1,479,058
Total current assets		1,178,087	1,530,275
CURRENT LIABILITIES			
Accruals and other payables	24	138,470	181,623
Interest-bearing bank borrowings	25	–	20,287
Lease liabilities	16	12,842	13,441
Deferred income	26	11,889	11,033
Contract liabilities	28	42,256	27,623
Total current liabilities		205,457	254,007
NET CURRENT ASSETS		972,630	1,276,268
TOTAL ASSETS LESS CURRENT LIABILITIES		1,086,679	1,419,027

Consolidated Statement of Financial Position

December 31, 2025

	Notes	2025 RMB'000	2024 RMB'000
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	25	–	68,850
Lease liabilities	16	48,336	63,844
Deferred income	26	6,665	7,342
Other financial liability	27	74,092	–
Contract liabilities	28	178,249	222,284
Total non-current liabilities		307,342	362,320
Net assets		779,337	1,056,707
EQUITY			
Equity attributable to owners of the parent			
Share capital	29	1	1
Reserves	30	783,317	1,056,706
		783,318	1,056,707
Non-controlling interests		(3,981)	–
Total equity		779,337	1,056,707

Zonghai LI
Director

Huamao WANG
Director



Consolidated Statement of Changes in Equity

Year ended December 31, 2025

Notes	Attributable to owners of the parent				Non-	Total equity RMB'000
	Share capital RMB'000	Other reserves** RMB'000 (note 30)	Accumulated losses** RMB'000 (note 30)	Subtotal RMB'000	controlling interests RMB'000	
At January 1, 2024	1	9,991,528	(8,189,829)	1,801,700	–	1,801,700
Loss for the year	–	–	(798,132)	(798,132)	–	(798,132)
Other comprehensive income	–	92,816	–	92,816	–	92,816
Total comprehensive income/(loss)	–	92,816	(798,132)	(705,316)	–	(705,316)
Share-based payments	31	–	9,089	9,089	–	9,089
Issue of shares to employees under employee incentive schemes	29	–*	953	953	–	953
Transfer of treasury shares to employees under employee incentive schemes	29	–*	553	553	–	553
Share repurchase		–*	(50,272)	(50,272)	–	(50,272)
At December 31, 2024	1	10,044,667	(8,987,961)	1,056,707	–	1,056,707
At January 1, 2025	1	10,044,667	(8,987,961)	1,056,707	–	1,056,707
Loss for the year	–	–	(97,861)	(97,861)	(5,046)	(102,907)
Other comprehensive loss	–	(103,901)	–	(103,901)	–	(103,901)
Total comprehensive loss	–	(103,901)	(97,861)	(201,762)	(5,046)	(206,808)
Share-based payments	31	–	25,284	25,284	–	25,284
Issue of shares to employees under employee incentive schemes	29	–*	27,889	27,889	–	27,889
Transfer of treasury shares to employees under employee incentive schemes	29	–*	1,154	1,154	–	1,154
Share repurchase		–*	(115,277)	(115,277)	–	(115,277)
Impact of non-controlling interests with put option in a subsidiary		–	(10,677)	(10,677)	1,065	(9,612)
At December 31, 2025	1	9,869,139	(9,085,822)	783,318	(3,981)	779,337

* The amounts are less than RMB1,000.

** The reserve accounts comprised RMB783,317,000 in the consolidated statement of financial position as at December 31, 2025 (2024: RMB1,056,706,000).

Consolidated Statement of Cash Flows

Year ended December 31, 2025

	Notes	2025 RMB'000	2024 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before income tax		(102,907)	(797,786)
Adjustments for:			
Finance income-net	7	(1,305)	(10,405)
Interest income on term deposits with original maturity between three and twelve months	5	(6,603)	(25,800)
Depreciation of property, plant and equipment	14	22,964	60,551
Depreciation of right-of-use assets	15	3,734	11,894
Amortisation of intangible assets	17	2,798	7,110
Foreign exchange differences-net	6	(121,499)	82,244
Losses on disposals of property, plant and equipment		4,418	450
Losses on impairment	6	–	189,079
Gains from termination of lease agreements		(8)	(81)
Government grants relating to investing activities		(1,982)	(4,900)
Share-based payment expenses	31	25,284	9,089
		(175,106)	(478,555)
Increase in trade receivables		(6,784)	(8,768)
Increase in inventories		(213)	(6,243)
Decrease/(increase) in other receivables		7,003	(9,095)
Decrease/(increase) in other current assets and prepayments		239	(3,318)
Decrease/(increase) in other non-current assets and prepayments		639	(2,191)
(Decrease)/increase in accruals and other payables		(43,038)	21,814
Increase/(decrease) in deferred income on government grants		1,560	(334)
(Decrease)/increase in contract liabilities		(29,402)	61,228
Cash used in operations		(245,102)	(425,462)
Interest received		8,202	16,118
Income tax paid		–	(346)
Net cash flows used in operating activities		(236,900)	(409,690)



Consolidated Statement of Cash Flows

Year ended December 31, 2025

	Notes	2025 RMB'000	2024 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of items of property, plant and equipment		(5,126)	(17,998)
Purchases of intangible assets		(1,002)	(1,576)
Purchase of term deposits with original maturity between three and twelve months		(1,660,580)	(2,340,804)
Proceeds from collection of term deposits with original maturity between three and twelve months		1,660,323	2,347,557
Interest received from term deposits with original maturity between three and twelve months		2,901	25,343
Government grant received in relation to the acquisition of non-current assets		600	–
Net cash flows (used in)/from investing activities		(2,884)	12,522
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments for ordinary share repurchase		(115,277)	(50,272)
Proceeds from issue of shares to employees under employee incentive schemes		27,889	953
Proceeds from transfer of treasury shares to employees under employee incentive schemes		1,154	553
Capital injection from the investor of a subsidiary		80,000	–
New bank borrowings		–	130,000
Principal portion of lease payments		(13,160)	(13,481)
Interest paid for lease liabilities		(2,816)	(3,124)
Changes in rental deposits		–	(165)
Repayments of bank borrowings		(89,000)	(43,495)
Interest paid for bank borrowings		(514)	(2,512)
Net cash flows (used in)/from financing activities		(111,724)	18,457
NET DECREASE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at beginning of the year		1,479,058	1,849,752
Effect of foreign exchange rate changes, net		(4,136)	8,017
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	23	1,123,414	1,479,058
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash at banks		1,111,041	1,479,058
Cash held in brokerage account		12,373	–
Cash and cash equivalents as stated in the consolidated statement of financial position		1,123,414	1,479,058

Notes to the Consolidated Financial Statements

December 31, 2025

1. CORPORATE AND GROUP INFORMATION

CARsgen Therapeutics Holdings Limited (hereinafter the “Company”) was incorporated under the law of the Cayman Islands as a limited liability company on February 9, 2018. The address of the Company’s registered office is P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205 Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (hereinafter collectively referred to as the “Group”) are a global clinical-stage biopharmaceutical company discovering, researching and developing cell therapies in the People’s Republic of China (the “PRC”) and the United States of America (the “US”).

The consolidated financial statements are presented in thousands of Renminbi (“RMB”), unless otherwise stated, and were approved and authorised for issue by the board of directors of the Company on March 6, 2026.

Information about subsidiaries

Particulars of the Company’s subsidiaries are as follows:

Name of entity	Place and date of incorporation/ registration and kind of legal entity	Principal activities and place of operation	Registered/ issued share and paid-up capital	Ownership interest held by the Company	
				2025 %	2024 %
Directly held					
CARsgen Pharma Holdings Limited	Hong Kong, February 21, 2018, limited liability company	Holding company, Hong Kong	HKD10	100	100
Indirectly held					
Cleanings Biotech Limited	British Virgin Islands, September 11, 2018, limited liability company	Holding company, British Virgin Islands	USD1	100	100
Excelsiory Biotech Limited	British Virgin Islands, September 11, 2018, limited liability company	Holding company, British Virgin Islands	USD1	100	100
Panzenith Biotech Limited	British Virgin Islands, September 11, 2018, limited liability company	Holding company, British Virgin Islands	USD1	100	100
CARsgen USA	United States of America, May 4, 2016, limited liability company	Drug research and development, manufacture and import and export handling, the United States	USD1,000	100	100

Notes to the Consolidated Financial Statements

December 31, 2025

1. CORPORATE AND GROUP INFORMATION (continued)

Information about subsidiaries (continued)

Particulars of the Company's subsidiaries are as follows: (continued)

Name of entity	Place and date of incorporation/ registration and kind of legal entity	Principal activities and place of operation	Registered/ issued share and paid-up capital	Ownership interest held by the Company	
				2025 %	2024 %
Indirectly held					
CARsgen Life Sciences Co., Ltd. 愷興生命科技(上海)有限公司*	PRC/Chinese mainland, March 22, 2018, limited liability company (Registered as a wholly-foreign- owned enterprise under PRC law)	Drug research and development, manufacture and import and export handling, Chinese mainland	USD40,000,000	100	100
CARsgen Diagnostics Co., Ltd. 上海愷興診斷技術有限公司*	PRC/Chinese mainland, November 23, 2020, limited liability company	Drug research and development, manufacture and import and export handling, Chinese mainland	RMB10,000,000	100	100
CARsgen Therapeutics (Beijing) Co., Ltd. 科濟生物醫藥(北京)有限公司*	PRC/Chinese mainland, February 11, 2022, limited liability company	Drug research and development, manufacture and import and export handling, Chinese mainland	RMB15,000,000/ RMB7,000,000	100	100
CAFA Therapeutics Limited 佻珐藥業有限公司	Ireland, January 8, 2021, limited liability company	Drug research and development, manufacture and import and export handling, Ireland	Euro1,000	100	100
CRAGE Medical Co., Limited 克萊格醫學有限公司	Hong Kong, December 9, 2021, limited liability company	Drug research and development, manufacture and import and export handling, Hong Kong	HKD1,000	100	100
UCARsgen Biotech Limited (“UCARsgen”) 優愷澤生物醫藥(上海)有限公司	PRC/Chinese mainland, December 27, 2024, limited liability company	Drug research and development, manufacture and import and export handling, Mainland China	RMB21,739,130,000	92	100

Notes to the Consolidated Financial Statements

December 31, 2025

1. CORPORATE AND GROUP INFORMATION (continued)

Information about subsidiaries (continued)

Particulars of the Company's subsidiaries are as follows: (continued)

Name of entity	Place and date of incorporation/ registration and kind of legal entity	Principal activities and place of operation	Registered/ issued share and paid-up capital	Ownership interest held by the Company	
				2025 %	2024 %
Controlled by the Company pursuant to the Contractual Arrangements (Note 2.1)					
CARsgen Therapeutics Co., Ltd 科濟生物醫藥(上海)有限公司*	PRC, October 30, 2014, Limited liability company	Drug research and development, manufacture and import and export handling, Chinese mainland	RMB40,000,000	100	100
CARsgen Pharmaceuticals Co., Ltd 上海科濟製藥有限公司* (“CARsgen Pharmaceuticals”)	PRC, November 15, 2017, Limited liability company	Drug research and development, manufacture and import and export handling, Chinese mainland	RMB50,000,000/ RMB35,082,900	100	100

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

2. ACCOUNTING POLICIES

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 (the "IASB") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention. These financial statements are presented in RMB and all values are rounded to the nearest thousand (RMB'000) 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).

2. ACCOUNTING POLICIES (continued)

2.1 BASIS OF PREPARATION (continued)

Basis of consolidation (continued)

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 are 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 derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the currency translation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised 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 the Consolidated Financial Statements

December 31, 2025

2. ACCOUNTING POLICIES (continued)

2.1 BASIS OF PREPARATION (continued)

Contractual arrangements

Due to the restrictions imposed by the relevant laws and regulatory regime of the Chinese mainland on foreign ownership of companies engaged in the gene therapy business carried out by subsidiaries of the Group, namely CARsgen Therapeutics Co., Ltd. (科濟生物醫藥(上海)有限公司) (“CARsgen Therapeutics (Shanghai)”) and its wholly-owned subsidiary, CARsgen Pharmaceuticals Co., Ltd. (上海科濟製藥有限公司) (hereinafter collectively referred to as “CARsgen Therapeutics Group”), CARsgen Life Sciences Co., Ltd. (愷興生命科技(上海)有限公司) (“CARsgen Life Sciences”) entered into the contractual arrangements (the “Contractual Arrangements”) with CARsgen Therapeutics and its registered shareholders who collectively hold 100% equity interests in CARsgen Therapeutics on April 18, 2018, which enable CARsgen Life Sciences and the Group to:

- expose, or have rights, to variable returns from their involvement with the investee and have the ability to affect those returns through their power over CARsgen Therapeutics Group;
- exercise equity holders’ controlling voting rights of CARsgen Therapeutics Group;
- receive substantially all of the economic interest returns generated by CARsgen Therapeutics Group in consideration for the business support, technical and consulting services provided by CARsgen Therapeutics Group;
- obtain an irrevocable and exclusive right to purchase all or part of the equity interests in CARsgen Therapeutics Group from its equity holders at the same amount of its registered capital. CARsgen Life Sciences may exercise such options at any time until it has acquired all equity interests and/or all assets of CARsgen Therapeutics Group. In addition, CARsgen Therapeutics Group is not allowed to sell, transfer, or dispose of any assets, or make any distributions to its equity holders without prior consent of CARsgen Life Sciences; and
- obtain a pledge over the entire equity interest of CARsgen Therapeutics Group from its equity holders as collateral security to guarantee the performance of their contractual obligations under the Contractual Arrangements.

The Group does not have any legal equity interest in CARsgen Therapeutics Group. However, as a result of the Contractual Arrangements, the Group has power over CARsgen Therapeutics Group, has rights to variable returns from its involvement with CARsgen Therapeutics Group and has the ability to affect those returns through its power over CARsgen Therapeutics Group and is considered to have control over CARsgen Therapeutics Group. Consequently, the Company regards CARsgen Therapeutics Group as controlled structured entities and have consolidated the financial position and results of operations of CARsgen Therapeutics Group.

2. ACCOUNTING POLICIES (continued)

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 with and the functional currencies of group entities 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, IAS 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. The Group has assessed and concluded that the amendments did not have any impact on the Group's financial statements.

Notes to the Consolidated Financial Statements

December 31, 2025

2. ACCOUNTING POLICIES (continued)

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	<i>Presentation and Disclosure in Financial Statements²</i>
IFRS 19 and its amendments	<i>Subsidiaries without Public Accountability: Disclosures²</i>
Amendments to IFRS 9 and IFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments¹</i>
Amendments to IFRS 9 and IFRS 7	<i>Contracts Referencing Nature-dependent Electricity¹</i>
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture³</i>
Amendments to IAS 21	<i>Translation to a Hyperinflationary Presentation Currency²</i>
Annual Improvements to IFRS Accounting Standards – Volume 11	<i>Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7¹</i>

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

² Effective for annual periods beginning on or after January 1, 2027

³ No mandatory effective date yet determined but available for adoption

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, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss 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. IFRS 18 and the consequential amendments to other IFRS Accounting Standards are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of IFRS 18 on the presentation and disclosure of the Group's financial statements.

Except for IFRS 18, the directors of the Company anticipate that the application of these new and revised IFRS Accounting Standards will have no material impact on the Group's financial performance and financial position in the foreseeable future.

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES

Fair value measurement

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 recognised 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.

Notes to the Consolidated Financial Statements

December 31, 2025

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories), 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.

An impairment loss is recognised 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 recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised 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/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.



2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

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; and the sponsoring employers of the post-employment benefit plan;
 - (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 the Consolidated Financial Statements

December 31, 2025

2. ACCOUNTING POLICIES (continued)

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 recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

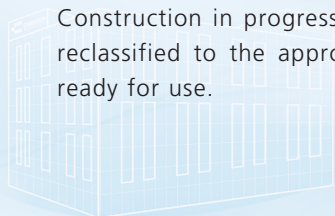
Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Building and fixtures	5% to 20%
Plant and lab equipment	10% to 20%
Office and transportation equipment	14% to 33%
Leasehold improvements	Over the shorter of the lease terms and or the estimated useful life

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 recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised 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.



2. ACCOUNTING POLICIES (continued)

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 amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Patents and software

Purchased patents and software are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of 3 to 10 years.

Research and development costs

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.

Notes to the Consolidated Financial Statements

December 31, 2025

2. ACCOUNTING POLICIES (continued)

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 recognises 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 recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less 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 recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. 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:

Land use right	45 years
Offices and dormitories	1.5 to 10 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.



2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Leases (continued)

Group as a lessee (continued)

(b) Lease liabilities

Lease liabilities are recognised 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 recognised 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.

(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 offices and dormitories (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 and laptop computers that are considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Notes to the Consolidated Financial Statements

December 31, 2025

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

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 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. 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.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, 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 amortised 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 fair value through other comprehensive income 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 recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

Financial assets at amortised cost

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

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

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 derecognised (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 recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises 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.

Impairment of financial assets

The Group recognises 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.

Notes to the Consolidated Financial Statements

December 31, 2025

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

General approach

ECLs are recognised 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 past due.

The Group considers a financial asset in default when contractual payments are 90 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.

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

Debt investments at fair value through other comprehensive income and financial assets at amortised 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

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

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 recognises a loss allowance based on lifetime ECLs at each reporting date. 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 borrowings, and accruals and other payables, as appropriate.

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

The Group's financial liabilities include borrowings and accruals and other payables.

Subsequent measurement

Financial liabilities at amortised cost (borrowings and accruals and other payables)

After initial recognition, borrowings, and accruals, and other payables, are subsequently measured at amortised 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 recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised 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 amortisation is included in finance costs in profit or loss.

Notes to the Consolidated Financial Statements

December 31, 2025

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Derecognition of financial liabilities

A financial liability is derecognised 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 recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis. 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, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.



2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised 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 period, 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 period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised 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, 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 recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward 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, deferred tax assets are only recognised 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.

Notes to the Consolidated Financial Statements

December 31, 2025

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Income tax (continued)

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. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised 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.

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

(a) Sale of pharmaceutical products

Revenue from the sale of pharmaceutical products is recognised at the point in time when control of goods 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.

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Revenue from contracts with customers (continued)

(a) Sale of pharmaceutical products (continued)

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 recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

(b) Provision of cryopreservation services

The Group provides cryopreservation services to customers. Revenue from cryopreservation services is recognised over time, using an input method to measure progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by the Group. The input method recognises revenue on the basis of the cryopreservation days rendered relative to the total cryopreservation days to complete the service.

Other income

Interest income is recognised 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.

Contract liabilities

A contract liability is recognised 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 recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Notes to the Consolidated Financial Statements

December 31, 2025

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Share-based payments

The Company operates share incentive schemes. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange 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 is determined by an external valuer using a binomial model, further details of which are given in note 31 to the financial statements.

The cost of equity-settled transactions is recognised 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 recognised 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 recognised 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 recognised. 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 recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised 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 recognised for the award is recognised immediately.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of loss per share.

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Other employee benefits

Pension schemes

The employees of the Group's subsidiaries which operate in the Chinese mainland are required to participate in a central pension scheme operated by the local municipal government. 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.

Foreign currencies

These financial statements are presented in RMB. 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 the reporting period. Differences arising on settlement or translation of monetary items are recognised 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.

The functional currencies of certain overseas subsidiaries are currencies other than the RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the 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 recognised in other comprehensive income and accumulated in the currency translation 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 recognised 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.

Notes to the Consolidated Financial Statements

December 31, 2025

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's consolidated 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, and the disclosure of contingent liabilities. 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 recognised in the financial statements:

Research and development expenses

Development costs incurred on the Group's drug product pipelines are capitalised only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, the Group's intention to complete and the Group's ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the pipeline and the ability to measure reliably the expenditure during the development. Development costs which do not meet these criteria are expensed when incurred. Determining the amounts to be capitalised requires management to make judgement regarding the expected future cash generation of the assets, discount rates to be applied and the expected period of benefits. During the years ended December 31, 2025 and 2024, all expenses incurred for research and development activities were regarded as research expenses and therefore were expensed when incurred.

Contractual arrangements

The Group conducts its business through CARsgen Therapeutics Group in the Chinese mainland. Due to the regulatory restrictions on the foreign ownership in the operation of CAR-T cell therapies business in the Chinese mainland, the Group does not have any legal equity interest in CARsgen Therapeutics Group. The Directors assessed whether or not the Group has control over CARsgen Therapeutics Group by assessing whether it has the rights to variable returns from its involvement with CARsgen Therapeutics Group and has the ability to affect those returns through its power over CARsgen Therapeutics Group. After assessment, the Directors concluded that the Group has control over CARsgen Therapeutics Group as a result of the Contractual Arrangements and accordingly the financial position and the operating results of CARsgen Therapeutics Group are included in the Group's consolidated financial statements throughout the years ended December 31, 2025 and 2024. Nevertheless, the Contractual Arrangements may not be as effective as direct legal ownership in providing the Group with direct control over CARsgen Therapeutics Group and uncertainties presented by the PRC legal system could impede the Group's beneficiary rights of the results, assets and liabilities of CARsgen Therapeutics Group. The Directors, based on the advice of their legal counsel, consider that the Contractual Arrangements with CARsgen Therapeutics Group and its equity holders are in compliance with the relevant PRC laws and regulations and are legally enforceable.

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 recognised 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 recognised, 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 the 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.

Research and development expenses

The Group relies on Outsourced Service Providers to conduct, supervise, and monitor the Group's ongoing clinical trials. Determining the amounts of research and development expenses incurred up to the end of each reporting period requires the management of the Group to estimate and measure the progress of receiving research and development services under the contracts with Outsourced Service Providers using inputs such as the number of patient enrolments, time elapsed and milestone achieved.

Fair value of share-based payment transactions

Estimating the fair value of share-based payment transactions requires the determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires the determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility, and dividend yield and making assumptions about them.

For the measurement of the fair value of share-based payment transactions with employees at the grant date, the Group uses a binomial model. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 31 to the financial statements.

Notes to the Consolidated Financial Statements

December 31, 2025

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate (“IBR”) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group “would have to pay”, which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary’s functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

Impairment of non-financial assets (other than goodwill and indefinite life intangible assets)

The Group assesses whether there are any indicators of impairment for all non-financial assets (including right-of-use assets) at the end of the reporting period. 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.



4. SEGMENT INFORMATION

The Group's business activities are regularly reviewed and evaluated by the chief operating decision-makers. The chief operating decision-makers, who are responsible for allocating resources and assessing performance of the operating segment, have been identified as the executive directors of the Group.

As a result of this evaluation, the executive directors of the Group consider that the Group's operations are operated and managed as a single operating segment. Since this is the only reportable operating segment of the Group, no further operating segment analysis thereof is presented.

Geographical information and information about a major customer

(a) Revenue from external customers

During the year, a majority of the Group's revenue was derived from one customer located in the Chinese mainland.

(b) Non-current assets

As of the end of December 31, 2025, a majority of the Group's non-current assets were located in the Chinese mainland.

Notes to the Consolidated Financial Statements

December 31, 2025

5. REVENUE AND OTHER INCOME

An analysis of revenue is as follows:

	2025 RMB'000	2024 RMB'000
Revenue from contracts with customers		
Sale of pharmaceutical products	119,227	37,123
Provision of cryopreservation services	6,435	2,302
Total	125,662	39,425

Revenue from contracts with customers

(a) Disaggregated revenue information:

	2025 RMB'000	2024 RMB'000
Geographical market		
Chinese mainland	125,662	39,425
Timing of revenue recognition		
Goods transferred at a point in time	119,227	37,123
Services transferred over time	6,435	2,302
Total	125,662	39,425

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

	2025 RMB'000	2024 RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of pharmaceutical products	32,755	9,528

Notes to the Consolidated Financial Statements

December 31, 2025

5. REVENUE AND OTHER INCOME (continued)

Revenue from contracts with customers (continued)

(b) Performance obligations

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

Sale of pharmaceutical products

The performance obligation is satisfied upon delivery of the pharmaceutical products and payment is generally due within 30 days from delivery.

Provision of cryopreservation services

The performance obligation is satisfied over time as services are rendered and payment is generally due within 90 days from the date of billing.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at December 31 are as follows:

	2025 RMB'000	2024 RMB'000
Amounts expected to be recognised as revenue:		
Within one year	42,256	27,623
After one year	178,249	222,284
Total	220,505	249,907

The amounts disclosed above do not include variable consideration which is constrained.

An analysis of other income is as follows:

	2025 RMB'000	2024 RMB'000
Government grants (i)	6,937	38,134
Interest income on term deposits with original maturity between three and twelve months	6,603	25,800
Total	13,540	63,934

- (i) The government grants mainly represent subsidies received from the government to support certain research and development projects that are related to both expenses and assets. Government grants were released to profit or loss either over the periods that the expenses for which it is intended to compensate, or over the expected useful life of the relevant asset, when all attaching conditions and requirements are complied with.

Notes to the Consolidated Financial Statements

December 31, 2025

6. OTHER GAINS/(LOSSES) – NET

	2025 RMB'000	2024 RMB'000
Foreign exchange gains/(loss) – net	121,499	(82,244)
Losses on disposal of property, plant and equipment	(4,418)	(450)
Impairment losses	–	(189,079)
Tenant remedies	–	9,518
Others	410	1,968
Total	117,491	(260,287)

7. FINANCE INCOME – NET

	2025 RMB'000	2024 RMB'000
Finance income		
Interest income	8,202	16,118
Finance costs		
Interest expense on financial liabilities	(3,704)	–
Interest expense on lease liabilities	(2,816)	(3,124)
Interest expense on bank borrowings	(377)	(2,589)
Total finance costs	(6,897)	(5,713)
Total finance income – net	1,305	10,405



Notes to the Consolidated Financial Statements

December 31, 2025

8. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging:

	Notes	2025 RMB'000	2024 RMB'000
Employee benefit expenses		165,921	279,158
Testing and clinical expenses		46,560	158,281
Depreciation of property, plant and equipment	14	22,964	60,551
Research and development consumables		24,521	29,264
Professional service expenses		11,029	29,368
Depreciation of right-of-use assets	15	3,734	11,894
Impairment of property, plant and equipment	14	–	162,263
Impairment of right-of-use assets	15	–	26,491
Impairment of intangible assets	17	–	325
Utilities		14,793	19,546
Office expenses		5,422	8,603
Travelling and transportation expenses		2,259	7,013
Amortisation of intangible assets	17	2,798	7,110
Short-term lease and low-value lease expenses	16	2,938	6,747
Auditors' remuneration		4,378	4,084
– Audit service		3,780	3,780
– Non-audit service		598	304
Cost of inventories sold		45,714	24,678
Marketing service fees		1,408	875
Other expenses		6,466	4,091
Total		360,905	840,342
Cost of sales		45,714	24,678
Selling and distribution expenses		1,408	875
Administrative expenses		68,426	159,524
Research and development expenses		245,357	466,186
Losses of impairment		–	189,079
Total		360,905	840,342

Notes to the Consolidated Financial Statements

December 31, 2025

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to 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 as follows:

	Fees RMB'000	Salary RMB'000	Discretionary bonuses RMB'000	Share-based payments RMB'000	Pension costs RMB'000	Other benefits RMB'000	Total RMB'000
Year ended December 31, 2024							
<i>Chairman and executive director:</i>							
Zonghai Li	-	1,063	704	-	71	91	1,929
<i>Executive directors:</i>							
Huamao Wang	-	1,136	776	-	71	76	2,059
Hua Jiang	-	880	36	294	71	81	1,362
<i>Non-executive directors</i>							
Bingsen Guo	-	-	-	-	-	-	-
Ronggang Xie	-	-	-	-	-	-	-
Huaqing Guo	-	-	-	-	-	-	-
<i>Independent non-executive directors:</i>							
Guangmei Yan	150	-	-	-	-	-	150
Huabing Li	64	-	-	-	-	-	64
Xiangke Zhao	160	-	-	-	-	-	160
Wen Zhou (i)	67	-	-	-	-	-	67
Total	441	3,079	1,516	294	213	248	5,791



Notes to the Consolidated Financial Statements

December 31, 2025

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

	Fees RMB'000	Salary RMB'000	Discretionary bonuses RMB'000	Share-based payments RMB'000	Pension costs RMB'000	Other benefits RMB'000	Total RMB'000
Year ended December 31, 2025							
<i>Chairman and executive director:</i>							
Zonghai Li	-	1,044	704	123	71	76	2,018
<i>Executive directors:</i>							
Huamao Wang	-	1,070	776	123	71	128	2,168
Hua Jiang	-	976	56	417	71	114	1,634
<i>Non-executive directors</i>							
Bingsen Guo	-	-	-	-	-	-	-
Ronggang Xie	-	-	-	-	-	-	-
Huaqing Guo	-	-	-	-	-	-	-
<i>Independent non-executive directors:</i>							
Guangmei Yan	150	-	-	-	-	-	150
Xiangke Zhao	160	-	-	-	-	-	160
Wen Zhou (i)	100	-	-	-	-	-	100
Total	410	3,090	1,536	663	213	318	6,230

(i) Dr. Wen Zhou was appointed as an independent non-executive director on April 29, 2024.

There were no other remunerations payable to the independent non-executive directors during the year (2024: Nil).

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year.

During prior and current years, certain directors were granted share options and restricted share units, in respect of their services to the Group, under the share option scheme and restricted share units scheme of the Company, further details of which are set out in note 31 to the consolidated financial statements. The fair value of such schemes, which has been recognised in the statement of profit or loss over the vesting period, 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' and chief executive's remuneration disclosures.

Notes to the Consolidated Financial Statements

December 31, 2025

10. FIVE HIGHEST PAID INDIVIDUALS

The five highest paid employees during the year include no director for the year ended December 31, 2025 (2024: Nil). Details of the remuneration for the year of the five (2024: five) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2025 RMB'000	2024 RMB'000
Basic salaries, housing allowances, share-based payments, other allowances and benefits in kind	14,494	19,365
Discretionary bonuses	1,030	1,806
Contribution to pension scheme	477	433
Total	16,001	21,604

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	2025	2024
HKD2,500,001 to HKD3,000,000	2	1
HKD3,000,001 to HKD3,500,000	1	–
HKD3,500,001 to HKD4,000,000	–	1
HKD4,000,001 to HKD4,500,000	1	–
HKD4,500,001 to HKD5,000,000	1	–
HKD5,500,001 to HKD6,000,000	–	2
HKD6,000,001 to HKD6,500,000	–	1
Total	5	5

During the year and in prior years, equity-settled transactions were granted to non-director and non-chief executive highest paid employees in respect of their services to the Group, further details of which are included in the disclosures in note 31 to the consolidated financial statements. The fair value of such equity-settled transactions, which has been recognised in profit or loss over the vesting period, was determined as at the date of grant and the amount included in the consolidated financial statements for the current year is included in the above non-director and non-chief executive highest paid employees' remuneration disclosures.



Notes to the Consolidated Financial Statements

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11. INCOME TAX EXPENSE

	2025 RMB'000	2024 RMB'000
Current income tax		
– Ireland Capital Gains Tax	–	346
Total	–	346

A reconciliation of the tax expense applicable to loss before tax at the statutory tax rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates is as follows:

	2025 RMB'000	2024 RMB'000
Loss before income tax	(102,907)	(797,786)
Tax calculated at the Chinese mainland tax rate of 25%	(25,727)	(199,447)
Effect of different tax rates	(16,190)	31,242
Expenses not deductible for taxation purposes	8,380	2,857
Income not subject to tax	(20,218)	–
Temporary differences and tax loss not recognised	88,637	218,942
Additional deductible allowance for qualified research and development expenses	(34,882)	(53,248)
Total	–	346

Current 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.

(a) Cayman Islands income tax

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and accordingly, is exempted from Cayman Islands income tax.

Notes to the Consolidated Financial Statements

December 31, 2025

11. INCOME TAX EXPENSE (continued)

Current income tax (continued)

(b) Hong Kong profits tax

No provision for Hong Kong profits tax has been provided for at the rate of 16.5% (2024: 16.5%) as the Company has no estimated assessable profits in Hong Kong.

(c) Chinese mainland corporate income tax

Subsidiaries in the Chinese mainland are subject to income tax at a rate of 25% (2024: 25%) pursuant to the Corporate Income Tax Law of the PRC and the respective regulations (the "CIT Law"), except for CARsgen Therapeutics (Shanghai) which obtained its High and New Technology Enterprise qualification in year 2023 and hence is entitled to a preferential tax rate of 15% (2024: 15%) for a three-year period commencing from 2023.

No provision for the Chinese mainland corporate income tax was made for, as there were no assessable profits arising in Chinese mainland.

(d) British Virgin Islands income tax

Under the current laws of the British Virgin Islands (the "BVI"), the subsidiary incorporated in BVI is not subject to tax on income or capital gains. In addition, upon payments of dividends by the Group's BVI subsidiaries, no BVI withholding tax is imposed.

(e) Ireland corporation income tax and Ireland capital gains tax

The subsidiary in Ireland is subject to income tax at rates of 12.5% (2024: 12.5%) on the estimated assessable profit and 33% (2024: 33%) on the capital gains. Provision for Ireland capital gains tax has been provided as the subsidiary has realised capital gains for the years ended December 31, 2025 and 2024.

(f) Deferred tax assets not recognised:

The Group has not recognised any deferred tax assets in respect of the following items:

	2025 RMB'000	2024 RMB'000
Deductible temporary differences	618,011	610,638
Tax losses	5,093,697	4,869,001
Total	5,711,708	5,479,639

Notes to the Consolidated Financial Statements

December 31, 2025

11. INCOME TAX EXPENSE (continued)

Current income tax (continued)

(g) *Tax losses that are not recognised as deferred tax assets will expire are analysed as follows:*

	2025 RMB'000	2024 RMB'000
2025	–	134,188
2026	793,032	793,032
2027	859,763	859,763
2028	957,885	957,885
2029	334,092	334,092
2030 and later	2,148,925	1,790,041
Total	5,093,697	4,869,001

The tax losses of the Company's PRC subsidiaries with the exception of those of CARsgen Therapeutics will expire within five years. CARsgen Therapeutics, as a High and New Technology Enterprise, can carry forward losses for 10 years. The tax losses of the Company's other subsidiaries can be carried forward indefinitely. No deferred tax asset has been recognised in respect of the tax losses due to the unpredictability of future profit streams.

12. DIVIDEND

No dividend was declared or paid by the Company during the year ended December 31, 2025 (2024: Nil).

Notes to the Consolidated Financial Statements

December 31, 2025

13. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic loss per share amount is based on the loss attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares in outstanding (excluding shares reserved for share incentive scheme) during the reporting period.

No adjustment has been made to the basic loss per share amount presented for the reporting period in respect of a dilution as the impact of put option granted to an investor of a subsidiary and outstanding potential ordinary shares had an anti-dilutive effect on the basic loss per share amount presented.

The calculation of the basic and diluted loss is based on:

	2025	2024
Loss attributable to ordinary equity holders of the parent (RMB'000)	(97,861)	(798,132)
Weighted average number of ordinary shares in issue during the year, used in the basic and diluted loss per share calculation ('000)	552,061	552,875
Basic and diluted loss per share (RMB)	(0.18)	(1.44)



Notes to the Consolidated Financial Statements

December 31, 2025

14. PROPERTY, PLANT AND EQUIPMENT

	Building and fixtures <i>RMB'000</i>	Plant and lab equipment <i>RMB'000</i>	Office and transportation equipment <i>RMB'000</i>	Leasehold improvements <i>RMB'000</i>	Construction in Progress <i>RMB'000</i>	Total <i>RMB'000</i>
At January 1, 2024						
Cost	81,315	189,204	28,687	200,932	2,130	502,268
Accumulated depreciation	(40,280)	(94,981)	(15,640)	(39,415)	–	(190,316)
Net book amount	41,035	94,223	13,047	161,517	2,130	311,952
As at December 31, 2024						
Opening net book amount	41,035	94,223	13,047	161,517	2,130	311,952
Exchange differences	–	160	(77)	(9)	(642)	(568)
Additions	–	3,446	325	–	14,858	18,629
Completion of construction in progress	585	2,893	184	–	(3,662)	–
Disposals	–	(191)	(259)	–	–	(450)
Depreciation charges	(10,831)	(24,486)	(5,645)	(19,589)	–	(60,551)
Impairment	–	(17,588)	(5,029)	(138,926)	(720)	(162,263)
Closing net book amount	30,789	58,457	2,546	2,993	11,964	106,749
As at December 31, 2024						
Cost	81,900	188,846	28,027	199,204	12,684	510,661
Accumulated depreciation and impairment	(51,111)	(130,389)	(25,481)	(196,211)	(720)	(403,912)
Net book amount	30,789	58,457	2,546	2,993	11,964	106,749

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14. PROPERTY, PLANT AND EQUIPMENT (continued)

	Building and fixtures <i>RMB'000</i>	Plant and lab equipment <i>RMB'000</i>	Office and transportation equipment <i>RMB'000</i>	Leasehold improvements <i>RMB'000</i>	Construction in Progress <i>RMB'000</i>	Total <i>RMB'000</i>
At January 1, 2025						
Cost	81,900	188,846	28,027	199,204	12,684	510,661
Accumulated depreciation	(51,111)	(130,389)	(25,481)	(196,211)	(720)	(403,912)
Net book amount	30,789	58,457	2,546	2,993	11,964	106,749
As at December 31, 2025						
Opening net book amount	30,789	58,457	2,546	2,993	11,964	106,749
Additions	–	4,176	578	132	295	5,181
Completion of construction in progress	–	–	–	10,535	(10,659)	(124)
Disposals	–	(3,594)	(824)	–	–	(4,418)
Depreciation charges	(3,431)	(14,351)	(1,380)	(3,802)	–	(22,964)
Closing net book amount	27,358	44,688	920	9,858	1,600	84,424
As at December 31, 2025						
Cost	81,900	184,188	26,687	209,871	2,320	504,966
Accumulated depreciation and impairment	(54,542)	(139,500)	(25,767)	(200,013)	(720)	(420,542)
Net book amount	27,358	44,688	920	9,858	1,600	84,424



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15. RIGHT-OF-USE ASSETS

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Land use right <i>RMB'000</i>	Offices and dormitories <i>RMB'000</i>	Total <i>RMB'000</i>
As at January 1, 2024			
Cost	7,098	110,828	117,926
Accumulated depreciation	(624)	(67,864)	(68,488)
Net book amount	6,474	42,964	49,438
As at December 31, 2024			
Opening net book amount	6,474	42,964	49,438
Additions	–	6,260	6,260
Termination of lease agreements	–	(570)	(570)
Depreciation charge	(156)	(11,738)	(11,894)
Exchange differences	–	457	457
Impairment	–	(26,491)	(26,491)
Closing net book amount	6,318	10,882	17,200
As at December 31, 2024			
Cost	7,098	116,518	123,616
Accumulated depreciation and impairment	(780)	(105,636)	(106,416)
Net book amount	6,318	10,882	17,200
As at December 31, 2025			
Opening net book amount	6,318	10,882	17,200
Additions	–	56	56
Termination of lease agreements	–	(101)	(101)
Depreciation charge	(156)	(3,578)	(3,734)
Closing net book amount	6,162	7,259	13,421
As at December 31, 2025			
Cost	7,098	116,473	123,571
Accumulated depreciation and impairment	(936)	(109,214)	(110,150)
Net book amount	6,162	7,259	13,421

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16. LEASE LIABILITIES

The carrying amount of lease liabilities and the movements during the year are as follows:

	2025 RMB'000	2024 RMB'000
Carrying amount at January 1	77,285	82,698
New leases	56	6,260
Termination of lease agreements	(109)	(651)
Exchanges alignment	(2,894)	2,459
Accretion of interest recognised during the year	2,816	3,124
Payments	(15,976)	(16,605)
Carrying amount at December 31	61,178	77,285
Analysed into:		
Current portion	12,842	13,441
Non-current portion	48,336	63,844

The maturity analysis of lease liabilities is as follows:

	2025 RMB'000	2024 RMB'000
Present value of lease liabilities	61,178	77,285
Less: Current portion lease liabilities	12,842	13,441
Non-current portion of lease liabilities	48,336	63,844
– Within 1 year	12,842	13,441
– Between 1 and 2 years	9,512	13,326
– Between 2 and 5 years	25,485	27,614
– Over 5 years	13,339	22,904
Present value of lease liabilities	61,178	77,285

The Group leases land use right and offices and dormitories. Lease on land use right has been fully paid and lease on offices and dormitories were measured at the net present value of the lease payments to be paid during the lease terms.

Lease liabilities were discounted at incremental borrowing rates of the Group entities.

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16. LEASE LIABILITIES (continued)

(i) Amounts recognised in the consolidated statement of profit or loss and other comprehensive income

The consolidated statements of profit or loss and other comprehensive income contain the following amounts relating to leases:

	2025 RMB'000	2024 RMB'000
Depreciation charge of right-of-use assets (<i>note 15</i>)	3,734	11,894
Interest expenses (<i>note 7</i>)	2,816	3,124
Expenses relating to short-term lease and low-value lease expenses	2,938	6,747
Total amount recognised in profit or loss	9,488	21,765

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17. INTANGIBLE ASSETS

	Software RMB'000	Patents RMB'000	Total RMB'000
As at January 1, 2024			
Cost	8,310	51,561	59,871
Accumulated depreciation	(5,118)	(46,093)	(51,211)
Net book amount	3,192	5,468	8,660
As at December 31, 2024			
Opening net book amount	3,192	5,468	8,660
Additions	1,576	–	1,576
Depreciation charge	(2,526)	(4,584)	(7,110)
Impairment	(325)	–	(325)
Exchange differences	–	142	142
Closing net book amount	1,917	1,026	2,943
As at December 31, 2024			
Cost	9,886	51,020	60,906
Accumulated depreciation	(7,969)	(49,994)	(57,963)
Net book amount	1,917	1,026	2,943
As at December 31, 2025			
Opening net book amount	1,917	1,026	2,943
Additions	1,002	–	1,002
Depreciation charge	(1,772)	(1,026)	(2,798)
Closing net book amount	1,147	–	1,147
As at December 31, 2025			
Cost	10,888	51,020	61,908
Accumulated depreciation	(9,741)	(51,020)	(60,761)
Net book amount	1,147	–	1,147

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18. OTHER NON-CURRENT ASSETS AND PREPAYMENTS

	2025 RMB'000	2024 RMB'000
Value-added tax recoverable	7,869	8,371
Prepayments for purchase of property, plant and equipment	582	753
Rental deposits	6,606	6,743
Total	15,057	15,867

19. TRADE RECEIVABLES

An ageing analysis of the trade receivables as at the end of the periods, based on the invoice date and net of loss allowance, is as follows:

	2025 RMB'000	2024 RMB'000
Within 1 year	15,552	8,768

As at December 31, 2025, the Group's trade receivables were concentrated in a single pharmaceutical company, and the trade receivables generated from the sale of pharmaceutical products and the provision of cryopreservation services are expected to be recovered in a timely manner in view of the customer's past repayment record and stable business relationship with the Group. Therefore, management believes that the risk of expected credit loss is minimal.

20. INVENTORIES

	2025 RMB'000	2024 RMB'000
Raw materials	1,410	1,568
Semi-finished goods	844	1,141
Finished goods	4,884	4,217
Total	7,138	6,926

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21. OTHER RECEIVABLES

	2025 RMB'000	2024 RMB'000
Tenant remedies	–	9,518
Deposits	878	839
Interest receivables	4,159	457
Others	11,006	8,530
Total	16,043	19,344

None of the above assets is past due. The financial assets included in the above balances related to deposits and others for which there was no history of default and the expected credit losses are considered minimal.

The maximum exposure to credit risk at the reporting date is the carrying value of the receivables mentioned above.

The carrying amounts of the Group's other receivables approximate to their fair values.

22. OTHER CURRENT ASSETS AND PREPAYMENTS

	2025 RMB'000	2024 RMB'000
Value-added tax recoverable	5,482	5,528
Prepayments to suppliers	10,458	10,651
Total	15,940	16,179



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23. CASH AND CASH EQUIVALENTS

	2025 RMB'000	2024 RMB'000
Cash at banks	1,111,041	1,479,058
Cash held in brokerage account	12,373	–
Total cash and cash equivalents	1,123,414	1,479,058
Analysed into:		
– RMB	1,032,696	1,358,145
– HKD	53,377	135
– USD	37,341	120,778
Total	1,123,414	1,479,058

The carrying amount of cash and bank balances approximates to their fair value. The RMB is not freely convertible into other currencies, however, under the 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.

24. ACCRUALS AND OTHER PAYABLES

	2025 RMB'000	2024 RMB'000
Accrued expenses (i)	103,302	121,830
Staff salaries and welfare payables	24,948	44,189
Other taxes payable	2,121	4,812
Payables for acquisition of property, plant and equipment	979	1,095
Payables for research and development consumables	2,115	539
Others	5,005	9,158
Total	138,470	181,623

(i) Accrued expenses were mainly expenses incurred for the research and development activities.

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25. INTEREST-BEARING BANK BORROWINGS

	2025 RMB'000	2024 RMB'000
<i>Non-current</i>		
Secured bank borrowings*	—	68,850
<i>Current</i>		
Secured bank borrowings*	—	20,287
Total	—	89,137

As at December 31, 2025 and 2024, the Group's borrowings were repayable as follows:

	2025 RMB'000	2024 RMB'000
Within 1 year	—	20,287
Between 1 and 2 years	—	19,000
Between 2 and 3 years	—	49,850
Total	—	89,137

The weighted average effective interest rates at the end of each reporting period were as follows:

	2025 RMB'000	2024 RMB'000
Bank borrowings	—	3.20%



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26. DEFERRED INCOME

	2025 RMB'000	2024 RMB'000
Non-current	6,665	7,342
Current	11,889	11,033
Total	18,554	18,375

Deferred income represented government grants received relating to property, plant and equipment to be recognised upon the compliance of the Group with the conditions attached to the grants over the remaining useful lives of the related assets and government grants received relating to profit or loss to be recognised when all conditions are fulfilled.

27. OTHER FINANCIAL LIABILITY

	2025 RMB'000	2024 RMB'000
Put option liability	74,092	–

As at December 31, 2025, the Group recognised other financial liabilities of RMB74,092,000 (December 31, 2024: Nil), representing a put option granted to an investor of UCARsgen, for its equity investment in the subsidiary. Under the shareholders' agreement, if the subsidiary fails to achieve a qualified initial public offering or business sale by 2032, the investor has the right to require the Group to repurchase the equity investment in the subsidiary at the original investment cost of RMB80,000,000 plus interest at 6% per annual.

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28. CONTRACT LIABILITIES

The Group has recognised the following liabilities related to contracts with customers:

	2025 RMB'000	2024 RMB'000
<i>Advances received from a customer</i>		
Exclusive distribution rights of CT053	217,151	249,907
others	3,354	–
Non-current	178,249	222,284
Current	42,256	27,623
Total	220,505	249,907

Contract liabilities received for the grant of an exclusive distribution right in relation to zevorcabtagene autoleucl were granted to Huadong Medicine (Hangzhou) Co., Ltd., a wholly-owned subsidiary of Huadong Medicine Co., Ltd. An upfront payment of RMB200,000,000 (RMB188,679,000 excluding VAT) and a milestone payment of RMB75,000,000 (RMB70,755,000 excluding VAT) were received in 2023 and 2024, respectively. The upfront fee and the milestone payment are restricted by the terms in the agreement, and the current portion is expected to be realised within one year.

29. SHARE CAPITAL

Authorized:

	Number of shares <i>In thousands</i>	Nominal value of shares <i>USD</i>	RMB equivalent value <i>RMB'000</i>
As at January 1, 2024, December 31, 2024, January 1, 2025 and December 31, 2025	200,000,000	50,000	349



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29. SHARE CAPITAL (continued)

Issued and fully paid:

	Number of ordinary shares at USD0.00000025 par value <i>In thousands</i>	RMB equivalent value <i>RMB'000</i>
As at January 1, 2024	575,640	1
Shares cancellation	(4,135)	—*
Issue of shares to employees under employee incentive schemes (i)	166	—*
As at December 31, 2024	571,671	1
Issue of shares held in trust (ii)	3,580	—*
Issue of shares to employees under employee incentive schemes (iii)	2,866	—*
As at December 31, 2025	578,117	1

* The amounts are less than RMB1,000.

- (i) During the year ended December 31, 2024, the Company issued 166,394 ordinary shares at the cost of HKD1,015,000 (equivalent to RMB953,000 approximately) in total at prices ranging from nil to HKD7.06 per share to employees under the employee incentive schemes.
- (ii) On April 16, 2025 and September 18, 2025, the Company allotted and issued 1,692,500 and 1,887,000 shares respectively to Carfe Unity Limited under the 2019 Equity Incentive Plan ("Plan") with nil consideration. These shares are held in trust to satisfy the future delivery of shares upon the vesting of restricted share units granted under the Plan and are presented in equity as "Reserve – Treasury shares held in trust".
- (iii) During the year ended December 31, 2025, the Company issued 2,866,000 ordinary shares at the cost of HKD31,112,559 (equivalent to approximately RMB27,889,000) in total at prices ranging from nil to HKD16.32 per share to employees under the employee incentive schemes.

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29. SHARE CAPITAL (continued)

Movements in treasury shares during the year:

	Number of treasury shares <i>In thousands</i>	RMB equivalent value <i>RMB'000</i>
As at January 1, 2024	18,407	-*
Transfer of treasury shares to employees related to employee share-based payment (i)	(1,362)	-*
Share repurchase (ii)	9,351	-*
Share cancellation (ii)	(4,135)	-*
As at December 31, 2024	22,261	-*
Issue of shares held in trust	3,580	-*
Transfer of treasury shares to employees related to employee share-based payment (iii)	(2,155)	-*
Share repurchase (iv)	8,273	-*
As at December 31, 2025	31,959	-*

* The amounts are less than RMB1,000.

- (i) During the year ended December 31, 2024, the Company transferred 1,362,000 treasury shares to employees under the employee incentive schemes at the cost of HKD588,000 (equivalent to RMB553,000 approximately) in total at prices ranging from HKD0.30 to HKD7.06 per share.
- (ii) During the year ended December 31, 2024, the Company repurchased 9,351,000 treasury shares at a cost of HKD53,591,000 (equivalent to RMB50,272,000 approximately) in total at prices ranging from HKD4.80 to HKD7.00 per share. During the year ended December 31, 2024, the Company cancelled 4,135,000 treasury shares.
- (iii) During the year ended December 31, 2025, the Company transferred 2,155,000 treasury shares to employees under the employee incentive schemes at the cost of HKD1,228,000 (equivalent to RMB1,154,000 approximately) in total at prices ranging from nil to HKD10.81 per share.
- (iv) During the year ended December 31, 2025, the Company repurchased a total of 8,273,000 shares at the cost of HKD128,514,000 (equivalent to approximately RMB115,277,000) in total at prices ranging from HKD14.72 to HKD17.70 per share.



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30. RESERVES

	Capital reserve RMB'000 (i)	Share premium RMB'000	Treasury shares RMB'000	Other reserve RMB'000 (iii)	Currency translation reserve RMB'000	Share-based compensation RMB'000 (ii)	Accumulated losses RMB'000	Total RMB'000
Balance at January 1, 2024	54,800	9,436,930	.*	–	413,989	85,809	(8,189,829)	1,801,699
Loss for the year	–	–	–	–	–	–	(798,132)	(798,132)
Exchange differences	–	–	–	–	92,816	–	–	92,816
Share-based payments	–	–	–	–	–	9,089	–	9,089
Issue of shares to employees under employee incentive schemes	–	953	.*	–	–	–	–	953
Transfer of treasury shares to employees under employee incentive schemes	–	553	.*	–	–	–	–	553
Repurchased shares	–	(50,272)	.*	–	–	–	–	(50,272)
Balance at December 31, 2024	54,800	9,388,164	.*	–	506,805	94,898	(8,987,961)	1,056,706
Balance at January 1, 2025	54,800	9,388,164	.*	–	506,805	94,898	(8,987,961)	1,056,706
Loss for the year	–	–	–	–	–	–	(97,861)	(97,861)
Exchange differences	–	–	–	–	(103,901)	–	–	(103,901)
Share-based payments	–	–	–	–	–	25,284	–	25,284
Issue of shares to employees under employee incentive schemes	–	27,889	.*	–	–	–	–	27,889
Transfer of treasury shares to employees under employee incentive schemes	–	1,154	.*	–	–	–	–	1,154
Repurchased shares	–	(115,277)	.*	–	–	–	–	(115,277)
Impact of non-controlling interests with put option in a subsidiary	–	–	–	(10,677)	–	–	–	(10,677)
Balance at December 31, 2025	54,800	9,301,930	.*	(10,677)	402,904	120,182	(9,085,822)	783,317

* The amounts are less than RMB1,000.

- (i) Capital reserve arose from the capital contribution of patents, which were recognised as intangible assets, from CARsgen Therapeutics' equity shareholder, Shanghai Yijie Bio-tech Co., Ltd., on the date of CARsgen Therapeutics' incorporation.
- (ii) Share-based payments arose from share-based payments granted to employees of the Group (note 31).
- (iii) Other reserve of the Group represents the impact of non-controlling interests with put option in a subsidiary.

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31. SHARE-BASED PAYMENTS

(a) Employee share option schemes

The Group adopted a number of share incentive plans to provide long-term incentives for its employees and directors of the Group to deliver long-term shareholder returns. Under the plans, participants are granted options which only vest if certain conditions are met. Participation in the plan is at the Board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

During the years ended December 31, 2025 and 2024, the Group adopted the following share option plans to provide certain employees and directors of the Group, with rewards for their services, full time devotion and professional expertise to certain of the Group's subsidiaries.

Share option scheme	Number of options granted	Exercise price per share option HKD
2024 Share option Scheme ("2024 Plan")	260,000	5.94
2024 Additional Share option Scheme ("2024 Additional Plan")	2,667,000	7.26
2025 Share option Scheme ("2025 Plan")	3,541,000	12.34
2025 Additional Share option Scheme ("2025 Additional Plan")	6,740,500	20.99

Under the 2024 Plan, 2024 Additional Plan, 2025 Plan and 2025 Additional Plan, those granted options can be vested in several tranches with the following vesting schedule: four years with 25% of the share options can be vested on every anniversary of the vesting commencement date respectively.

The following table summarises the Group's share option movements during the years ended December 31, 2025 and 2024.

	2025		2024	
	Average exercise price per share option HKD	Number of share options	Average exercise price per share option HKD	Number of share options
Outstanding as at beginning of the year	7.16	19,319,340	7.61	18,729,030
Execution of employee share option	7.50	(4,309,332)	2.70	(586,522)
Granted during the year	18.01	10,281,500	7.14	2,927,000
Forfeited during the year	11.27	(2,827,699)	13.48	(1,750,168)
Outstanding as at the end of the year	10.42	22,463,809	7.16	19,319,340

31. SHARE-BASED PAYMENTS (continued)**(a) Employee share option schemes** (continued)

The exercise prices and exercise periods of the share options outstanding as at the end of the reporting period are as follows:

2025

Number of options '000	Exercise price* HKD per share	Exercise period
7,687	0.00-10.81	December 28, 2020 to December 27, 2028
155	31.00	July 22, 2022 to July 21, 2031
1,637	16.32	March 24, 2023 to March 23, 2032
24	13.58	April 7, 2023 to October 20, 2032
1,779	14.46	April 13, 2024 to April 12, 2033
100	11.39	November 28, 2024 to November 27, 2033
1,482	7.26	November 18, 2024 to November 17, 2034
3,117	12.34	April 16, 2025 to April 15, 2035
6,483	20.99	September 18, 2025 to September 17, 2035
22,464		

2024

Number of options '000	Exercise price* HKD per share	Exercise period
10,518	0.00-10.81	December 28, 2020 to December 27, 2028
157	31.00	July 22, 2022 to July 21, 2031
2,123	16.32	March 24, 2023 to March 23, 2032
927	13.58	April 7, 2023 to October 20, 2032
2,635	14.46	April 13, 2024 to April 12, 2033
122	11.39	November 28, 2024 to November 27, 2033
220	5.94	May 7, 2024 to May 6, 2034
2,617	7.26	November 18, 2024 to November 17, 2034
19,319		

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31. SHARE-BASED PAYMENTS (continued)

(b) Employee restricted share schemes

The Group adopted a number of employee restricted share plans to provide long-term incentives for its employees and directors of the Group to deliver long-term shareholder returns. Under the plans, participants are granted restricted shares which only vest if certain conditions are met. Participation in the plan is at the Board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

During the years ended December 31, 2025 and 2024, the Group adopted the following restricted share plans to provide certain employees and directors of the Group, with rewards for their services, full time devotion and professional expertise to certain of the Group's subsidiaries.

Restricted share scheme	Number of restricted shares granted
2024 Stock RSU Scheme ("2024 RSU Plan")	60,000
2025 Stock RSU Scheme ("2025 RSU Plan")	3,579,500

The following table summarises the Group's restricted share incentive scheme activities during the years ended December 31, 2025 and 2024.

	2025 Number of restricted shares	2024 Number of restricted shares
Executed by the Company:		
Outstanding as at beginning of the year	1,911,674	3,191,040
Granted during the year	3,579,500	60,000
Vested during the year	(705,792)	(940,803)
Forfeited during the year	(642,317)	(398,563)
Outstanding as at the end of the year	4,143,065	1,911,674



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31. SHARE-BASED PAYMENTS (continued)

(b) Employee restricted share schemes (continued)

The exercise periods of the restricted shares outstanding as at the end of the reporting period are as follows:

2025

Number of restricted shares '000	Exercise period
64	March 24, 2022 to March 23, 2026
262	October 21, 2022 to October 21, 2026
493	April 13, 2023 to April 12, 2027
1,489	April 22, 2025 to April 21, 2029
1,835	September 18, 2025 to September 17, 2029
4,143	

2024

Number of restricted shares '000	Exercise period
39	July 22, 2022 to July 21, 2025
130	March 24, 2023 to March 23, 2026
628	October 22, 2023 to October 21, 2026
1,021	April 13, 2024 to April 12, 2027
34	November 28, 2024 to November 27, 2027
60	May 7, 2025 to May 6, 2028
1,912	

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31. SHARE-BASED PAYMENTS (continued)

(c) Fair value of share options and restricted shares granted

The assessed fair values at grant date of share options and restricted shares granted during the years ended December 31, 2025 and 2024 were as follows:

Share option and restricted Share Schemes	Fair value as at grant date RMB'000
2024 Plan	410
2024 Additional Plan	5,980
2024 RSU Plan	320
2025 Plan	18,793
2025 Additional Plan	58,646
2025 RSU Plan	55,201

The fair value of restricted shares at the grant date approximates to the fair value of ordinary shares.

The fair value of share options at grant date is independently determined using the binomial option-pricing model by taking into account the exercise price, fair value of ordinary shares at the grant date, the term of the option, the expected price volatility, the expected dividend yield, and the risk-free interest rate.

The model inputs for share options granted during the years ended December 31, 2025 and 2024 are:

	2025		2024	
	2025 Plan	Additional Plan	2024 Plan	Additional Plan
Exercise price	HKD12.34	HKD20.99	HKD5.94	HKD7.26
Risk-free interest rate	3.01%	2.93%	3.49%	3.27%
Volatility	49.04%	49.05%	47.57%	43.44%

The directors estimated the risk-free interest rate based on the yield of curve of US Treasury strips with a maturity life close to the life of share option. Volatility was estimated at the grant date based on the average of historical volatility of the comparable companies with length commensurable to the time to maturity of the share option. Dividend yield is based on the directors' estimation at the grant date.

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31. SHARE-BASED PAYMENTS (continued)

(d) Expenses arising from Share-based payment transactions

Expenses for the share-based payments have been charged to profit or loss as follows:

	2025 RMB'000	2024 RMB'000
Cost of sales	1,123	77
Administrative expenses	6,050	4,332
Research and development expenses	18,111	4,680
Total	25,284	9,089

At the end of the reporting period, the Company had 22,464,000 share options and 4,143,000 restricted shares outstanding under the share option schemes and restricted share schemes. The exercise or vesting in full of the outstanding share options and restricted shares would, under the present capital structure of the Company, result in the issue of 26,607,000 additional ordinary shares of the Company and additional share capital of USD5.31 (before issue expenses).

At the date of approval of these financial statements, the Company had 22,293,768 share options and 4,113,827 restricted shares outstanding under the share option schemes and the restricted share schemes, which represented approximately 4.57% of the Company's shares in issue as at that date.

Notes to the Consolidated Financial Statements

December 31, 2025

32. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year ended December 31, 2025, there were no major non-cash transactions affecting the consolidated financial statements.

(b) Changes in liabilities arising from financing activities

	Borrowings and interest payables RMB'000	Lease liabilities RMB'000
At January 1, 2024	2,555	82,698
Changes from financing cash flows	83,993	(16,605)
New leases	–	6,260
Termination of leases	–	(651)
Exchange alignment	–	2,459
Interest expenses	2,589	3,124
At December 31, 2024	89,137	77,285

	Other financial liabilities RMB'000	Borrowings and interest payables RMB'000	Lease liabilities RMB'000
At January 1, 2025	–	89,137	77,285
Changes from financing cash flows	–	(89,514)	(15,976)
New leases	–	–	56
Termination of leases	–	–	(109)
Exchange alignment	–	–	(2,894)
Capital contribution from the investor of a subsidiary	70,388	–	–
Interest expenses	3,704	377	2,816
At December 31, 2025	74,092	–	61,178



Notes to the Consolidated Financial Statements

December 31, 2025

32. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

(c) Total cash outflow for leases

The total cash outflow for leases included in the consolidated statement of cash flows is as follows:

	2025 RMB'000	2024 RMB'000
Within operating activities	2,938	6,747
Within financing activities	15,976	16,605
Total	18,914	23,352

33. COMMITMENTS

(a) Capital commitments

Capital expenditure contracted for by the Group at the end of each reporting period but not yet incurred is as follows:

	2025 RMB'000	2024 RMB'000
Property, plant and equipment	2,543	15

34. RELATED PARTY TRANSACTIONS

The following is a summary of the significant transactions carried out between the Group and its related parties in the ordinary course of business during the years ended December 31, 2025 and 2024.

(a) Key management compensation

Compensation for key management other than those for directors as disclosed in note 9 to the consolidated financial statements is set out below.

	2025 RMB'000	2024 RMB'000
Basic salaries, share-based payments, other allowances and benefits in kind	6,723	19,654
Discretionary bonus	–	1,030
Social security costs	271	605
Total	6,994	21,289

Notes to the Consolidated Financial Statements

December 31, 2025

35. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

Financial assets	2025 RMB'000	2024 RMB'000
Trade receivables	15,552	8,768
Other receivables	16,043	19,344
Financial assets included in other non-current assets	6,606	6,743
Cash and bank balances	1,123,414	1,479,058
Total	1,161,615	1,513,913
Financial liabilities	2025 RMB'000	2024 RMB'000
Borrowings – current	–	20,287
Borrowings – non-current	–	68,850
Financial liabilities included in accruals and other payables	111,401	132,622
Other Financial liability	74,092	–
Total	185,493	221,759



36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

36.1 Financial risk factors

The Group's principal financial instruments comprise borrowings 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 such as other receivables, financial assets included in other non-current assets and prepayments, and financial liabilities included in other payables and accruals, 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 exchange risk arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the functional currency of the relevant group entity.

The Group has operations in the US and the PRC. There are certain cash and bank balances, other receivables, accruals and other payables denominated in a currency that is not the functional currency. The Group constantly reviews the economic situation and its foreign exchange risk profile, and will consider appropriate hedging measures, as may be necessary.

At December 31, 2025 and 2024, if the USD had strengthened/weakened by 5% against the RMB with all other variables held constant, net loss for the years would have been RMB119,812,669 higher/lower and RMB123,996,000 higher/lower, respectively.

Credit risk

The carrying amounts of cash and bank balances, trade receivables, other receivables and financial assets included in other non-current assets and prepayments included in the consolidated statement of financial position represent the Group's maximum exposure to credit risk in relation to its financial assets.

As at December 31, 2025 and 2024, cash and bank balances were all deposited with high quality financial institutions without significant credit risk. While cash and bank balances are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Management has assessed that during the years ended December 31, 2025 and 2024, trade receivables, other receivables and financial assets included in other non-current assets and prepayments have not had a significant increase in credit risk since initial recognition. Thus, a 12-month expected credit loss approach that results from possible default event within 12 months of each reporting date is adopted by management. The Group does not expect any losses from non-performance by the counterparties of other receivables and no loss allowance provision for other receivables was recognised.

Notes to the Consolidated Financial Statements

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36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

36.1 Financial risk factors (continued)

Liquidity risk

The Group aims to maintain sufficient cash and bank balances. Due to the dynamic nature of the underlying business, the policy of the Group is to regularly monitor the Group's liquidity risk and to maintain adequate cash and bank balances to meet the Group's liquidity requirements.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
As at December 31, 2025					
Accruals and other payables	111,401	–	–	–	111,401
Lease liabilities	15,043	11,181	28,665	13,768	68,657
Other Financial liability	–	–	–	113,600	113,600
Total	126,444	11,181	28,665	127,368	293,658
As at December 31, 2024					
Accruals and other payables	132,622	–	–	–	132,622
Interest-bearing bank borrowings	20,815	19,608	53,091	–	93,514
Lease liabilities	16,327	15,643	32,023	24,105	88,098
Total	169,764	35,251	85,114	24,105	314,234

36.2 Capital management

The Group's objectives of managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for equity holders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

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 return capital to equity holders, issue new shares, make borrowings or sell assets to reduce debt. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended December 31, 2025 and 2024.

The Group monitors capital by regularly reviewing the capital structure. As a part of this review, the Company considers the cost of capital and the risks associated with the issued share capital. In the opinion of the directors of the Company, the Group's capital risk is low.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

36.3 Fair value estimation

(i) Fair value hierarchy

As at December 31, 2025 and 2024, the Group had no assets or liabilities that were measured at fair value.

There were no transfers between Levels 1, 2 and 3 for recurring fair value measurements for the year ended December 31, 2025.

(ii) Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include the binomial option-pricing model or discounted cash flow analysis.

There were no changes in valuation techniques for the years ended December 31, 2025 and 2024.

(iii) Valuation processes

The finance department of the Group has a team that performs the valuation of financial instruments required for financial reporting purposes. This team reports directly to the board of directors.

37. EVENTS AFTER THE REPORTING PERIOD

On February 12, 2026, the Company through its indirectly wholly-owned subsidiary CARsgen Diagnostics Co., Ltd. entered into the strategic cooperation agreements with Shanghai Jingong Enterprise Development Co., Ltd., which is a key platform enterprise in the Bay Area High-Tech Zone of Jinshan District, Shanghai (上海市金山區灣區高新區). With a total investment amount not exceeding RMB370 million, the Company will establish an advanced commercial manufacturing base for CAR T-cell products in Jinshan District, Shanghai.

Notes to the Consolidated Financial Statements

December 31, 2025

38. FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

(a) Statement of financial position of the Company

	2025 RMB'000	2024 RMB'000
NON-CURRENT ASSETS		
Investments in subsidiaries	759,881	767,680
Other receivables	4,180,284	4,698,994
Total non-current assets	4,940,165	5,466,674
CURRENT ASSETS		
Cash and cash equivalents	212,949	4,128
Total current assets	212,949	4,128
CURRENT LIABILITIES		
Accruals and other payables	3,472	3,223
NET CURRENT ASSETS	209,477	905
TOTAL ASSETS LESS CURRENT LIABILITIES AND NET ASSETS	5,149,642	5,467,579
EQUITY		
Share capital	1	1
Reserves	5,149,641	5,467,578
Total equity	5,149,642	5,467,579



Notes to the Consolidated Financial Statements

December 31, 2025

38. FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (continued)

(b) Reserve movement of the Company

	Share premium <i>RMB'000</i>	Treasury shares <i>RMB'000</i>	Currency translation reserve <i>RMB'000</i>	Share-based compensation <i>RMB'000</i>	Accumulated losses <i>RMB'000</i>	Total <i>RMB'000</i>
Balance at January 1, 2024	9,699,602	-*	534,465	85,809	(5,009,733)	5,310,143
Profit for the year	-	-	-	-	8,390	8,390
Exchange differences	-	-	188,722	-	-	188,722
Share-based payments	-	-	-	9,089	-	9,089
Issue of shares to employees under employee incentive schemes	953	-*	-	-	-	953
Transfer of treasury shares to employees under employee incentive schemes	553	-*	-	-	-	553
Repurchased shares	(50,272)	-*	-	-	-	(50,272)
Balance at December 31, 2024	9,650,836	-*	723,187	94,898	(5,001,343)	5,467,578
Balance at January 1, 2025	9,650,836	-*	723,187	94,898	(5,001,343)	5,467,578
Profit for the year	-	-	-	-	6,022	6,022
Exchange differences	-	-	(263,009)	-	-	(263,009)
Share-based payments	-	-	-	25,284	-	25,284
Issue of shares to employees under employee incentive schemes	27,889	-*	-	-	-	27,889
Transfer of treasury shares to employees under employee incentive schemes	1,154	-*	-	-	-	1,154
Repurchased shares	(115,277)	-*	-	-	-	(115,277)
Balance at December 31, 2025	9,564,602	-*	460,178	120,182	(4,995,321)	5,149,641

* The amounts are less than RMB1,000.

39. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on March 6, 2026.

Financial Summary

As at December 31,					
	2025 RMB'000	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
Total current assets	1,178,087	1,530,275	1,873,088	2,300,639	3,070,853
Total non-current assets	114,049	142,759	384,126	462,180	434,782
Total assets	1,292,136	1,673,034	2,257,214	2,762,819	3,505,635
Total current liabilities	205,457	254,007	196,217	171,004	389,172
Total non-current liabilities	307,342	362,320	259,297	118,641	119,803
Total liabilities	512,799	616,327	455,514	289,645	508,975
Equity attributable to equity holders of the Company	779,337	1,056,707	1,801,700	2,473,174	2,996,660
Total equity/(deficit)	779,337	1,056,707	1,801,700	2,473,174	2,996,660
Total equity and liabilities	1,292,136	1,673,034	2,257,214	2,762,819	3,505,635

For the year ended December 31,					
	2025 RMB'000	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
Revenue	125,662	39,425	–	–	25,813
Gross profit	79,948	14,747	–	–	25,813
Operating loss	(104,212)	(808,191)	(767,649)	(881,297)	(573,905)
Loss before income tax	(102,907)	(797,786)	(747,387)	(890,952)	(4,736,778)
Loss for the year	(102,907)	(798,132)	(747,794)	(892,247)	(4,744,423)
Loss attributable to equity holders of the Company	(97,861)	(798,132)	(747,794)	(892,247)	(4,744,423)



Forward-Looking Statements

All statements in this report that are not historical fact or that do not relate to present facts or current conditions are forward-looking statements. Such forward-looking statements express the Group's current views, projections, beliefs and expectations with respect to future events as of the date of this report. Such forward-looking statements are based on a number of assumptions and factors beyond the Group's control. As a result, they are subject to significant risks and uncertainties, and actual events or results may differ materially from these forward-looking statements and the forward-looking events discussed in this report might not occur. Such risks and uncertainties include, but are not limited to, those detailed under the heading "Principal Risks and Uncertainties" in our most recent annual report and interim report and other announcements and reports made available on our corporate website, <https://www.carsgen.com>. No representation or warranty is given as to the achievement or reasonableness of, and no reliance should be placed on, any projections, targets, estimates or forecasts contained in this report.



Definitions

"1% individual limit"	has the meaning in Rule 17.03D(1) of the Listing Rules
"2019 Equity Incentive Plan"	the equity incentive plan of our Company as adopted by way of written resolutions of the Board on January 22, 2019, the principal terms of which are set out in the section headed "Statutory and General Information – D. 2019 Equity Incentive Plan" in the Prospectus
"affiliate"	any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"AGM" or "Annual General Meeting"	the annual general meeting of the Company
"Articles of Association"	the memorandum and articles of association of the Company
"Audit Committee"	the audit committee of the Company
"Board of Directors", "Board" or "our Board"	our board of Directors
"BVI"	the British Virgin Islands
"CARsgen Life Sciences"	CARsgen Life Sciences Co., Ltd (愷興生命科技(上海)有限公司), a wholly foreign-owned enterprise incorporated in the PRC on March 22, 2018 and an indirectly wholly-owned subsidiary of our Company
"CARsgen Pharmaceuticals"	CARsgen Pharmaceuticals Co., Ltd (上海科濟製藥有限公司), a company incorporated in the PRC with limited liability on November 15, 2017 and wholly-owned by CARsgen Therapeutics (Shanghai)
"CARsgen Therapeutics (Shanghai)"	CARsgen Therapeutics Co., Ltd (科濟生物醫藥(上海)有限公司), a company incorporated in the PRC with limited liability on October 30, 2014, and one of our Consolidated Affiliated Entities
"China" or "PRC"	the People's Republic of China, which for the purpose of the Prospectus and for geographical reference only, excludes Hong Kong, Macao and Taiwan
"Company", "our Company", "the Company", "CARsgen Therapeutics" or "CARsgen"	CARsgen Therapeutics Holdings Limited (科濟藥業控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability on February 9, 2018
"Companies Ordinance"	the Companies Ordinance (Cap. 622), as amended, supplemented or otherwise modified from time to time
"Consolidated Affiliated Entities"	the entities we control through the Contractual Arrangements, namely CARsgen Therapeutics (Shanghai) and its wholly-owned subsidiary, CARsgen Pharmaceuticals

Definitions

"Contractual Arrangements"	the series of contractual arrangements entered into among CARsgen Life Sciences, CARsgen Therapeutics, the Corporate Registered Shareholder and the Individual Registered Shareholders details of which are described in the section headed "Contractual Arrangements" in this report
"Core Product"	has the meaning ascribed to it in Chapter 18A of the Listing Rules and in this context, refers to CT053
"Corporate Governance Code" or "CG Code"	the Corporate Governance Code set out in Appendix C1 to the Listing Rules
"Corporate Registered Shareholder"	YIJIE Biotech (Shanghai) Holding Limited (上海益傑生物技術有限公司), being the registered shareholder of CARsgen Therapeutics
"Director(s)"	the director(s) of the Company
"Global Offering"	the initial public offering of the Shares on the terms and subject to the conditions as described in the Prospectus
"Group", "our Group", "we", "us" or "our"	our Company, its subsidiaries and consolidated affiliated entities from time to time or, where the context so requires, in respect of the period prior to our Company becoming the holding company of its present subsidiaries and consolidated affiliated entities, such subsidiaries and consolidated affiliated entities as if they were subsidiaries and consolidated affiliated entities of our Company at the relevant time
"HK\$" or "Hong Kong dollars"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the People's Republic of China
"Individual Registered Shareholders"	Dr. Zonghai LI, Mr. Bingsen GUO, Dr. Huamao WANG, Mr. Huaqing GUO and Mr. Haiou CHEN, being the registered shareholders of the Corporate Registered Shareholder
"IPO"	initial public offering of the Company
"Latest Practicable Date"	April 2, 2026, being the latest practicable date prior to the printing of this report for the purpose of ascertaining certain information contained in this report
"Listing"	the listing of the Shares on the Main Board of the Stock Exchange
"Listing Date"	June 18, 2021
"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

Definitions

"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules
"MOFCOM"	the Ministry of Commerce of the PRC (中華人民共和國商務部)
"NDRC"	the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
"NMPA"	National Medical Products Administration (國家藥品監督管理局), the successor of the China Food and Drug Administration (國家食品藥品監督管理總局), or the CFDA, the State Food and Drug Administration (國家食品藥品監督管理局), or the SFDA and the State Drug Administration (國家藥品監督管理局), or the SDA
"Nomination and Corporate Governance Committee"	the nomination and corporate governance committee of the Company
"Post-IPO RSU Scheme"	the post-IPO RSU scheme adopted by our Company on April 30, 2021, the principal terms of which are set out in the section headed "Appendix V – Statutory and General Information" in the Prospectus
"Post-IPO Share Option Scheme"	the post-IPO share option scheme adopted by our Company on April 30, 2021, the principal terms of which are set out in the section headed "Appendix V – Statutory and General Information" in the Prospectus
"Prospectus"	the prospectus issued by the Company on June 7, 2021 in connection with the Global Offering
"Quanzhou Dingwo (LP)"	Quanzhou Dingwo Chuangfeng Investment Center (Limited Partnership) (泉州市鼎沃創豐投資中心(有限合夥)), a limited partnership established under the laws of the PRC on October 15, 2015, and one of our Controlling Shareholders
"Remuneration Committee"	the remuneration committee of the Company
"Reporting Period"	the period from January 1, 2025 to December 31, 2025
"RMB" or "Renminbi"	Renminbi, the lawful currency of China
"RSU(s)"	restricted share unit(s)
"SFO"	the Securities and Futures Ordinance (Cap. 571), as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) in the share capital of our Company with a par value of US\$0.00000025 each
"Shareholder(s)"	holder(s) of Shares of the Company

Definitions

"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"United States" or "U.S." or "US"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"US\$" or "U.S. dollars" or "USD"	United States dollars, the lawful currency of the United States
"Yeed Holdings"	Yeed Holdings Limited (儀德控股有限公司), a limited liability company established under the laws of BVI on July 7, 2019 wholly-owned by Ms. Xuehong YANG, and one of our Controlling Shareholders
"YIJIE Biotech (BVI)"	YIJIE Biotech Holding Limited (益傑生物技術控股有限公司), a limited liability company incorporated in the BVI on July 20, 2017, and one of our Controlling Shareholders

In this report, the terms "associate", "connected person", "controlling shareholder" and "subsidiary" shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.

Glossary

"antigen"	the substance that is capable of stimulating an immune response, specifically activating lymphocytes, which are the body's infection-fighting white blood cells
"ASCO"	American Society of Clinical Oncology
"ASH"	American Society of Hematology
"BCMA"	B-cell maturation antigen, a protein that is highly expressed in multiple myeloma with limited expression on normal tissues other than plasma cells
"B2M"	Beta-2 microglobulin
"CAR(s)"	chimeric antigen receptor(s)
"CAR-T" or "CAR T"	chimeric antigen receptor T cell
"CD19"	a cell surface protein expressed on the surface of almost all normal B lineage cells and B cell leukemia and lymphoma
"CD20"	cell-surface molecule expressed on the surface of normal B lymphocyte and B-cell malignancies
"CD38"	also named cyclic ADP ribose hydrolase, a glycoprotein expressed on the surface of many immune cells (white blood cells), including T/B lymphocytes and natural killer cells. And it also functions in cell adhesion, signal transduction and calcium signaling
"chemotherapy"	a category of cancer treatment that uses one or more anti-cancer chemotherapeutic agents as part of its standardized regimen
"CR"	complete response
"CycloCAR®"	a next-generation CAR-T technology under development by the Company, which features co-expression of cytokines IL-7 and chemokine CCL21 in the CAR T-cells to potentially improve clinical efficacy and reduced requirement for lymphodepletion conditioning
"cytokine"	a broad and loose category of small proteins that are important in cell signaling. Their release affects the growth of all blood cells and other cells that help the body's immune and inflammation responses
"DOR"	duration of response
"EHA"	European Hematology Association
"FDA" or "U.S. FDA" or "US FDA"	United States Food and Drug Administration
"GMP"	Good Manufacturing Practice

"GPC3"	Glypican-3, an oncofetal antigen expressed in a variety of tumors including certain liver and lung cancers
"G/GEJA"	gastric/gastroesophageal junction cancer, a type of cancer
"GvHD"	graft versus host disease
"HCC"	hepatocellular carcinoma, a type of cancer arising from hepatocytes in predominantly cirrhotic liver patients
"HLA"	human leukocyte antigen
"HvGR"	host versus graft response
"IIT" or "investigator-initiated trial"	clinical trial sponsored and conducted by independent investigators
"IND"	investigational new drug or investigational new drug application, also known as clinical trial application in China
"LADAR™"	Local Action Driven by Artificial Receptor technology, with similar mechanism of synNotch system, in which the intracellular transcription of the gene of interest is controlled by a chimeric regulatory antigen receptor
"mAb" or "monoclonal antibody"	antibodies that are made by identical immune cells which are all clones belonging to a unique parent cell
"mesothelin"	cell-surface protein whose expression is mostly restricted to mesothelial cell layers lining the pleura, pericardium and peritoneum
"MM" or "R/R MM"	multiple myeloma, a type of cancer that forms in the plasma blood cells; cancer that relapses or does not respond to treatment is called relapsed and/or refractory multiple myeloma
"NDA"	new drug application
"NK cell"	natural killer cell, the human body's first line of defense due to their innate ability to rapidly seek and destroy abnormal cells
"NKG2A"	also named KLRC1, killer cell lectin-like receptor subfamily C, member 1
"Phase I"	a study in which a drug is introduced into healthy human subjects or patients with the target disease or condition and tested for safety, dosage, tolerance, absorption, metabolism, distribution, excretion, and if possible, to gain an early indication of its effectiveness
"Phase Ib"	a phase of clinical trials that primarily assesses safety, tolerability and pharmacokinetics/pharmacodynamics at multiple ascending dose levels prior to commencement of a Phase II or Phase III clinical trial

Glossary

"Phase II"	a study in which a drug is administered to a limited patient population to identify possible adverse effects and safety risks, to preliminarily evaluate the efficacy of the drug for specific targeted disease, and to determine dosage tolerance and optimal dosage
"confirmatory trial" or "pivotal trial"	the trial or study intended to demonstrate the required clinical efficacy and safety evidence before submission for drug marketing approval
"PR"	partial response
"regenerative medicine advanced therapy" or "RMAT"	a special status granted by the FDA to regenerative medicine therapies, including cell therapies, intended to treat a serious or life-threatening disease or condition, and preliminary clinical evidence indicates that the drug has the potential to address unmet medical needs for such disease or condition
"sCR"	stringent complete response
"solid tumor"	an abnormal mass of tissue that usually does not contain cysts or liquid areas
"TCR"	T cell receptor
"THANK-uCAR®"	the Company's proprietary technology to generate CAR T cells with improved expansion and persistence from T cells that are sourced from third-party donors
"VGPR"	very good partial response

In the case of inconsistency, the English text of this report shall prevail over the Chinese text.

