



Asymchem Laboratories (Tianjin) Co., Ltd.

凱萊英醫藥集團（天津）股份有限公司

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

www.asymchem.com

Stock Code: 6821

The background of the cover is a vibrant blue with a complex network of white and light blue lines and dots, resembling a molecular or data network. In the center, there is a circular inset showing a laboratory scene with a person in a blue protective suit operating a large piece of machinery. To the right, there is a large, textured sphere composed of many small blue spheres, resembling a globe or a molecular model.

2025
ANNUAL REPORT

The background features a complex network of blue and white spheres connected by thin lines, resembling a molecular or data network. The spheres vary in size and are scattered across the frame, with some appearing as larger, more prominent nodes. The overall color palette is a gradient of light blue to white, creating a clean, futuristic aesthetic.

 **ASYMCHEM**

CONTENTS

Corporate Information	2
Chairperson's Statement	4
Financial Highlights	6
Management Discussion and Analysis	8
Biographies of Directors and Senior Management	34
Report of the Board of Directors	42
Corporate Governance Report	88
Independent Auditor's Report	117
Consolidated Statement of Profit or Loss	123
Consolidated Statement of Comprehensive Income	124
Consolidated Statement of Financial Position	125
Consolidated Statement of Changes in Equity	127
Consolidated Statement of Cash Flows	129
Notes to Financial Statements	131
Definitions and Glossaries	215

CORPORATE INFORMATION

I. BOARD OF DIRECTORS

i. Executive Directors

Dr. Hao Hong
Ms. Yang Rui
Mr. Zhang Da
Mr. Hong Liang

ii. Non-executive Directors

Dr. Ye Song
Ms. Zhang Ting

iii. Independent Non-executive Directors

Dr. Sun Xuejiao
Dr. Hou Xinyi
Mr. Xie Weikai (*appointed on 6 August 2025*)
Mr. Lee, Kar Chung Felix
(*retired on 6 August 2025*)

II. BOARD OF SUPERVISORS

(ABOLISHED ON 6 AUGUST 2025)

Ms. Zhi Xinxin (*ceased on 6 August 2025*)
Ms. Hou Jingyi (*ceased on 6 August 2025*)
Ms. Di Shanshan (*ceased on 6 August 2025*)

III. REGISTERED OFFICE AND HEAD OFFICE

No. 6 Dongting 3rd Street
Economic – Technological Development Area
Tianjin
PRC

IV. PRINCIPAL PLACE OF BUSINESS IN HONG KONG REGISTERED UNDER PART 16 OF THE COMPANIES ORDINANCE

40th Floor, Dah Sing Financial Centre
248 Queen's Road East
Wanchai
Hong Kong

V. H SHARE REGISTRAR

Computershare Hong Kong Investor
Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

VI. JOINT COMPANY SECRETARIES

Mr. Xu Xiangke
Mr. Cheng Ching Kit (*associate member of
The Hong Kong Chartered Governance Institute
and The Chartered Governance Institute in
the United Kingdom*)

VII. AUTHORIZED REPRESENTATIVES

Mr. Zhang Da
Mr. Xu Xiangke

VIII. AUDIT COMMITTEE

Dr. Sun Xuejiao (*Chairperson*)
Ms. Zhang Ting
Dr. Hou Xinyi

IX. STRATEGY COMMITTEE

Dr. Hao Hong (*Chairperson*)
Ms. Yang Rui
Dr. Sun Xuejiao (*appointed on 6 August 2025*)
Mr. Lee, Kar Chung Felix
(*retired on 6 August 2025*)

X. NOMINATION COMMITTEE

Mr. Xie Weikai (*Chairperson*)
(*appointed on 6 August 2025*)
Mr. Lee, Kar Chung Felix (*Chairperson*)
(*retired on 6 August 2025*)
Dr. Sun Xuejiao (*appointed on 6 August 2025*)
Mr. Hong Liang (*retired on 6 August 2025*)
Dr. Hou Xinyi

XI. REMUNERATION AND EXAMINATION COMMITTEE

Dr. Hou Xinyi (*Chairperson*)
Mr. Xie Weikai (*appointed on 6 August 2025*)
Mr. Zhang Da (*retired on 6 August 2025*)
Dr. Sun Xuejiao

XII. STOCK CODES

Hong Kong Stock Exchange (H Shares): 6821
Shenzhen Stock Exchange (A Shares): 002821

XIII. AUDITOR

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

XIV. LEGAL ADVISERS TO THE COMPANY

Hong Kong laws

Kirkland & Ellis
26/F, Gloucester Tower
The Landmark
15 Queens's Road Central
Central
Hong Kong

PRC laws

DeHeng Law Offices
12/F, Tower B, Focus Place
19 Finance Street
Xicheng District
Beijing
PRC

XV. PRINCIPAL BANKERS

Bank of China Dunhua Branch

No. 1218, Hanzhang Street
Dunhua
Jilin Province
PRC

SPD Bank Puxin Branch

No. 920, Tanggu Chunfeng Road
Binhai New District
Tianjin
PRC

SPD Bank Puhui Branch

No. 116, West Cuiheng Square
No. 39 Third Street
Economic – Technological Development Area
Tianjin
PRC

XVI. COMPANY'S WEBSITE

www.asymchem.com

CHAIRPERSON'S STATEMENT

Dear Shareholders and Stakeholders,

Thank you for your continued attention and support for Asymchem. The year 2025 has been both challenging and full of opportunities for us. On behalf of the Board of Directors, I am pleased to present our operational achievements in 2025 and look ahead to our future development prospects.

Looking back at 2025, the healthcare CXO industry has undergone significant changes, characterized by complexity and uncertainty. However, Asymchem has emerged from this period of accumulation, breaking through challenges and achieving steady growth. We have now successfully navigated through numerous obstacles. These accomplishments were not mere luck. They truly reflected the dedication of all employees who embrace our corporate culture of **"staying mindful of risks, relentless vigilance, and success through accumulating."** This is rooted in our unwavering belief in a **"technology-driven"** approach, which serves as our most reliable compass through industry fluctuations.

With determination, we continue to strive forward. In our core business area of small molecule CDMO technology, we have made significant breakthroughs in high-throughput screening ("HTS"), continuous flow chemistry, and photochemistry and electrochemistry, translating these innovations into commercial success. Our emerging business including peptide, oligonucleotide, payload linker and ADC, was accelerating rapidly with continuous breakthroughs in technologies such as enzyme ligation, TAG-assisted liquid-phase synthesis, continuous purification, and continuous cleavage technologies, making the production of peptides and oligonucleotide drugs more efficient, sustainable, and accessible. Our formulation technology has diversified vertically in drug products, while innovative outcomes in conjugated drugs and antibody drugs supporting cutting-edge research and development of innovative drugs China and in globally. Several indicators in synthetic biology have reached the forefront worldwide. These advances reinforce our belief that technology-driven approach is the foundation of our sustained leadership.

As we journey onward, our small molecule CDMO business has strengthened its core while branching into new opportunities in 2025. The emerging businesses such as peptides, oligonucleotides, and ADCs have seen substantial growth, with delivery capabilities continuously improving to support significant blockbuster projects worldwide, assisting domestic biotech innovation to leap forward and expand globally. Driven by technology, **Asymchem's revenue and net profit have returned to double-digit growth with ample cash on hand.** These achievements reflect the professionalism, resilience, and technical strength of our colleagues worldwide.

As the saying goes "a journey of a thousand miles begins with a single step." Asymchem's global footprint begins with small steps and are built through craftsmanship, involving all of our colleagues, regardless of role or seniority, embodying the spirit of engineers – embedding rigor into every operation and integrating innovation into every breakthrough. It is they who have laid the foundation for Asymchem's global expansion with a series of technical milestones, earning respect and trust within the industry and from our clients.

CHAIRPERSON'S STATEMENT

We stand at the threshold of 2025 and look towards the future: industry is recovering in 2026, and we are ready. We have crossed the revenue milestone of RMB10 billion previously and our ambitions do not stop there. Our small molecule CDMO business aims to stabilize and explore new opportunities, while our peptide, oligonucleotide and ADC CDMO businesses are poised for substantial growth. As market conditions improve and momentum builds, we will not stand still. We firmly believe that we will consistently commit to our mission and strategy, continually enhance our ESG framework, and strive to maximize value for our shareholders, aiming to become the trusted and preferred partner in the global healthcare industry.

Yours faithfully,

Dr. Hao HONG
Chairperson, Executive Director and Chief Executive Officer
Tianjin, the PRC
30 March 2026

FINANCIAL HIGHLIGHTS

Revenue for the year ended 31 December 2025 (the “**Reporting Period**”) was approximately RMB6,670,181 thousand, representing an increase of 14.91% from approximately RMB5,804,657 thousand for the year ended 31 December 2024 (the “**Corresponding Period**”).

Gross profit margin for the Reporting Period was approximately 41.59%, representing an increase of 0.56 percentage points from 41.03% for the Corresponding Period.

Net profit attributable to shareholders of the listed company for the Reporting Period amounted to approximately RMB1,132,570 thousand, representing an increase of 19.35% from approximately RMB948,950 thousand for the Corresponding Period.

Non-IFRS adjusted net profit attributable to shareholders of the listed company for the Reporting Period amounted to approximately RMB1,253,488 thousand, representing an increase of 56.09% from approximately RMB803,069 thousand for the Corresponding Period.

The Board proposed the 2025 profit distribution plan of the Company (the “**2025 Profit Distribution Plan**”) as follows: a dividend of RMB13.00 (tax inclusive) per 10 ordinary Shares for the year ended 31 December 2025, with the total amount of the proposed final dividend amounting to approximately RMB467,640,771.00 (tax inclusive). The proposed 2025 Profit Distribution Plan is subject to the approval of the Shareholders at the AGM.

	For the year ended 31 December				2025
	2021	2022	2023	2024	
	RMB'000 (except percentages)				
Results of Operations:					
Revenue	4,632,121	10,230,186	7,781,436	5,804,657	6,670,181
Gross profit	2,049,725	4,832,588	3,959,636	2,381,710	2,773,796
Profit for the year	1,069,256	3,294,631	2,250,820	935,756	1,126,642
Net profit attributable to shareholders of the parent	1,069,274	3,301,635	2,268,811	948,950	1,132,570
Profitability:					
Gross profit margin	44.25%	47.24%	50.89%	41.03%	41.59%
Net profit margin attributable to shareholders of the parent	23.08%	32.27%	29.16%	16.35%	16.98%
Non-IFRS Measures					
Adjusted net profit attributable to shareholders of the parent (Note 1)	1,122,997	2,998,806	2,302,089	803,069	1,253,488
Adjusted net profit margin attributable to shareholders of the parent (Note 1)	24.2%	29.31%	29.58%	13.83%	18.79%
Earnings per Share (RMB)					
– Basic	3.15	9.02	6.26	2.69	3.16
– Diluted	3.13	9.00	6.26	2.69	3.16

FINANCIAL HIGHLIGHTS

	As at 31 December				
	2021	2022	2023	2024	2025
	RMB'000 (except percentages)				
Total assets	15,156,297	18,239,273	19,767,159	19,288,556	20,277,466
Total liabilities	2,546,285	2,544,270	2,257,180	2,425,984	2,631,326
Total equity	12,610,012	15,695,003	17,509,979	16,862,572	17,646,140
Equity attributable to the owners of the Company	12,610,012	15,647,428	17,479,717	16,845,384	17,635,099
Cash and bank balances	6,234,457	5,289,594	7,109,987	5,789,408	6,320,950
Gear ratio (Note 2)	16.80%	13.95%	11.42%	12.58%	12.98%

Note 1: Please refer to "Management Discussion and Analysis – II. Financial Review – (xxiv) Adjusted Non-IFRS Measures".

Note 2: Gearing ratio is calculated by dividing total liabilities by total assets.

MANAGEMENT DISCUSSION AND ANALYSIS

I. BUSINESS REVIEW

In 2025, the Company comprehensively advanced business growth by remaining committed to its business principle of “deepening cooperation with major clients, expanding into small and medium-sized customer segments, advancing market presence in Europe, and enhancing cost efficiency and effectiveness.” This involved upgrading the management and operational systems to ensure order delivery capabilities, reinforcing relationships with key clients, and actively pursuing growth opportunities in both domestic and international markets. By leveraging iterative technological advancements, we successfully promoted the advantages of small molecule drug CDMO services, expanded into chemical macromolecule CDMO, biological macromolecule CDMO, drug product services, clinical research services, and synthetic biology technology and export of new technologies. Amid the recovery of the pharmaceutical industry from its downturn and supported by positive signals reflected in changing pharmaceutical industry trends, the Company continued its market expansion, particularly in growth business segments such as peptides, oligonucleotides and antibody-drug conjugates (“**ADCs**”), laying a robust foundation for sustained and steady growth in future performance. In the face of uncertainties in global trade and policy, the Company will leverage its Sandwich site to further advance the development of overseas commercial manufacturing capacity, while balancing the implementation of its global expansion strategy with effective cost control. As at the date of this annual report, excluding orders for which revenue was recognized during the Reporting Period, the Company has secured a total order backlog of US\$1,385 million, rising by 31.65%. The rapid order growth of the chemical macromolecule CDMO business and biological macromolecule CDMO business laid a solid foundation for further accelerated growth in future performance.

During the Reporting Period, the Company achieved a total revenue of RMB6,670 million, with an increase of 14.91% year-on-year and an increase of 16.78% at a constant exchange rate. In the fourth quarter, revenue reached RMB2,040 million, marking a quarter-on-quarter increase of 41.53%, a year-on-year increase of 22.59% and a year-on-year increase of 30.84% at a constant exchange rate. As the effects of cost reduction and efficiency improvement measures became apparent, along with the increasing delivery scale of emerging businesses and the ramp-up of capacity utilization, the Company recorded a net profit attributable to shareholders of the listed company of RMB1,133 million, marking a 19.35% rise year-on-year. The adjusted net profit attributable to shareholders of the listed company amounted to RMB1,253 million, growing by 56.09% year-on-year.

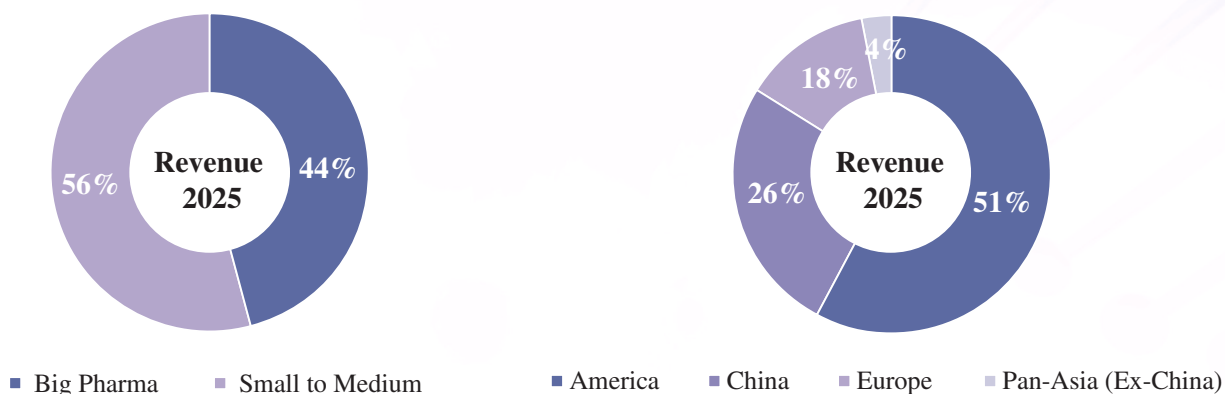
Market Expansion and Diversified Customer Base

The Company accelerated global expansion and continued to grow its customer base. In 2025, the Company expanded its CDMO customer base by over 300.

Adhering to the principle of “deepening cooperation with major clients”, the Company gradually extended its service chain. During the Reporting Period, revenue from big pharmaceutical (“**Big Pharma**”) companies was RMB2,916 million, representing an 8.36% increase compared to the same period last year. Upholding “expanding into small and medium-sized customer segments”, the Company built a reserve of potential projects. In 2025, we achieved revenue of RMB3,755 million from small and medium-sized companies, reflecting a 20.57% increase compared to 2024. Revenue streams became increasingly diversified.

MANAGEMENT DISCUSSION AND ANALYSIS

During the Reporting Period, the revenue derived from overseas customers reached RMB4,921 million, showing a year-on-year growth of 14.85%. The Company's revenue from domestic customers was RMB1,749 million, experiencing a year-on-year increase of 15.09%.



i. Small Molecule CDMO Business

The global small molecule CDMO business features a broad market with low industry concentration and a sustained increase in industry penetration. The growing incidence of chronic diseases and aging population trend propel the demand for innovative small molecule drugs. The pharmaceutical industry's focus on developing novel, more effective targeted therapies has resulted in increased product pipelines and the need for innovative drug delivery methods. The trend of global small molecule CDMO demand shifting to emerging markets, particularly to China, is likely to continue in the coming years.

The Company's small molecule CDMO business focuses on product stages characterized by stringent regulatory requirements and large-scale supply demands, with its projects spanning multiple major therapeutic areas, including oncology, antiviral, anti-infective, cardiovascular diseases, and diabetes. During the Reporting Period, the small molecule CDMO business achieved in-depth breakthroughs in core technologies such as HTS, continuous flow and photochemical and electrochemical, with an expanding portfolio of new technologies applied to its clinical and commercial projects.

Leveraging industry-leading technology advantages and first-class operational management and quality systems, along with a strong track record in project delivery, the small molecular CDMO business exhibited high-quality development momentum. During the Reporting Period, the recognized revenue reached RMB4,735 million, with a year-on-year increase of 3.59% and a gross profit margin of 46.45%. The Company delivered 59 commercialization projects and 515 clinical or pre-clinical stage projects, including 70 clinical phase III projects. During the Reporting Period, the Company participated in five small molecule GLP-1 clinical stage projects related to obesity, of which two are in late-stage clinical development. As at the date of this annual report, according to the current small molecule clinical stage orders in hand, the number of projects reaching process performance qualification ("PPQ") stage in 2026 reached 16.

MANAGEMENT DISCUSSION AND ANALYSIS

ii. Emerging Business

Leveraging the industrial resources and competitive advantages accumulated in its small molecule CDMO business, the Company has rapidly advanced the market expansion and capacity development in emerging businesses, driving robust growth in its emerging businesses. During the Reporting Period, the Company achieved revenue of RMB1,929 million, representing a year-on-year increase of 57.30%, of which overseas revenue was RMB852 million, surging by over 240% year-on-year. The overall gross profit margin of emerging businesses reached 29.65%, a year-on-year increase of 8.47 percentage points.

Chemical Macromolecule CDMO Business

During the Reporting Period, revenue of the chemical macromolecule CDMO business amounted to RMB1,028 million, soaring by 123.72%. As at the date of this annual report, the order backlog has surged by 127.59% compared to the same period last year, with overseas orders taking up 58.42%.

The Company supported 52 clinical-stage peptide drugs, of which a total of 19 projects focused on obesity related, with 8 projects in clinical late stage. During the Reporting Period, the first peptide project was approved for listing and commenced commercial supply. Drawing on the order backlog, the number of PPQ projects in the peptide business is expected to be four in 2026. Continuing to advance the development of oligonucleotide projects, the Company facilitated 69 clinical-stage projects, of which 20 are in late-stage clinical development. At the same time, the Company extensively engaged in nucleic acid-conjugated drug projects based on novel delivery technologies, including antibody-oligonucleotide conjugates (“**AOC**”), peptide-oligonucleotide conjugate (“**POC**”), aptamer drug conjugates (“**ApDC**”), Oligo-lipid, etc. In addition, the toxin linker business provided services for 36 clinical-stage projects, among which six are PPQ projects. Our first ADC drug passed the pre-approval inspection (“**PAI**”) and entered the commercialization stage. Furthermore, four projects are expected to enter commercialization sequentially in 2026.

Biological Macromolecule CDMO Business

During the Reporting Period, the biological macromolecule CDMO business generated revenue of RMB294 million, reflecting a robust 95.76% year-on-year increase, of which 39.55% was derived from overseas projects. A total of 130 projects were executed, including 5 BLA projects, 46 IND projects and nearly 70 R&D service projects. The Company established the PPQ project platform system and successfully completed its first PPQ production. As at the date of this annual report, the order backlog has grown by 55.56% year-on-year, with overseas orders accounting for 39.92%.

During the Reporting Period, the Company secured its first one-stop service project for antibody-peptide conjugate (“**APC**”) drugs, the first high-concentration antibody drug production IND project, and contributed to the successful out-licensing of the first late-stage ADC BLA project, and assisted multiple leading domestic clients in the successful global expansion of several projects, demonstrating the ability to deliver global services. A total of 36 audits were conducted throughout the year, including multiple audits by multinational corporation (“**MNC**”) clients, with a 100% client audit pass rate. In addition, the Company supported many companies in obtaining FDA clinical approval and FDA IND approval.

The Company actively built ToolBox capabilities, undertook and participated in multiple large-scale forums and keynote speeches, demonstrating the external influence of AsymBio. AsymBio conjugated drug development platform was successfully shortlisted for the 12th World ADC Awards “Best ADC Platform Technology”, underscoring AsymBio’s outstanding position in the global ADC CDMO field.

MANAGEMENT DISCUSSION AND ANALYSIS

Drug Product CDMO Business

During the Reporting Period, the drug product CDMO business realized revenue of RMB284 million, an increase of 18.44% year-on-year. The Company progressed 200 projects and expanded its client base by 56 new clients, including nearly 20 overseas clients. Leveraging the reliable quality system, the Company successfully passed the inspections by FDA, PMDA, NMPA and other regulatory authorities during the Reporting Period. The commercialization of drug production recorded substantial progress. During the Reporting Period, seven new drug product commercialization projects were added, bringing the total number of drug product commercialization projects to nine, including two projects serving overseas markets, continuing to accelerate globalization. As at the date of this annual report, the order backlog has risen by 49.13% year-on-year, of which overseas orders accounted for 29.27%.

The Company's drug product technology platforms achieved a series of breakthroughs and continued to expand its novel drug product projects. The nanocrystalline technology platform was continuously being consolidated, along with several oral nanocrystalline projects successfully achieving clinical delivery, and the delivery of sterile nanocrystalline suspension projects was completed. The topical drug product platform remained committed to strengthening, while the clinical delivery of multiple projects was accomplished. The complex drug product platform, covering dosage forms such as liposomes, nanoparticles, long-acting and sustained-release peptide injection, successfully delivered multiple orders. The Company established a microtablet technology platform and commenced the supply of clinical enteric-coated microtablet products. The small nucleic acid drug product platform maintained its leading position, with the number of projects exceeding one hundred, many of which entered the clinical late-stage. The technology platform of sterile in-situ gel, nasal spray and eye drops continued to empower operations, successfully completing the delivery of multiple projects.

Clinical Research Service (CRO) Service Business

During the Reporting Period, clinical research organization (“**CRO**”) service business generated revenue of RMB282 million, growing by 26.53% year-on-year. The Company assisted its customers in successfully obtaining three implied FDA IND approvals and supported 23 projects in obtaining implied China IND approvals. The Company undertook 216 new projects, achieving an increase of over 50% in newly initiated Phase II/III clinical research projects. Overseas business continued to make progress with 15 new overseas applications and clinical orders. Among these, projects from overseas clients undertaken in China have entered the execution phase, significantly enhancing the Company's penetration in international markets. The Company strengthened its established expertise in traditional strengths such as oncology, immunology, infectious diseases, orthopedics, respiratory system, hematology and gynecology. In addition, the Company sustained ongoing in-depth exploration in rare diseases and achieved new breakthroughs in psychiatry, anesthesiology, neurology, endocrinology and metabolism, ophthalmology, cardiovascular, gastroenterology, dermatology and nephrology. As at the end of the Reporting Period, the Company was conducting 294 clinical research projects, including 122 Phase II and later-stage clinical projects.

MANAGEMENT DISCUSSION AND ANALYSIS

In terms of data intelligence, the Company expanded the application of the full-process intelligent pharmacovigilance platform to more than 40 innovative drug clinical projects, and integrated a fully in-house developed intelligent question-and-answer robot (Chat BI) to enable natural language interaction with the database. At the same time, the Company explored Artificial Intelligence (“AI”) solutions for clinical trial plans and reports (CSP/CSR) together with multiple clients, and test results showed a significant improvement in writing efficiency and quality.

Synthetic Biology and Export of New Technologies Business

During the Reporting Period, the synthetic biology business secured 34 new clients. The Company successfully developed multiple enzyme products, enabling nearly a thousand-fold improvement in enzyme activity within four weeks and significantly enhancing R&D efficiency. The Company enabled the industrial application of the “Enzymatic Ligation-based Oligonucleotide Synthesis” technology on the core technology of nucleic acid synthesis. Compared with traditional solid-phase chemical synthesis, the Company substantially improved efficiency. The immobilized enzyme continuous reaction technology achieved commercial application across a range of commonly used enzyme classes, including hydrolases, oxidoreductases, and transferases, effectively helping partner companies reduce production costs and minimize the emission of the three types of waste.

With respect to the cell engineering technology platform, leveraging self-engineered high-performance chassis strains, the Company integrated end-to-end technologies including multi-omics analysis, fermentation process optimization and separation and purification. The Company achieved efficient production of products such as salidroside, resveratrol, sclareol and bakuchiol.

With regard to the microbial expression platform of biological macromolecules, the Company successfully built a HTS platform for fillers and a design of experiments (“DOE”) technology platform for protein purification, which can rapidly complete the screening of purification medium within two to three weeks and develop a robust purification process within six to eight weeks. The 500L GMP plant officially started operation and successfully delivered three IND projects.

In terms of continuous reaction technology export, the Company continued to implement projects for customers across fine chemical fields such as pharmaceuticals, pesticides, and materials in an orderly manner. The Company is currently fulfilling ten active orders and continuously expanding the reserve of self-developed projects. Efforts are now underway to optimize the management and operation system, building a professional multidisciplinary project team spanning chemistry, chemical engineering, equipment, and engineering, focusing on enhancing efficiency and service capabilities.

MANAGEMENT DISCUSSION AND ANALYSIS

iii. R&D Platform Construction

As a technology driven company, our key success lies in seamlessly integrating cutting-edge technologies and their industrial application, continuously strengthening our technological competitiveness, and solidifying our leading position in the CDMO industry. Leveraging our multiple in-house innovative R&D platforms, our process development team provides customized solutions for our customers using cutting-edge technologies and know-how.

With a strategic emphasis on the “development” component of CDMO services, Asymchem has been focusing on developing a top-tier technology platform. As at the end of the Reporting Period, our Group has obtained a total of 577 authorized patents both domestically and internationally, including 440 patents in China and 137 patents in other jurisdictions such as the U.S., the European Union, Japan, South Korea, and India. Among these, 205 are in the field of synthetic biology and 210 are in the field of continuous flow technology, respectively. Especially for the latter, our Company was one of the earliest companies to apply continuous manufacturing in drug production and is also one of the few that can apply the technology at the ton-level instead of gram-level. The applications of these patents simplified procedures, reduced processing duration and raw material cost and gave Asymchem a strong competitive edge. This continued focus on R&D has made Asymchem one of the few companies that can provide a one-stop solution platform.

Multiple technology centers of the Group are dedicated to cultivating cutting-edge technologies and spearheading technical innovation, in order to offer robust technical support for the Company’s new strategic direction and expansion.

Throughout the Reporting Period, in terms of continuous reactions and biosynthesis, the Company achieved significant results in technologies such as continuous synthesis, peptide TFA cleavage, and recombinant synthesis. Our research papers on new technologies have been published multiple times in the most authoritative scientific journals in the field of natural sciences such as Nature, as well as other important journals in the industry including Journal of the American Chemical Society, Angewandte Chemie (Germany Applied Chemistry), Journal of Organic Chemistry, Organic Letters, and other leading international journals. By the end of the Reporting Period, a total of 51 papers have been published, among which 17 have impact factors exceeding ten.

For the year ended 31 December 2025, our R&D expenses were RMB593 million, representing 8.89% of our total revenue. As we anticipate future revenue growth, we also plan to allocate a proportional increase in our R&D expenses.

iv. Investments and Constructions of Capacity Expansion

We possess advanced manufacturing sites which were built from the ground up to stringent standards. As at 31 December 2025, we had multiple R&D centres, manufacturing sites, production facilities and branches/offices across China, the United States, the United Kingdom, and other regions, and secured its first research and manufacturing site in Europe, as shown below:

MANAGEMENT DISCUSSION AND ANALYSIS



The Company continued to strengthen its technical reserves in peptides and oligonucleotides, and achieved breakthroughs in technologies such as fragment enzyme ligation, TAG-assisted liquid-phase synthesis, continuous purification, and continuous cleavage, enabling more efficient, greener, more accessible, and more sustainable drug production, while continuously delivering deep empowerment to customers. As at the end of the Reporting Period, the total peptide solid-phase reaction synthesis capacity is 45,000L, and will expand to 69,000L by the end of 2026 to meet the future production capacity demand of the order backlog. Furthermore, the oligonucleotide capacity reached 120 mol and is projected to increase to 180 mol by the end of June 2026 to enhance project delivery capacities. Continuing to advance the high-potency manufacturing capacity, the Company completed the construction and put into operation an additional Occupational Exposure Band 5 (“**OEB5**”) plant and R&D building, significantly strengthening the delivery capacity for commercial-scale highly active drug projects.

The first phase of the commercialized antibody plant in Fengxian has commenced operations, effectively addressing the needs of the global biopharmaceutical market. The first phase of the commercialized ADC workshop in Fengxian is expected to be delivered in the second quarter of 2026, further expanding the commercial capacity of ADCs.

The construction of drug product capacity advanced steadily. The construction of the β -lactam solid drug product workshop and the pre-filled syringes drug product workshop were brought into use under GMP standards and delivered multiple projects. The commercialized blow-fill-seal (“**BFS**”) facility and cartridge drug product facility progressed on schedule and are expected to be put into production in the second quarter of 2026. Furthermore, construction of the pharmaceutical spray dryer-3 (“**PSD-3**”) workshop was initiated and is scheduled to begin operations by the end of 2026, providing stronger manufacturing support for the drug product business.

In terms of synthetic biology, the Company was equipped with a full-scale production line from 50L to 5,000L that fulfils GMP standards. A dedicated, independent bio-fermentation facility with a total area of approximately 17,000 square meters has been fully commissioned, which can meet the production needs of multiple types of products, including enzymes, recombinant proteins, peptides and bio-based small molecules, at the same time.

MANAGEMENT DISCUSSION AND ANALYSIS

We generally expand and build our development and manufacturing facilities in anticipation of increased demand arising from new customer engagements and strategic plans. For details, please refer to the section headed “Report of the Board of Directors – XV. Use of Net Proceeds from the Issuance of Securities” in this annual report. We are strategically focusing on further expanding our overseas capacity in the small molecule business segment. Recognizing the growing global demand for our services, we aim to strengthen our presence in international markets by establishing production facilities abroad or through the acquisition of a suitable production base. This approach will enable us to effectively cater to the needs of our overseas core client base and enhance our competitiveness on a global scale. By leveraging our expertise, advanced technologies, and efficient processes, we are committed to providing high-quality small molecule CDMO solutions to customers worldwide. Through overseas capacity expansion, we aim to optimize our supply chain, shorten lead times, and improve overall operational efficiency. This strategic initiative aligns with our commitment to delivering exceptional services to our clients while solidifying our position as a leader in the small molecule CDMO industry.

v. Cultivation of Our Team of Talents

An effective talent management strategy is required to succeed in the highly competitive and rapidly evolving pharmaceutical industry. As a leading CDMO company, we recognize the importance of cultivating and retaining a diverse pool of professionals with multi-disciplinary expertise. Our global team possesses advanced technical knowledge, strong execution capabilities, and a customer-centric culture, which enables us to help our clients overcome complex process development and manufacturing challenges through teamwork and collaboration. We attract and cultivate talent globally by offering a collaborative work environment, cutting-edge projects, a reasonable and competitive remuneration package, and a community-driven career development platform.

In 2025, to achieve our goals, we implemented a tailored talent strategy for each of our key business segments. We offered internal training programs to equip our employees with the latest technology advancements, industry know-how, and regulatory developments. We inspired our employees to develop a strong sense of ownership and encouraged them to work on industry-defining and landmark projects. Moreover, we offered competitive compensation and compelling career development opportunities to motivate and retain our high-quality talent base.

The Company firmly upholds and adheres to the strategy of talent introduction by optimizing various employment mechanisms such as talent selection, training, utilization, evaluation, incentive, and retention. We established talent management systems for small molecule CDMO business and strategic emerging business and accelerated the introduction of talents including business leaders and key technical positions in emerging business segments. In 2025, we recruited 201 experts, approximately 50% of whom holding Ph.D degrees. As at 31 December 2025, our total workforce comprised 10,617 employees (including senior management and excluding interns, individuals with disabilities and rehired retirees, etc.), with around 78.2% possessing an undergraduate degree and/or above, and 23.9% possessing a master’s degree/ Ph.D. and/or above. Additionally, the R&D and analyst team consisted of 5,243 employees, accounting for approximately 49.38% of the total workforce, with 96.45% holding at least an undergraduate degree. Among them, 1,728 had a master’s degree and 308 held a Ph.D. Notably, the proportion of senior researchers with a master’s degree and Ph.D. diploma within the R&D team increased by approximately 0.89% year-on-year. We believe that our employees are a valuable asset of the Company, and we serve as the platform for employees to showcase their talents and realize their values.

MANAGEMENT DISCUSSION AND ANALYSIS

In terms of talent risk management, we have established the Values and Code of Conduct at the Company level, integrating the Supply Chain Code of Conduct to ensure compliance and monitor business development comprehensively, as well as provide fundamental principles and guidelines for employees to align their actions with the Company's values. The Diversity, Equity and Inclusion Policy established for employees undergoes periodic reviews and updates as the Company grows, aiming to safeguard the fundamental rights and interests of our employees.

vi. Social Responsibility and Sustainable Development

As a listed company with social responsibility, Asymchem stays committed to offering quality products and professional services to its partners. The Company, in strict accordance with the provisions of relevant laws and regulations and in light of its particular conditions, undertakes the responsibilities to Shareholders, partners, employees, society and other stakeholders. The Company gives back to society through practical action and fosters a harmonious environment for development, to achieve the ultimate goal of sustainable development.

Under the Asymchem sustainability model, there are four major elements for synergy: customer empowerment, civic responsibility, community building, and protecting the earth. As a leading CDMO service provider in China, we are committed to global pharmaceutical technology innovation and commercial application. We are sincerely dedicated to providing customers with quality products and professional services, and actively fulfill our responsibilities to our employees, shareholders, investors, and other stakeholders. While maximizing economic benefits, we pursue the collaborative development of social benefits and environmental protection in order to achieve sustainable development. We are highly focused on protecting the interests of our shareholders, customers, all employees, suppliers, and other interest groups and stakeholders. We have established an improved corporate governance structure, a complete internal control system, and a platform to interact with investors, to assure all Shareholders of fairness, promptness, justice, transparency, and openness.

In our daily operations, we are committed to our customer-centric approach and provide our customers with high-quality services through continuous development of technologies and processes. In terms of employee rights and interests, we comply in all material respects with the PRC Company Law, Labor Contract Law and other laws and regulations, and have formed a management philosophy that “there will be no quality products without satisfactory employees”, showing that we care about the health, safety, and satisfaction of our employees. At the same time, we maintain good interaction with suppliers, especially suppliers with long-term cooperative relationships. We fully understand that most of our overseas clients have established comprehensive environmental, social and governance (“ESG”) management objectives, which will be communicated to Asymchem. In particular, overseas customers have put forward clear ESG expectations for supply chain companies. As part of the supply chain, we strive for the best efforts to balance the requirements while operating the business to maximize the mutual benefit.

We have established “Teda-Asymchem Scholarship” in several colleges and universities to support the academic study and research of college students, demonstrating our concern for the growth of young students and our encouragement towards them. Particularly, we have set up several scholarships for college students facing financial hardship in many universities and colleges. We have also created several fellowships for outstanding achievements in drug synthesis in some universities and colleges and sponsored various academic conferences and symposiums.

MANAGEMENT DISCUSSION AND ANALYSIS

For more details regarding social responsibility and sustainable development information, please refer to the 2025 ESG Report published in April 2026.

II. FINANCIAL REVIEW

In 2025, the Company realized revenue of RMB6,670.18 million, representing an increase of 14.91% compared to the same period last year. The gross profit margin in 2025 was 41.59%, up by 0.56 percentage points from the same period last year. The adjusted net profit attributable to shareholders of the listed company amounted to RMB1,253.49 million, representing an increase of 56.09% compared with 2024. During the Reporting Period, the small molecule CDMO business generated revenue of RMB4,734.65 million, a year-on-year increase of 3.59%. Revenue from the emerging business was RMB1,929.13 million in 2025, an increase of 57.30% from the same period last year. Our revenue in foreign countries (including North America, Europe, and Asia Pacific except China) reached RMB4,920.88 million in 2025, representing an increase of 14.85% from the same period last year, and domestic revenue reached RMB1,749.30 million in 2025, showing an increase of 15.09% from the same period last year. The Company continued to invest in the R&D platform, with an expenditure of RMB593.26 million in 2025, a decrease of 3.45% from 2024, accounting for 8.89% of the total revenue.

i. Revenue

During the Reporting Period, the Group's revenue by product categories was as follows:

	2025		2024		Change ratio
	RMB'000	Proportion	RMB'000	Proportion	%
Small molecule CDMO business	4,734,651	70.98%	4,570,728	78.74%	3.59
Emerging business	1,929,130	28.92%	1,226,374	21.13%	57.30
Total revenue from principal business	6,663,781	99.90%	5,797,102	99.87%	14.95
Other businesses	6,400	0.10%	7,555	0.13%	(15.29)
Total revenue	6,670,181	100.00%	5,804,657	100.00%	14.91

The Company's R&D, production, analysis, supply chain management, quality and other departments and teams achieved seamless cooperation and worked in coordination to fully satisfy the needs of customers for pharmaceutical supply, further enhancing the level of fine management and the advantages of the platform system. The Company continuously developed key processes and technologies for green pharmaceuticals and increased the use of new technologies and intelligent equipment to further enhance its competitive advantage in the commercialization of small molecule CDMO business. Many industry-leading commercialization projects were continuously implemented, and the Company's strong track record in delivery will further drive deeper collaboration with numerous domestic and international clients on commercial projects. During the Reporting Period, the Company had a total of 574 small molecule CDMO projects for which revenue was recognized, generating revenue of RMB4,734.65 million, representing a year-on-year increase of 3.59%.

MANAGEMENT DISCUSSION AND ANALYSIS

During the Reporting Period, the strategic emerging segments recorded revenue of RMB1,929.13 million, representing a year-on-year increase of 57.30%. The chemical macromolecule CDMO business (including peptides, oligonucleotides, toxin linkers and lipids) achieved revenue of RMB1,027.89 million in 2025, representing a year-on-year increase of over 120%. The drug product CDMO business achieved revenue of RMB284.38 million in 2025, representing a year-on-year increase of 18.44%. The CRO business generated revenue of RMB282.14 million, achieving a growth of 26.53% year-on-year. The biological macromolecule CDMO business achieved revenue of RMB294.50 million in 2025, representing a year-on-year increase of 95.76%.

During the Reporting Period, the Company's revenue by countries or regions where our customer operates was as follows:

	2025		2024		Change ratio %
	RMB'000	Proportion	RMB'000	Proportion	
Domestic (China)	1,742,902	26.13%	1,512,353	26.5%	15.24
Foreign countries (including North America, Europe, and Asia Pacific except China)	4,920,879	73.77%	4,284,749	73.82%	14.85
Total revenue from principal business	6,663,781	99.90%	5,797,102	99.87%	14.95
Domestic revenue from other businesses	6,400	0.10%	7,555	0.13%	(15.29)
Total revenue	6,670,181	100.00%	5,804,657	100.00%	14.91

Our revenue from principal business in the domestic (China) market increased by 15.24% compared with the same period last year. Our revenue in foreign countries (including North America, Europe, and Asia Pacific except China) reached RMB4,920.88 million in 2025, representing an increase of 14.85% from the same period of 2024. The Group continued to prioritize market development and made positive progress in market expansion. During the Reporting Period, revenue from American customers amounted to RMB3,430.52 million, representing a year-on-year increase of 1.77%; revenue from Asia Pacific (except China) customers amounted to RMB292.83 million, representing a year-on-year increase of 64.17%; revenue from European customers amounted to RMB1,197.53 million, representing a year-on-year increase of 62.83%.

ii. Cost of Sales and Services

Our cost of sales and services includes costs of raw materials, direct personnel costs, manufacturing expenses and other related expenditures. Raw material costs cover direct and indirect materials required for production. Manufacturing expenses include depreciation of plant and equipment, energy costs, and testing and release expenses, among others. The category of "Others" includes transportation and insurance costs directly linked to sales, as well as associated taxes and fees. In 2025, our cost of sales and services was RMB3,896.39 million, representing an increase of 13.83% compared to the same period last year, largely in line with the increase in revenue in 2025 compared to the same period last year.

MANAGEMENT DISCUSSION AND ANALYSIS

During the Reporting Period, the Company's cost by revenue type was as follows:

	2025 RMB'000	2024 RMB'000	Change ratio %
Small molecule CDMO business	2,535,379	2,450,302	3.47
Emerging business	1,357,144	966,663	40.39
Total cost of principal business	3,892,523	3,416,965	13.92
Other business costs	3,862	5,982	(35.44)
Total operating cost	3,896,385	3,422,947	13.83

iii. Gross Profit and Gross Profit Margin

During the Reporting Period, the Company's gross profit margin of principal business by product categories was as follows:

	2025 %	2024 %	Change %
Small molecule CDMO business	46.45	46.39	0.06
Emerging business	29.65	21.18	8.47
Total gross profit margin of principal business	41.59	41.06	0.53

During the Reporting Period, the Group's revenue of principal business increased by 14.95% and the cost increased by 13.92%, leading to the increase of principal business gross profit margin by 0.53 percentage points compared with the same period last year. Gross profit margin of the Company in 2025 increased by 0.56 percentage points compared with the same period last year.

The gross profit margin for small molecule CDMO business stood at 46.45%, reflecting an increase of 0.06 percentage points compared to last year. Similarly, the gross profit margin for emerging business stood at 29.65%, reflecting an increase of 8.47 percentage points compared to last year, benefiting from the growth of emerging business revenue, the improvement in operational efficiency and the increase in capacity utilization.

During the Reporting Period, the Company's gross profit margin of principal business by countries or regions where our customers operate was as follows:

	2025 %	2024 %	Change %
Domestic (China)	21.37	19.9	1.47
Foreign countries (including North America, Europe, and Asia Pacific except China)	48.75	48.52	0.23
Total gross profit margin of principal business	41.59	41.06	0.53

MANAGEMENT DISCUSSION AND ANALYSIS

Our gross profit margin of principal business from domestic (China) in 2025 was 21.37%, which increased by 1.47 percentage points compared with the same period last year. Our gross profit margin of principal business from foreign countries (including North America, Europe, and Asia Pacific except China) in 2025 was 48.75%, with an increase of 0.23 percentage points compared to the same period last year.

iv. Other Income and Gains

The decrease in other income and gains from RMB480.72 million in 2024 to RMB392.35 million in 2025 was primarily attributed to the exchange losses and the decrease in interest income.

v. Selling and Marketing Expenses

In 2025, our selling and marketing expenses were RMB210.44 million, demonstrating a decrease of 13.54% from the same period last year, mainly due to the ongoing implementation of cost reduction and efficiency improvement initiatives, years of in-depth market cultivation and the synergy effects of “deepening cooperation with major clients”, with a particular focus on optimizing marketing and promotional expenses during the Reporting Period.

vi. Administrative Expenses

Our administrative expenses in 2025 were RMB801.87 million, representing a decrease of 6.91% from RMB861.42 million for the same period last year, mainly attributable to the ongoing implementation of cost reduction and efficiency improvement measures.

vii. R&D Expenses

Our R&D expenses amounted to RMB593.26 million in 2025, representing a decrease of 3.45% compared with the same period last year. The decrease was primarily attributable to the Group’s more focused direction and prioritization of R&D investment in 2025. While remaining committed to its core principle of being technology-driven, the Group continued to invest in technology innovation and independent R&D of core technologies, foster multiple innovative R&D platforms, increase R&D investment in key areas, and align R&D investment with the Group’s future development strategy.

viii. Impairment Loss on Financial and Contract Assets

The Group recorded an impairment provision for credit losses on financial assets measured and recognized using the expected credit loss approach. In 2025, our impairment losses amounted to approximately RMB72.61 million, compared with the RMB11.67 million in 2024, mainly attributable to the increase in the balance of trade receivables at the end of the current period, which was mainly caused by the increase in revenue.

ix. Finance Costs

Our finance costs primarily consist of interest expenses on lease liabilities. In 2025, our finance costs totaled RMB12.75 million, representing an increase of 34.15% compared with RMB9.51 million for the same period last year. The increase was mainly attributable to the increase in right-of-use assets compared with last year.

MANAGEMENT DISCUSSION AND ANALYSIS

x. Income Tax Expense

Our income tax expense amounted to RMB159.74 million in 2025, reflecting an increase of 16.92%. This increase aligns with the Group's profit growth trend and is primarily attributed to the increase in revenue.

xi. Net Profit and Net Profit Margin

Our net profit increased by 20.40% from RMB935.76 million in 2024 to RMB1,126.64 million in 2025. In 2025, the net profit attributable to shareholders of the listed company amounted to RMB1,132.57 million, representing an increase of 19.35% compared with RMB948.95 million in 2024. In 2025, the net profit margin attributable to shareholders of the listed company was 16.98%, representing an increase of 0.63 percentage points from 16.35% in 2024.

xii. Basic and Diluted Earnings per Share

Our basic earnings per Share increased from RMB2.69 in 2024 to RMB3.16 in 2025. Our diluted earnings per Share increased from RMB2.69 in 2024 to RMB3.16 in 2025. The increase in basic and diluted earnings per Share was mainly due to the increase in the net profit.

xiii. Liquidity and Financial Resources/Cash and Bank Balances

During the Reporting Period, the Group's operations and investments were supported by internal resources. The cash and bank balances of the Group, mainly denominated in RMB, as at 31 December 2025 increased by RMB531.54 million or 9.18% from 31 December 2024, mainly due to an increase in trade receivables collection and a decrease in short-term and low-risk wealth management products in the banks held by the Group. We believe the Group has sufficient liquidity to meet the requirements of its daily liquidity management and capital expenditure, and to manage internal operating cash flows.

As at 31 December 2025, certain of the Group's bank deposits were pledged or otherwise subject to restrictions in connection with principal of wealth management products in transit, as security for the Group's performance under contracts, or pursuant to freezing arrangements affecting certain deposits or funds as set out in the sub-section headed "– xvii. Pledge of Assets" below. Such restricted deposits formed part of the Group's overall cash and bank balances, but were not freely available for general corporate use as at 31 December 2025. Notwithstanding the foregoing, the Directors believe that the Group maintained a sound liquidity position throughout the Reporting Period and had sufficient financial resources to meet its working capital requirements, capital expenditure commitments and other operational needs as they fell due.

As at 31 December 2025, we had bank borrowings of RMB0.00 million (as at 31 December 2024: approximately RMB0.00 million).

MANAGEMENT DISCUSSION AND ANALYSIS

xiv. Analysis on Assets and Liabilities

	2025 RMB'000	2024 RMB'000	Change ratio %	Reason
Current Assets				
Inventories	1,470,882	1,193,346	23.26	Primarily due to the fluctuations resulting from continuous delivery of orders.
Trade and bill receivables	1,977,465	1,836,887	7.65	Primarily due to the increase in revenue.
Prepayments, other receivables and other assets	523,270	586,795	(10.83)	Primarily due to the decrease in VAT recoverable.
Non-Current Assets				
Property, Plant and Equipment	6,441,721	5,939,832	8.45	Primarily resulting from the construction of strategic emerging segments and development of equipment and plant infrastructure for operation.
Deferred tax assets	275,619	248,353	10.98	Primarily due to the increase in deferred tax assets recognized for deductible losses.
Prepayments, deposits and other receivables	446,007	482,409	(7.55)	Primarily attributed to the due date of time deposits.
Current Liabilities				
Other payables and accruals	1,247,315	1,166,097	6.96	Primarily attributed to the increase in the liability for restricted Share repurchase.
Financial liabilities at FVPL	9,836	-	N/A	Including derivative financial instrument in relation to foreign exchange swaps.
Tax Payable	69,472	50,177	38.45	Mainly due to the increase in profit.
Non-Current Liabilities				
Deferred income	294,734	298,622	(1.30)	Including grants received during the Reporting Period.
Deferred tax liabilities	111,604	134,703	(17.15)	Mainly recorded in respect of taxable temporary differences existing in the accelerated depreciation of fixed assets.

xv. Investment Analysis & Income Analysis of Long-term Equity Investment Under Equity Method

Financial assets at fair value through profit or loss (current portion and non-current portion)

Financial assets at fair value through profit or loss mainly consisted of short-term and low-risk wealth management products purchased from banks and investment in Sany Zhongzhi (Tianjin) Venture Capital Center (L.P.) and Sany Zhongzhi Phase II (Tianjin) Venture Capital Center (L.P.). The Group's financial assets at fair value through profit or loss among current and non-current assets decreased from RMB1,697.57 million as at 31 December 2024 to RMB1,310.11 million as at 31 December 2025, mainly due to the decrease in the purchase of short-term and low-risk wealth management products from the banks.

MANAGEMENT DISCUSSION AND ANALYSIS

Income from long-term equity investment under equity method

During the Reporting Period, the income from long-term equity investment under equity method amounted to RMB36.88 million, compared with the income of RMB24.86 million in 2024. This increase was mainly driven by the changes in net assets of Tianjin Haihe Asymchem Biomedical Industry Innovation Investment Fund (Limited Partnership) (天津海河凱萊英生物醫藥產業創新投資基金(有限合夥)) (“**Haihe Asymchem Fund**”), Tianjin Haihe Asymchem Medical and Health Industry Investment Fund Partnership Enterprise (Limited Partnership) (天津海河凱萊英醫療健康產業投資基金合夥企業(有限合夥)) (“**Haihe Asymchem Medical and Health Fund**”) and Tianjin Yugen Medtech Co., Ltd (“**Yugen Medtech**”), in which the Group has invested, multiplied by the Group’s shareholding ratio during the Reporting Period.

The Group’s major joint venture, Haihe Asymchem Fund, primarily invests in the commercialization projects of the innovative field of biological medicine in the clinical stage. It is accounted for using the equity method and is strategically important to the Group’s operations. The Group’s other joint venture, Yugen Medtech, serves as a platform for scientific research CRO technology services, integrating innovative drug druggability research, pre-clinical and clinical stage systematic evaluation and registration services. It is also accounted for using the equity method and is strategically significant to the Group’s operations. The Group’s joint venture, Haihe Asymchem Medical and Health Fund, primarily invests in the innovative biopharmaceutical industry. It is accounted for using the equity method and is strategically important to the Group’s operations.

xvi. Goodwill

Goodwill with net carrying amount of approximately RMB146.18 million as at 31 December 2025 (as at 31 December 2024: approximately RMB146.18 million) is acquired through the Group’s acquisition of Tianjin GoalGen Biotechnology Co., Ltd. and Beijing Improve-Quality Technology Co., Ltd. Management of the Group performed impairment reviews of goodwill annually or more frequently if events or changes in circumstances indicated a potential impairment. The recoverable amounts of the cash-generating units to which the goodwill relates were determined based on the value in use. These calculations required the use of estimates and professional judgements, and the management of the Group involved an external valuer in these calculations. The Group has conducted impairment assessment on goodwill and no signs of impairment have been found.

xvii. Pledge of Assets

As at 31 December 2025, the net book value of buildings, land and equipment pledged by the Group was nil (as at 31 December 2024: nil). As at 31 December 2025, certain of the Group’s bank deposits were pledged or otherwise restricted in connection with principal of wealth management products in transit, as security for contractual performance, or due to freezing arrangements applicable to certain deposits or funds, etc., which amounted to approximately RMB799.30 million (as at 31 December 2024: approximately RMB61.67 million).

MANAGEMENT DISCUSSION AND ANALYSIS

xviii. Funding and Treasury Policies

The Group's finance department is responsible for the funding and treasury policies with regard to the overall business operation of the Group. The Company expects to fund its working capital and other capital requirements from a combination of various sources, including but not limited to internal financing and external financing at reasonable market rates. The Group continues to seek improvements in the return on equity and assets while maintaining prudent funding and treasury policies.

xix. Capital Expenditure

During the Reporting Period, the Group's capital expenditure on property, plant and equipment, land use rights and other intangible assets amounted to approximately RMB1,270.36 million (In 2024: approximately RMB1,130.01 million).

xx. Capital Commitments

As at 31 December 2025, the Group had capital commitments of approximately RMB587.24 million (as at 31 December 2024: approximately RMB414.68 million), all of which were used for the purchase of property, plant and equipment.

xxi. Contingent Liabilities

As at 31 December 2025, the Group did not have any material contingent liabilities and guarantees that would have a material impact on the financial position or operations of the Group.

xxii. Subsequent Events

Please refer to the paragraph "Report of the Board of Directors – XL. Significant Events After the Reporting Period" of this annual report for the details.

xxiii. Gearing Ratio

As at 31 December 2025, the gearing ratio (calculated by dividing total liabilities by total assets) of the Group was 12.98% (as at 31 December 2024: 12.58%).

xxiv. Adjusted Non-IFRS Measures

To supplement the Group's consolidated financial statements which are presented in accordance with IFRS, the Group has provided adjusted net profit attributable to shareholders of the listed company and other data as additional financial measures, which are not required by or presented in accordance with IFRS. The Group believes that the adjusted financial measures are useful for understanding and assessing underlying business performance and operating trends. The Group'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.

MANAGEMENT DISCUSSION AND ANALYSIS

These non-IFRS financial measures, which the Group's management considers widely accepted and adopted in the industry, are provided to supplement the financial information prepared in accordance with IFRS. It is important to note that the presentation of these non-IFRS financial measures is not intended to be viewed in isolation or as a replacement for the IFRS-compliant financial information. Shareholders of the Group and potential investors should not solely rely on the adjusted results but should consider them in conjunction with the results reported under IFRS. Furthermore, these non-IFRS financial measures may not be directly comparable to similar measures used by other companies in the industry.

Additional data is provided below to reconcile adjusted net profit attributable to shareholders of the listed company and adjusted net profit margin attributable to shareholders of the listed company.

	2025 RMB'000 (except percentage)	2024 RMB'000 (except percentage)
Net profit attributable to the shareholders of the listed companies	1,132,570	948,950
Add: equity incentive amortization expense	8,487	15,414
Gain or loss on exchange rate fluctuations	141,223	(142,267)
Income tax effect	(28,792)	(19,028)
Adjusted net profit attributable to shareholders of the listed company	1,253,488	803,069
Adjusted net profit margin attributable to shareholders of the listed company	18.79%	13.83%

Notes:

In order to better reflect the key results of the Group's current business and operations, the adjusted net profit is based on the net profit attributable to shareholders of the listed company, and adjusted for the following matters:

- (1) share-based compensation expense;
- (2) foreign exchange gains or losses, primarily generated from revaluation of the assets and liabilities denominated in foreign currencies and the fair value change of foreign currency forward contracts, which the management believes is irrelevant to the Group's core business;
- (3) the calculation of the adjusted net profit margin attributable to shareholders of the listed company is based on the above net profit attributable to shareholders of the listed company.

xxv. Foreign Exchange Risk

The majority of our revenues are derived from sales denominated in USD, while most of our service and operating costs and expenses are denominated in Renminbi, and our financial data is presented in Renminbi. Consequently, when the Renminbi strengthens against the USD, our margins come under pressure, potentially limiting our ability to price our service contracts, especially those with our U.S. customers, in currencies other than the USD.

The Group managed foreign exchange risk by conducting regular reviews of the Group's net foreign exchange exposures and would consider the use of foreign exchange contracts to mitigate such risk.

MANAGEMENT DISCUSSION AND ANALYSIS

xxvi. Cash Flows

During the Reporting Period, the Group's net cash flows used in operating activities amounted to RMB1,407.59 million, representing an increase of RMB153.25 million compared to the Corresponding Period, mainly due to the increase in trade receivables collections.

During the Reporting Period, the Group's net cash flows used in investing activities amounted to RMB633.20 million, representing a decrease of RMB551.13 million compared to the Corresponding Period. The decrease was mainly due to the Group's reduced purchases of short-term and low-risk wealth management products in the banks and increased purchases of short-term pledged deposits, as well as the cash outflow for investments in associates of the Group in the same period last year.

During the Reporting Period, the Group's net cash flows used in financing activities amounted to RMB344.83 million, compared to RMB1,928.19 million for the net cash flows from financing activities in the Corresponding Period. The change was mainly due to the cash outflow for share repurchases in the same period last year.

xxvii. Capital Structure

Total equity attributable to Shareholders amounted to approximately RMB17,646.14 million as at 31 December 2025, compared to approximately RMB16,862.57 million as at 31 December 2024.

III. MATERIAL INVESTMENTS, ACQUISITIONS AND DISPOSALS

During the Reporting Period, the Group did not have any significant acquisitions or disposals of subsidiaries, associates and joint ventures of the Company. As at 31 December 2025, the Group did not hold any material investments (including any investment in an investee company with a value of 5% or more of the Group's total assets as at 31 December 2025).

IV. EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2025, the Group had 10,617 employees (as at 31 December 2024: 9,595 employees) (including senior management and excluding interns, individuals with disabilities and rehired retirees, etc.), whose salaries and allowances were determined based on their performance, experience and the prevailing market remuneration. We have invested in continuing education and training programs for all employees, which encompass a leadership development program and a structured three-stage training program consisting of orientation training, probation period basic skills training and on-the-job training skills enhancement training. In response to multiple business demands, we have also tailored specific personnel training programs for targeted departments. These initiatives form a dedicated talent development framework aimed at cultivating specific talents within our management team and broader workforce to continuously elevating their skills and knowledge.

MANAGEMENT DISCUSSION AND ANALYSIS

The Company is dedicated to developing a comprehensive and market-competitive compensation system for all employees, with a particular focus on key positions. We have established a multi-dimensional compensation structure comprising fixed salaries, performance-based bonuses, diverse welfare benefits and long-term incentives. We have made contributions to social security insurance funds (including pension insurance, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance) and housing provident funds, while providing diversified cash and non-cash benefits, such as supplementary commercial insurance, annual health check-ups and holiday benefits for our employees.

The Company also has the 2022 Employee Share Ownership Plan (the “**2022 ESOP**”), 2025 A Share Restricted Share Scheme (the “**2025 A Share Scheme**”) and H Share Restricted Share Scheme in effect as at 31 December 2025. For further details, please refer to the section headed “ Report of the Board of Directors – XIII. Share Incentive Schemes” in this annual report.

During the Reporting Period, the Group did not experience any significant labour disputes or any difficulty in recruiting employees.

V. FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

As at the date of this annual report, the Company did not have any existing plan for material investments or acquisition of capital assets.

VI. OUTLOOK AND PROSPECT

i. Industry Trend

In recent years, the outsourcing trend in the pharmaceutical CDMO industry has continued to deepen. Benefiting from increased R&D investment by pharmaceutical companies and the continued rise in outsourcing penetration, the global CDMO industry is experiencing sustained expansion. According to Frost & Sullivan, the global CDMO market size reached USD124.3 billion in 2025 and is projected to grow to USD231.0 billion by 2030, representing a compound annual growth rate (CAGR) of 13.2%. In the early 1990s, R&D pipelines were primarily concentrated within leading pharmaceutical companies, and outsourcing models were relatively simple, mainly serving as an extension of decentralized production capacity. As the global R&D landscape evolved, pipelines became increasingly dispersed, with the top 25 global pharmaceutical companies accounting for approximately 10% of R&D pipelines, while overall outsourcing penetration has exceeded 50%.

Accordingly, the role of pharmaceutical CDMOs has continued to evolve, gradually transitioning from merely extending external capacity to meeting the production demands driven by the rise of biotech companies after 2000, and later, following the growth of Chinese pharmaceutical companies after 2010, CDMOs have become key strategic partners within the pharmaceutical industry. With increasing molecular complexity and the scarcity of capacity for new modalities, including peptides, oligonucleotides, and antibody-drug conjugates – outsourcing penetration is expected to continue rising. CDMOs are also gradually shifting from decentralized to centralized models, with economies of scale becoming increasingly pronounced.

MANAGEMENT DISCUSSION AND ANALYSIS

Based on data from Evaluate Pharma and BCG analysis, while small-molecule drugs remain the market mainstream, new modalities are increasingly becoming a focal point for the industry. Several submarkets show significant growth potential: (i) Obesity drugs: The peptide-centric obesity market has reached a scale of hundreds of billions, encompassing single-target injections, multi-target combinations, oral small molecules, long-acting GLP-1 drugs, and combination therapies. Nucleic acid drugs are also beginning to enter the weight management space. This market is expected to remain long-term, exerting a profound impact on the industry ecosystem. Oral formulations are viewed as the future mainstream direction, and the Group will continue to monitor and strategically position itself in these opportunities; and (ii) Oligonucleotide drugs: In recent years, several MNCs have acquired small nucleic acid-targeting pipeline companies for nearly US\$10 billion, marking the expansion of oligonucleotide drugs from rare diseases into common diseases. In addition, an MNC licensed an AOC pipeline in a deal worth approximately US\$10 billion, highlighting the evolution of oligonucleotide drugs from liver-targeted to systemic delivery. The application of diverse carrier technologies – including peptides, antibodies, small molecules, and fatty acid carriers – enables oligonucleotide drugs to target multiple tissues, further unlocking market potential.

According to data from Pharmacube, China's innovative drug sector is undergoing a reversal in competitiveness. The proportion of molecules introduced into China by MNCs has risen from nearly zero a few years ago to approximately one-third. Chinese innovative drugs now account for 30% of global clinical trials, second only to the United States, and in 2025, upfront payments for business development (“BD”) transactions by Chinese companies are expected to account for 40% of the global total. The outsourcing demand from China's innovative drug sector presents substantial growth opportunities for CDMOs.

In summary, as outsourcing demand continues to grow and new drug modalities emerge, the strategic position of CDMOs in the global pharmaceutical value chain is expected to further strengthen.

ii. 2026 Strategy Highlights

The CDMO industry has shown a positive trend. After the Company returned to a growth trajectory in 2025, orders will continue to grow while operations remain favorable. The Company expects its operating performance in 2026 to show an accelerated growth trend with estimated revenue growth of 19-22%.

In 2026, the Company will vigorously promote the development of emerging businesses such as chemical macromolecule and biological macromolecule CDMO businesses, firmly seizing market opportunities to continuously generate incremental contributions in these areas. Meanwhile, it will promote the steady development of the small molecule business, laying a solid foundation for sustained growth in performance.

Focusing on improving operational efficiency, the strategy will shift from cost reduction and efficiency enhancement to cost control and efficiency improvement, effectively increasing profit margins and business competitiveness.

MANAGEMENT DISCUSSION AND ANALYSIS

iii. Long-term Strategy

In 2025, despite the complex and volatile international landscape and the slow recovery of financing for small and medium-sized pharmaceutical companies both domestically and abroad, AI technology has accelerated the development of innovative drugs, bringing new opportunities and challenges to domestic CDMO companies, including Asymchem. Following years of rapid growth, the Company now faces an urgent need to upgrade its management system to drive cost reduction and efficiency improvements. At the same time, the Company must expedite the expansion of its overseas production capacity and deepen cooperation with overseas clients, especially multinational pharmaceutical companies. Although challenges persist, the industry as a whole has gradually emerged from its most difficult period. The market has been significantly boosted by the growth potential of GLP-1 drugs, and the ongoing activity in drug categories such as ADC and small nucleic acids has also brought fresh opportunities to the industry. Moreover, the trend of specialized division of labor in the global pharmaceutical industry remains unchanged. In the face of both challenges and opportunities, the Company will focus on the following key initiatives in recent years:

Accelerating Capacity Expansion: Expanding global footprint in production capacities

As a leading Chinese CDMO company that was originally established in the United States early on and later built its own production capacities upon returning to China, Asymchem has been seeking suitable production capacities or bases outside China over the years to maintain robust production support. We successfully obtained our first R&D and pilot production base in Europe. This will expand our business areas with competitive advantages, extend our service radius, and deepen cooperation with overseas customers, especially multinational pharmaceutical companies. We anticipate utilizing this as a lever to broaden our service areas and customer base, further attract domestic and international orders, continuously penetrate into the international market, accelerate our global footprint, and thereby further ensure future growth certainty and increase order visibility.

Optimizing Profitability: Reinforcing Backbone Business and Overall Operation

Adhering to years of leading professional accumulation and profound experience in the small molecule CDMO industry, Asymchem will (i) consistently prioritize steadily increasing the gross profit margin of the small molecule CDMO business, strictly control production costs by improving efficiency and management optimization, further reduce raw material costs through technological research and development; (ii) under the premise of prioritizing development, reasonably control the various costs of emerging businesses, especially the growth of fixed costs; and (iii) rigorously control unnecessary administrative expenses to optimize the overall profitability of the Company.

Building Capability: Advancing Emerging Services Offerings

We will vigorously accelerate the development of emerging services, striving to significantly enhance delivery capabilities and swiftly expand overseas markets. We will (i) upgrade management and operational systems, allocate resources synergistically, focus on delivering emerging business projects and capability building; (ii) expedite the establishment of commercial production capacity for small nucleic acids, peptides, and ADCs, and achieve further breakthroughs in commercial project undertakings; (iii) leverage recent technological accumulation and performance records, synergize with the Company's accumulated customer resources and reputation, accelerate the exploration of overseas markets for emerging businesses; and (iv) further enhance the design and manufacturing of continuous flow reaction equipment, vigorously promote the application of continuous flow technology in multiple fields and strengthen the cooperation model with clients for the output of continuous flow reaction technology.

MANAGEMENT DISCUSSION AND ANALYSIS

Technology Driven: Strengthening R&D platform capabilities

We will (i) maintain a substantial commitment to research and development investment, establish an iteratively evolving research and development platform, create cross-department collaboration models for processes, engineering, and equipment, fortify process synthesis route design and optimization using state-of-the-art research and development methodologies to facilitate order fulfillment; (ii) continually bolster the development of synthetic biology technology platforms, advocate for the integration of these platforms across different sectors, and cultivate manufacturing capabilities for synthetic biology products; and (iii) prioritize research and application in intelligent technology, digital platform construction, etc., leveraging advanced control methods to drive the advancement of intelligent manufacturing technology and the implementation of intelligent production in factories.

Operational Excellence: Enhancing Efficiency and Cost-effectiveness through System Upgrades

Looking back over the past decade, Asymchem has been able to seize opportunities every few years, undertaking and seamlessly completing high-quality orders with substantial amounts. In recent years, the rapid development of AI in the healthcare industry has presented both new challenges and opportunities for the Company. We will consistently enhance the organizational and procedural development of operational management systems to drive continuous improvements in management efficiency and reinforce the cultivation of corporate culture, while emphasizing a people-centric approach to recruitment, ongoing enhancement of management talent, refinement of incentive structures, productivity enhancement, fostering unity, and boosting overall staff effectiveness. Additionally, we will retain our focus on excelling in the implementation of management digitization and digital transformation.

iv. Core Advantages

Asymchem is a leading, technology-driven CDMO providing comprehensive solutions and services throughout the drug development and manufacturing process. Our Company has more than two decades of experience in small molecule drug development and manufacturing and has become an integral part of the global value chain for innovative drugs. With extensive know-how and advanced technologies, the Company has collaborated with diversified global pharmaceutical companies and has become the leading small molecule and new modality (peptide, oligonucleotide, ADC, etc.) CDMO in China.

Drawing on our extensive industry knowledge, well-established R&D platforms, manufacturing capabilities, and stellar reputation with customers, we have enhanced our CDMO offerings to encompass cutting-edge drug modalities. These include peptides, oligonucleotides, monoclonal antibodies (“**mAbs**”), ADCs and messenger RNA (“**mRNA**”). Furthermore, we have expanded our service portfolio to encompass chemical macromolecule CDMO solutions, drug product solutions, biosynthesis solutions, and clinical CRO solutions, and the export of continuous flow technology and synthetic biology technology, collectively referred to as our emerging services. Our vision is to become a reliable partner for the global pharmaceutical industry providing superior one-stop CDMO services and solutions throughout the full lifecycle of drugs from their development to commercialization.

MANAGEMENT DISCUSSION AND ANALYSIS

Leveraging our management team's global vision, strategic insight, and local expertise, Asymchem is well positioned to capture the growing trend of global CDMO outsourcing to China, with its technological leadership and extensive know-how, established long-term relationships with global leading biopharma/biotechnology companies, as well as service capability expansion into new modalities and service types. During the past few years, following the outbreak of public health emergency, the recent commercial contracts with a leading global pharma company have further validated our leading services and delivery capabilities, resulting in elevating the Company to the next level.

- **We have continued to develop as a technology driven CDMO providing comprehensive solutions with strong revenue growth performance of the flagship services through our small molecule and emerging business services.** Asymchem has amassed more than 20 years of experience and solidified its position in the small molecule business. Our collaborations with international multinational pharmaceutical companies have grown stronger. The gradual resumption of international business travel enables more clients to witness our capabilities firsthand, while an increasing number of advanced projects, including API verification initiatives, are successfully being implemented. We have effectively addressed external apprehensions regarding the partnerships between multinational pharmaceutical firms and Asymchem through tangible outcomes. Moreover, the enhancement of research and development production efficiency for small molecules, driven by collective efforts, coupled with ongoing cost reductions, ensures our sustained competitiveness. Serving as the foundational business of Asymchem, the prospects for small molecule CDMO remain positive for further growth.

We strive to further advance our market leadership in the small molecule CDMO market through our established reputation, advanced R&D platforms, robust manufacturing capabilities and high-quality customer services for diversified multinational pharmaceutical companies and leading biotechnology companies across different jurisdictions. Derived from multiple business lines of the emerging services segment, we have focused on peptides and oligonucleotides in chemical macromolecules, captured the growth of biological macromolecules through integrated service for ADC, various conjugated drugs, and payload linkers, and promoted the export of continuous flow technology and synthetic biology technology. The two flagship technologies have evolved from individual components into full-fledged technological platforms. We can now offer external technology output, enabling partners from diverse fields to leverage our cutting-edge technological achievements to address their own pain points, leading to notable enhancements in efficiency and safety while significantly reducing costs. By leveraging the deep industry insights, we will continue to push forward emerging business lines. We believe this will drive our company's secondary growth curve by strengthening our strategic positioning in the obesity market, oligonucleotide drug category, and the antibody-conjugate innovative drug field in key therapeutics.

MANAGEMENT DISCUSSION AND ANALYSIS

- **We have laid the groundwork for revenue growth and a broad project funnel through strong customer retention and an expanding customer base.** Our Company has been able to retain its top global pharma companies' client base, which consists of diversified multinational pharmaceutical companies, through cooperative relationships of more than ten consecutive years, which demonstrate very strong customer loyalty. Our Company is gaining traction in global pharmaceutical companies, small to midsize pharmaceutical companies and leading biotechnology companies by upholding a customer-centric business philosophy. The robust customer base with expansion allows us to have an extensive pipeline of projects at various stages, creating a broad funnel to maintain a steady stream of small molecule business segments and growth in emerging services. Our commercial stage projects and late-stage clinical projects continue to increase, which has substantially improved the stability and predictability of our revenue growth.
- **We have continued to focus on advancing and evolving multiple R&D platforms for technology leadership based on our customer-focused innovation.** With a strategic emphasis on the “development” component of CDMO, our Company has been focusing on developing a top-tier technology platform and is among the CDMO companies that contribute the most to R&D per Frost & Sullivan Analysis. Our Company was one of the earliest CDMOs to apply continuous flow technology in drug production and is also one of the few that can apply the technology at the ton-level instead of gram-level, leading to simplified procedures, reduced processing duration and raw material costs, enhancement of yield and safety, and ultimately delivering cost efficiencies to clients. As at the end of 2025, number of the Company's mid- and late-stage clinical projects and commercial-stage projects applied key technologies for green pharmaceuticals, generating favorable economic benefits and efficiency, including but not limited to continuous flow technology and synthetic biology technology. This continued focus on R&D has enabled Asymchem to maintain its competitive edge and technology leadership in the small molecule CDMO space and further development of emerging businesses. Meanwhile, promoting the export of green technologies, i.e. continuous flow technology and synthetic biology technology to external clients, allows Asymchem to enhance the industrial image, drive the industrial trend, and elevate to a higher level as a source of revenue through technology rather than customized manufacturing.
- **We have enhanced our first-class operational and quality management capabilities and delivery efficiency in projects, meeting the stringent requirements of clients and global industry standards and have built a decent industry reputation.** Our extensive expertise in process development and efficient delivery knowledge has made us the preferred choice for large clients. In recent years, we have optimized process development, analytical method development cycles, shortened production cycles, streamlined process systems, and applied automation and AI technologies. We can expediently solve a variety of complex process challenges in the scale-up production of innovative drugs, accelerating the clinical development process and providing high-quality enhancements in yield and stable production during the commercial stage. Based on years of large-scale manufacturing experience, we have established a comprehensive, rigorous Current Good Manufacture Practices (“cGMP”) quality system and a first-class environmental, health, and safety (“EHS”) and quality assurance (“QA”) system. In the past, we have an outstanding track record of EHS and Environmental Assessment (“EA”) system compliance and further extensive improvement and development in response to the rapid upgrading of supplier requirements by several clients, i.e. multiple pharmaceutical companies through their individual ESG standards.

MANAGEMENT DISCUSSION AND ANALYSIS

- **We have further enhanced our fully integrated platform from different aspects including market-oriented planning, talent introduction and capacity expansion.** In 2025, while keeping our cost-effectiveness and cost-efficiency as one of our core principles, we continuously strengthened talent recruitment and cultivation as the emerging business is accelerating, and constantly improved the employment mechanisms, accelerating the recruitment of talents including key technical personnel in emerging business segments and senior executive talents with professional working backgrounds and extensive experience in overseas pharmaceutical companies to reinforce our CDMO capabilities in new modalities. In addition, we accelerated the construction of multiple production capacity expansion projects, including but not limited to the peptide commercial production, achieving a commercialized solid-phase synthesis capacity exceeding 45,000L to meet the growing demand for peptide production, prioritized the development of the exclusive production workshop for multiple pilot-to-commercialization production lines for oligonucleotide, completed Phase I commercial production capacity expansion in biological macromolecule CDMO business. As at 31 December 2025, we had multiple R&D centres, manufacturing sites, production facilities and branches/offices across China, the United States, the United Kingdom, and other regions.
- **We have maintained a stable, visionary, experienced senior executive management team who have extensive industry and operational experience with a sophisticated corporate governance sense, supported by talented and dedicated employees.** Our Company is led by the founder, Chairperson of the Board, and CEO Dr. Hao Hong and a group of senior executives with an average of more than 20 years of profound experience in their respective fields. The management team is also very stable with multiple members joining during the early days of the Company and several others who have been at the Company for over 10 years. Combined with the diversified talent pool and employees with a global vision, advanced technical knowledge, strong execution capabilities, and a strong sense of ownership, it is likely to continue driving the Company's growth.
- **We have maintained a healthy financial position with a long-term cash runway which provides flexibility for further development and overseas expansion.** After the global offering of the Company, having been successfully dual-listed on the Main Board of the Hong Kong Stock Exchange, we have more than RMB6.3 billion cash and cash equivalents on hand. Our healthy financial position and consistently efficient capital allocation provide us with flexibility to pursue our long-term strategy, i.e. rolling out our global footprint through overseas capacity expansion, dual stock markets employee share schemes, and share buybacks, etc.

v. Potential Risk Factors and Solutions

The Company is a global industry-leading CDMO enterprise, specializing in the technological innovation and commercialization of global pharmaceutical processes. It also serves as a one-stop provider of drug development and manufacturing services for large and medium-sized pharmaceutical and biotechnology companies both domestically and internationally. Potential risks that the company may encounter include issues related to the withdrawal or large-scale recall of major innovative drugs, operational challenges during clinical project stages, life cycle turnover, lower than anticipated market sales of key innovative drugs, failure to pass ongoing review by international drug regulatory authorities, loss of essential technical personnel, environmental protection and safety in production, as well as geopolitical factors, international trade disputes and exchange rate fluctuations.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

I. DIRECTORS

The Board currently consists of nine Directors, including four executive Directors, two non-executive Directors and three independent non-executive Directors. The following table sets forth information about our Directors.

Name	Age	Position(s)	Date of first appointment
Executive Directors			
Dr. Hao Hong	70	Founder, Chairperson of the Board, Executive Director and Chief Executive Officer	Appointed as the Chairperson of the Board on 18 July 2011
Ms. Yang Rui (楊蕊)	49	Executive Director and Co-Chief Executive Officer	Appointed as a Director on 18 July 2011
Mr. Zhang Da (張達)	45	Executive Director, Chief Financial Officer and Chief Operating Officer	Appointed as a Director on 18 April 2019
Mr. Hong Liang (洪亮)	52	Executive Director and Executive Vice President	Appointed as a Director on 18 July 2011
Non-executive Directors			
Dr. Ye Song	65	Non-executive Director	Appointed as a Director on 18 July 2011
Ms. Zhang Ting (張婷)	40	Non-executive Director	Appointed as a Director on 9 February 2021
Independent Non-executive Directors			
Dr. Sun Xuejiao (孫雪嬌)	43	Independent Non-executive Director	Appointed as an independent non-executive Director on 18 October 2023
Dr. Hou Xinyi (侯欣一)	66	Independent Non-executive Director	Appointed as an independent non-executive Director on 29 February 2024
Mr. Xie Weikai (謝維愷)	36	Independent Non-executive Director	Appointed as an independent non-executive Director on 18 July 2025

Note:

(1) Mr. Lee, Kar Chung Felix tendered his resignation as independent non-executive Director of the Company on 18 July 2025 with effective from 6 August 2025 due to the expiration of his term of office.

Dr. Hao Hong, aged 70, is currently the Chairperson, the executive Director and the chief executive officer of the Company. Dr. Hao Hong is responsible for the formulation of the strategic direction, business plans and major operational decisions and direct day-to-day management of our brands, sales and daily operation of the Group.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Prior to founding Asymchem Laboratories, Incorporated (“ALAB”), a controlling Shareholder of the Company, in November 1995, Dr. Hao Hong has served at North Carolina State University (北卡州立大學) as a post-doctoral research associate and was mainly responsible for conducting scientific research. Dr. Hao Hong founded Chirachem Laboratories (Tianjin) Co., Ltd. (天津凱萊英精細有機化工有限公司, the predecessor of the Company) in October 1998 and was appointed as the Chairperson of the board and the general manager.

Dr. Hao Hong obtained a bachelor’s degree of medicine from Sichuan Medical College (四川醫學院, currently known as West China Hospital of Sichuan University (四川大學華西醫院)) in March 1982 and a master’s degree of medicine from the China Capital Medical University (中國首都醫科大學) in June 1985. He also obtained a doctorate degree of medicinal chemistry from the Chinese Academy of Medical Sciences (中國醫學科學院) in October 1988 and subsequently completed postdoctoral research in medicinal chemistry at the University of Georgia.

Dr. Hao Hong is the spouse of Dr. Ye Song (a non-executive Director) and the uncle of Mr. Hong Liang (an executive Director and executive vice president).

Ms. Yang Rui (楊蕊), aged 49, is currently the executive Director and the co-chief executive officer of the Company. Ms. Yang Rui is responsible for the operational decisions and direct day-to-day management of the strategic emerging business segments of the Group.

Ms. Yang Rui joined the Company in April 1999 and successively served several managerial positions in the administration office, import and export department and accounting department, as a deputy general manager and as the executive deputy general manager. Ms. Yang Rui concurrently serves as a director or the Chairperson of the board of directors of several subsidiaries of the Company. Ms. Yang Rui has been serving as a director of Haiying Chuang (Tianjin) Investment Management Co., Ltd. (海英創(天津)投資管理有限公司) since April 2019 and a director of AsymCore (Tianjin) Enterprise Management Co., Ltd. (凱萊同心(天津)企業管理有限公司) since July 2022.

Ms. Yang Rui obtained a bachelor’s degree of engineering from Tianjin Institute of Light Industry (天津輕工業學院, currently known as Tianjin University of Science & Technology (天津科技大學)) in July 1999 and a master’s degree of EMBA from Peking University in July 2013. She was selected into Tianjin New Entrepreneur Training Project (天津市新型企業家培養工程).

Mr. Zhang Da (張達), aged 45, is currently the executive Director, the chief financial officer and the chief operating officer of the Company. Mr. Zhang Da is responsible for our financial operation, financing and investment activities, and the operation management and business strategy of the Group.

Prior to joining the Company, Mr. Zhang Da served as a director and a deputy general manager in Beijing Youyuan Online Technology Company Limited (北京友緣在線網絡科技股份有限公司) from December 2014 to May 2018. He has been concurrently serving as an independent director of Hunan Nucien Pharmaceutical Co., Ltd. (湖南南新製藥股份有限公司) since April 2018 and a director of Haiying Chuang (Tianjin) Investment Management Co., Ltd. (海英創(天津)投資管理有限公司) since April 2019.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Zhang Da obtained a bachelor's degree of engineering from Tianjin University (天津大學) in June 2003 and a master's degree of economics from the Financial Research Institute of The People's Bank of China (中國人民銀行金融研究所) in October 2006.

Mr. Hong Liang (洪亮), aged 52, is currently the executive Director and the executive vice president of the Company. Mr. Hong Liang is responsible for the major operational decisions and direct day-to-day management of the Group.

Mr. Hong Liang joined the Group in October 1998 and successively served as the director of the production department and a deputy general manager of the engineering equipment department of the Company and a deputy general manager of the engineering equipment department, the general manager and the Chairperson of the board of directors of Asymchem Laboratories, a wholly-owned subsidiary of the Company. Mr. Hong Liang concurrently serves as a director or the general manager of several subsidiaries of the Company.

Mr. Hong Liang obtained an associate's degree of clinical medicine from Jilin Medical School (吉林醫學院) in July 1996.

Mr. Hong Liang is the nephew of Dr. Hao Hong, the founder, Chairperson of the Board, executive Director, and chief executive officer of the Company.

Dr. Ye Song, aged 65, is currently the non-executive Director of the Company. Dr. Ye Song is responsible for advising on our business plans, major decisions and investment activities.

Dr. Ye Song joined ALAB, a controlling Shareholder of the Company, since it was founded in November 1995 and successively served as a deputy general manager, the general manager, a director and the chief financial officer of ALAB. Dr. Ye Song concurrently serves as a director and/or chief financial officer of several subsidiaries of the Company and has been serving as a director of Ginkgo Investment Holdings Limited since March 2017, a director of Sanya Qingyan Tourism Information Consulting Co., Ltd. (三亞清晏旅遊信息諮詢有限公司) (formerly known as Tianjin Qingya Tourism Information Consulting Co., Ltd. (天津青亞旅遊信息諮詢有限公司) since March 2017.

Dr. Ye Song obtained a bachelor's degree of science from Peking University in July 1983, a master's degree of science from Peking University in July 1986 and a PhD degree from North Carolina State University in May 1999.

Dr. Ye Song is the spouse of Dr. Hao Hong, the founder, Chairperson of the Board, executive Director and chief executive officer of the Company.

Ms. Zhang Ting (張婷), aged 40, is currently the non-executive Director of the Company. Ms. Zhang Ting is responsible for advising on our business plans, major decisions and investment activities and is currently in charge of the Company's operation management office, PCO management, procurement management and other related matters within the Company.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Ms. Zhang Ting joined the group in March 2008 and successively served as a clerk and deputy director of the department of project management and the executive deputy general manager assistant of Asymchem Laboratories, a wholly-owned subsidiary of the Company. She then served as deputy general manager and vice president of the operation management office. Ms. Zhang Ting is also serving as a supervisor of several subsidiaries of the Company. Ms. Zhang Ting obtained a bachelor's degree of science from Hubei University (湖北大學) in June 2008. She is currently pursuing a Master of Business Administration (MBA) degree at Tsinghua University.

Dr. Sun Xuejiao (孫雪嬌), aged 43, is currently the independent non-executive Director of the Company. Since January 2023, Dr. Sun Xuejiao has served as an independent director of Tianjin Bo'Aosi Biotechnology Co., Ltd. From July 2023, she has also been an independent director of Bohai Securities Co., Ltd.

Since July 2012, Dr. Sun Xuejiao has held various positions at the School of Accounting, Tianjin University of Finance and Economics, including assistant, lecturer, associate professor and professor. Her main research focuses on corporate taxation and financial and accounting issues in capital markets. Since January 2023, Dr. Sun Xuejiao has served as an independent director of Bioscience (Tianjin) Diagnostic Technology Co., Ltd. (天津博奧賽斯生物科技股份有限公司). Since July 2023, she has served as an independent director of Bohai Securities Co., Ltd. (渤海證券股份有限公司). Since February 2025, she has served as an independent director of Tianjin Great Wall Binyin Automobile Finance Co., Ltd. (天津長城濱銀汽車金融有限公司).

Dr. Sun Xuejiao obtained a Ph.D. in Accounting from Xiamen University and is a registered accountant in China (non-practicing member). From June 2013 to June 2016, she worked as a postdoctoral researcher at Tianjin Haitai Technology Investment Management Co., Ltd. She is currently a professor at the School of Accounting, Tianjin University of Finance and Economics.

Dr. Hou Xinyi (侯欣一), aged 66, is currently the independent non-executive Director. Dr. Hou is also a member of the Chinese Peasants and Workers Democratic Party (中國農工民主黨), a juris doctor and a professor of law. He owns Chinese nationality with no right of abode abroad. From September 1983 to May 2000, he worked as a lecturer at Northwest University of Political Science and Law (西北政法大學). From May 2000 to September 2016, he served as a professor and doctoral advisor at the law school of Nankai University (南開大學). From September 2016 to February 2024, he served as a professor and doctoral advisor at the law school of Tianjin University of Finance and Economics (天津財經大學). Since February 2024, Dr. Hou has been a professor and doctoral advisor at the Shandong University School of Law (山東大學法學院).

Dr. Hou's main research direction is Chinese legal history. He has profound knowledge in the fields of traditional Chinese civil law, China's modern and contemporary judicial systems, and the legal history of the Communist Party of China. He had presided over and completed a number of projects such as the National Social Science Fund projects, the social science projects of the Ministry of Justice of the People's Republic of China (the "PRC") (中華人民共和國司法部), the social science projects of the Ministry of Education of the PRC (中國教育部), and the scientific research projects of the Supreme People's Court of the PRC (中國最高人民法院). From October 2013 to October 2023, he served as the executive Chairperson of the China Institute of Legal History (中國法律史學會). From 2007 to 2022, he served as the deputy Chairperson of the Committee of Tianjin Municipality of the Chinese Peasants and Workers Democratic Party (農工民主黨天津市委員會). From 2008 to 2018, he served as a member of the National Committee of the Chinese People's Political Consultative Conference (中國人民政治協商會議全國委員會). Dr. Hou currently serves as a special prosecutor (特約檢察員) of the Supreme People's Procuratorate of the PRC (中國最高人民檢察院).

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Since May 2020, Dr. Hou has been an independent director of Vcanbio Cell & Gene Engineering Corp., Ltd. (中源協和細胞基因工程股份有限公司) (a company listed on the Shanghai Stock Exchange (stock code: 600645.SH)). From October 2022 to July 2025, Dr. Hou had been an independent director of Tianjin Troila Information Technology Co., Ltd. (天津卓朗信息科技股份有限公司) (a company listed on the Shanghai Stock Exchange (stock code: 600225.SH)). Since May 2025, Dr. Hou has been an independent director of Tianjin Port Co., Ltd. (天津港股份有限公司) (a company listed on the Shanghai Stock Exchange (stock code: 600717.SH)).

Mr. Xie Weikai (謝維愷), aged 36, is currently the independent non-executive Director. Mr. Xie has extensive experience in equity financing and corporate governance.

He began his career at Bain & Company, a global management consulting firm, where he worked from September 2012 to September 2016 across its Hong Kong, Chicago, and London offices. He left the firm as a senior management consultant, having focused primarily on performance improvement for multinational corporations, mergers and acquisitions, and new market entry strategies. Since September 2016, Mr. Xie has been with Zebra Line Management Consulting (Beijing) Co., Ltd. (斑馬行管理諮詢(北京)有限公司), a USD-denominated private equity fund, where he is engaged in private equity investments and post-investment management. He was subsequently promoted to managing director in December 2020. Mr. Xie also served as the chief executive officer and a board member of Blibee Trading Co., Ltd. (便利蜂商貿有限公司), a company primarily engaged in retail business, from April 2021 to October 2025, where he was responsible for overseeing daily operations as well as equity financing and capital raising initiatives. In addition, he has also been serving as the operation vice president of Tomoro Coffee Global Pte. Ltd., an Indonesian coffee company and coffeehouse chain, since January 2026.

Mr. Xie obtained his bachelor's degree of business administration in international business and global management from The University of Hong Kong in November 2012 in Hong Kong.

II. SENIOR MANAGEMENT

The following table sets forth the information about our senior management.

Name	Age	Position(s)	Date of first appointment
Dr. Hao Hong	70	Founder, Chairperson of the Board, Executive Director and Chief Executive Officer	Appointed as the General Manager on 18 July 2011 and re-designated as Chief Executive Officer on 19 January 2022
Ms. Yang Rui (楊蕊)	49	Executive Director and Co-Chief Executive Officer	Appointed as a Deputy General Manager on 18 July 2011 and re-designated as a Co-chief Executive Officer on 19 January 2022
Mr. Zhang Da (張達)	45	Executive Director, Chief Financial Officer and Chief Operating Officer	Appointed as the Chief Financial Officer on 7 August 2018, as a Deputy General Manager on 4 April 2019, re-designated as Chief Financial Officer on 19 January 2022, appointed as the Chief Operating Officer on 8 March 2024

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Name	Age	Position(s)	Date of first appointment
Mr. Hong Liang (洪亮)	52	Executive Director and Executive Vice President	Appointed as a Deputy General Manager on 31 October 2017 and re-designated as Executive Vice President on 19 January 2022
Dr. Chen Chengyi	62	Chief Technology Officer	Appointed as Chief Technology Officer on 6 August 2025
Mr. Chen Chaoyong (陳朝勇)	45	Executive Vice President	Appointed as a Deputy General Manager on 31 October 2017 and re-designated as Executive Vice President on 19 January 2022
Mr. Jiang Yingwei (姜英偉)	50	Executive Vice President Director	Appointed as a Deputy General Manager on 23 June 2020 and re-designated as Executive Vice President on 19 January 2022
Dr. Zhou Yan (周炎)	46	Senior Vice President	Appointed as a Deputy General Manager on 31 October 2017 and re-designated as Senior Vice President on 19 January 2022
Mr. Xu Xiangke (徐向科)	46	Senior Vice President, Secretary to the Board, and Joint Company Secretary	Appointed as a Deputy General Manager and Secretary to the Board on 18 July 2011, as Joint Company Secretary on 31 May 2021, and re-designated as Senior Vice President, Secretary to the Board and Joint Company Secretary on 6 August 2025

For the biographical details of Dr. Hao Hong, Ms. Yang Rui, Mr. Zhang Da and Mr. Hong Liang, please refer to the section headed “— I. Directors.”

Dr. Chen Chengyi, aged 62, is currently a Chief Technology Officer of the Company. He joined the Group in June 2024 and is mainly responsible for overseeing the Group’s technology research and development functions, supporting the Group’s business development activities, and leading the advancement of key projects and strategic collaborations with major customers.

Dr. Chen has over 30 years of experience in pharmaceutical research and development, manufacturing and regulatory affairs, with particular expertise in small-molecule drug development, chemistry, manufacturing and controls (“**CMC**”) and oncology-related manufacturing and commercialization support. From October 1990 to May 2024, Mr. Chen held various technical and managerial positions at multinational pharmaceutical companies, including Merck, Johnson & Johnson, Mirati Therapeutics and Bristol Myers Squibb. During his tenure at these companies, Dr. Chen was involved in the design and development of manufacturing processes for innovative small-molecule drugs and accumulated experience across the full drug development lifecycle, from early-stage research to commercial production. He also gained experience in CMC management, GMP compliance, commercialization and launch support, supplier qualification and regulatory submissions, particularly in the oncology field.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Dr. Chen obtained a doctoral degree in organic chemistry from The Ohio State University in the United States in 1990.

Mr. Chen Chaoyong (陳朝勇), aged 45, is currently an Executive Vice President of the Company and is responsible for the overall management of project commercial development and production.

Mr. Chen Chaoyong joined the Group in July 2003 and successively served as the research and development (“R&D”) supervisor and deputy general manager of the Company. He has accumulated extensive experience in research and development as well as production, with responsibilities spanning commercialization development, technology transfer and production quality control of projects. He has led teams to successfully complete multiple complex development and production projects on numerous occasions, enhancing the Company’s technical capabilities and delivery capacity in commercial production. As one of the principal inventors, he has been involved in the filing of over 20 international and domestic invention patents for the Company. He currently serves as the general manager of Jilin Asymchem Laboratories, the Chairperson of Asymchem Laboratories (Fuxin) and the executive director of Jilin Asymchem Pharmaceuticals Co., Ltd. (吉林凱萊英製藥有限公司), all of which are subsidiaries of the Company.

Mr. Chen Chaoyong obtained a bachelor’s degree of science from Sichuan University (四川大學) in July 2003.

Mr. Jiang Yingwei (姜英偉), aged 50, is currently an Executive Vice President of the Company and is responsible for the overall management, organization and coordination, supervision and evaluation of the Group’s human resources. Mr. Jiang Yingwei is also responsible for coordinating the overall construction, comprehensive coordination and service safeguard of the Group’s administrative logistics system.

Prior to joining the Company in January 2020, Mr. Jiang Yingwei served in Beijing Alliance PKU Management Consultants Ltd. (北京北大縱橫管理諮詢有限責任公司) from July 2008 to July 2014. He participated in the founding of Peking University Entrepreneurship Training Camp in August 2014 and has been working at there since then and served as the co-founder and general manager of the Jiangsu Base of Peking University Entrepreneurship Training Camp from June 2015 to December 2019. Mr. Jiang Yingwei served as a supervisor of Yanyuan Alumni (Beijing) Technology Development Co., Ltd. (燕園校友(北京)科技發展有限公司) from February 2016 to July 2021.

Mr. Jiang Yingwei obtained a bachelor’s degree of engineering from North China School of Engineering (華北工學院, currently known as North University of China (中北大學)) in June 1999 and a master’s degree of MBA from Guanghua School of Management, Peking University in July 2008.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Dr. Zhou Yan (周炎), aged 46, is currently a Senior Vice President of the Company and is responsible for the overall management of the Company's quality system.

Dr. Zhou Yan joined the Group in July 2007 and successively served as a senior researcher, a R&D supervisor and a senior R&D supervisor of Asymchem Life Science, a wholly-owned subsidiary of the Company. In addition, he is currently deputy general manager of several subsidiaries of the Company. Since 2014, Dr. Zhou was responsible for the Company's quality management across both active pharmaceutical ingredients (APIs) and formulations. He has established a quality management system in compliance with advanced cGMP requirements of multiple jurisdictions, including the European Union, the United States, Australia, China and Japan. Dr. Zhou has presided over more than 60 on-site and remote quality audits conducted by various national regulatory authorities, including the FDA, NMPA, TGA, MFDS, PMDA, HC and ANVISA, in connection with both PAI and post-approval inspections for innovative drugs, thereby facilitating the successful commercialization and market launch of multiple innovative drugs for domestic and international clients. Dr. Zhou possesses in-depth expertise in the management and regulatory requirements spanning the full drug lifecycle from research and development to commercial production, and is fully responsible for the Company's quality management throughout the drug lifecycle.

Dr. Zhou Yan obtained a bachelor's degree of science from Central China Normal University (華中師範大學) in June 2002 and a doctor's degree of science from Wuhan University (武漢大學) in June 2007.

Mr. Xu Xiangke (徐向科), aged 46, is currently a Vice President of the Company and is responsible for managing day-to-day work of the Board and corporate governance matters.

Mr. Xu Xiangke has extensive experience in corporate securities affairs, government affairs and public utilities. Mr. Xu Xiangke joined the Company in July 2003 and served successively as the director of the general manager secretariat and the director of the public affairs department of the Company. Mr. Xu Xiangke has served as a deputy general manager and the director of the public affairs department of Asymchem Life Science from June 2008 to December 2011, a wholly-owned subsidiary of the Company and has been serving as a supervisor of Jilin Asymchem Laboratories, a wholly-owned subsidiary of the Company, since March 2015. Other than positions in the Group, he also serves as a supervisor of Haiyingchuang (Tianjin) Investment Management Co., Ltd. (海英創(天津)投資管理有限公司) since April 2019.

Mr. Xu Xiangke obtained a bachelor's degree of engineering from Inner Mongolia Agricultural University (內蒙古農業大學) in July 2003 and has completed all the requirements prescribed by Shanghai Advanced Institute of Finance (上海高級金融學院) for the degree of EMBA in December 2018.

REPORT OF THE BOARD OF DIRECTORS

The Board is pleased to present this annual report of Directors together with the audited consolidated financial statements of the Group for the Reporting Period.

I. PRINCIPAL BUSINESS

Asymchem is a globally renowned, technology driven comprehensive CDMO service provider. By offering end-to-end CMC services and efficient, high-quality R&D and manufacturing solutions to both domestic and international pharmaceutical and biotech companies, we expedite the clinical research and commercialization of cutting-edge drugs. With years of industrial experience, coupled with deep industry insights and a stellar reputation among clients, we have solidified our position as the top tier within the global innovative drug industry chain. As a preferred partner for the pharmaceutical companies worldwide, we continue to expand our expertise in small molecule drug CDMO while diversifying our offerings to establish a professional, all-encompassing service platform. On 18 November 2016, our A Shares were listed on the Shenzhen Stock Exchange with stock code of 002821. On 10 December 2021, our H shares were listed on the Main Board of the Hong Kong Stock Exchange with stock code of 6821.

The business and details of the Company's principal subsidiaries are set out in note 1 to the financial statements. An analysis of the Group's revenue for the year by principal business is set out in the section headed "Management Discussion and Analysis" in this annual report and note 5 to the financial statements.

II. BUSINESS REVIEW

Discussion and analysis of the Group's business in accordance with Schedule 5 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) are set out in the following sections of this annual report, which form an integral part of this annual report of the Board of Directors:

- Chairperson's Statement (pages 4 to 5)
- Business Review (pages 8 to 17)
- Financial Highlights (pages 6 to 7) and Financial Review (pages 17 to 26)
- Potential Risk Factors and Solutions (page 33)
- Financial Risk Management Objectives and Policies (note 38 to financial statements)
- Significant Events After the Reporting Period (page 87 and note 39 to financial statements)

III. ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is highly aware of the importance of environmental protection and has not noted any material non-compliance with all relevant laws and regulations in relation to its business including health and safety, workplace conditions, employment and the environment. The Group has implemented environmental protection measures and also encouraged staff to be environmentally friendly at work by consuming electricity and paper according to actual needs, so as to reduce energy consumption and minimize unnecessary waste. During the Reporting Period, the Group updated Environmental Management Policy to explore and develop high-quality development approach and actively implement the concept of green operation. For further details of the Group's environmental policies and performance, please refer to the "2025 Environmental, Social and Governance Report" of the Company, which was published separately.

IV. RESULTS OF OPERATIONS

The consolidated results of the Group for the Reporting Period are set out on pages 123 to 130 of this annual report.

Financial Summary

The Company's shares were listed on Shenzhen Stock Exchange on 18 November 2016 and the H shares were listed on the Hong Kong Stock Exchange on 10 December 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 pages 6 to 7 of this annual report.

V. PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the Reporting Period are set out in note 13 to the financial statements.

VI. RESERVES AND DISTRIBUTABLE RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on pages 127 to 128 of this annual report. Details of movements in the reserves of the Company during the Reporting Period are set out in note 30 to the financial statements.

As of 31 December 2025, the Company's distributable reserves, calculated in accordance with PRC rules and regulations, were RMB1,867.60 million.

VII. SHARE CAPITAL

Details of the movements in share capital of the Group during the Reporting Period are set out in note 28 to the financial statements.

VIII. INVESTMENT POLICY AND PORTFOLIO

The Company's investment policy aims to preserve and grow its assets while exploring strategic opportunities that align with its corporate strategy and principal business operations. The purpose of these investments is to generate long-term value, maintain sufficient liquidity for operational needs, and foster potential synergies with other enterprises to support future growth.

The scope of the Company's investments mainly includes, but is not limited to strategic investment in equity and joint venture, and short-term and low-risk wealth management product from banks. The Company does not engage in speculative investment activities and generally avoids high-risk or highly leveraged financial products.

REPORT OF THE BOARD OF DIRECTORS

While the above categories represent the primary focus of the Company's investment activities, the Company retains the flexibility to explore other investments, each of which is subject to internal approval.

The investment strategy is closely aligned with the Company's corporate strategy, focusing on assets that complement its principal businesses and strategic priorities. The Company's approach combines long-term investments, which target sustainable growth and strategic collaboration, with short-term investments, which aim to maintain liquidity and capture immediate market opportunities.

The Company monitors its investment portfolio on an ongoing basis, taking into account, among others, the nature and size of investments relative to its total assets, their fair value and performance, and their liquidity profile. Where applicable, the Company will disclose details of significant investments in accordance with the Hong Kong Listing Rules, and where the investment portfolio is diversified, the Company will provide a meaningful breakdown to enable shareholders to better understand its overall investment position.

The Company has established internal controls over its investment activities, including pre-investment evaluation and due diligence procedures, concentration and exposure monitoring, and periodic review of investment performance and risks. Investment decisions are subject to internal approval processes, with material investments requiring approval by the Board.

IX. SUFFICIENCY OF PUBLIC FLOAT

In compliance with the Rule 19A.28B(2) of the Hong Kong Listing Rules, for a PRC issuer with other listed shares, its portion of H Shares listed on the Exchange and held by the public must, at all times: (a) have a market value of at least HK\$1,000,000,000; or (b) represent at least 5% of the PRC issuer's total number of issued shares in the class to which H Shares belong (excluding treasury shares). Based on the information that is publicly available to the Company and within the knowledge of the Board, the Company has maintained the prescribed minimum public float and free float under Rule 8.08 of the Hong Kong Listing Rules during the Reporting Period and has maintained sufficiency of the prescribed minimum public float as required under Rule 19A.28B(2) of the Hong Kong Listing Rules from 1 January 2026 and up to the date of this annual report.

X. PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association, or the laws of the PRC, which would oblige the Company to offer new Shares on a pro-rata basis to its existing Shareholders.

XI. TAX INCENTIVES AND EXEMPTIONS FOR HOLDERS OF LISTED SECURITIES

The Company is not aware of any tax incentives or exemption available to the Shareholders by reason of their holding of the Company's securities.

XII. PROFIT DISTRIBUTION

i. The Company's Profit Distribution Policy

The Company has adopted a dividend policy, which provides the principles and guidelines in relation to the declaration, payment or distribution of its net profits as dividends to the Shareholders.

In recommending or declaring dividends, the Company shall maintain adequate cash reserve for meeting its working capital requirements and future growth as well as its shareholder value. Details of the dividend policy of the Company is set out in the section headed "Corporate Governance Report – XXVII. Dividend Policy" of this annual report.

Regarding the declaration and payment of dividends, the Board considers the results of operations, cash flows and financial position, operating and capital expenditure requirements, distributable profits as determined under PRC GAAP or IFRS (whichever is lower), market conditions, the Company's strategy and projection for business, the Company's contractual restrictions and obligations, taxation, regulatory restrictions, cash requirements and availability and any other factors that the Board may consider relevant.

ii. 2025 Profit Distribution Plan

The Board proposed the following 2025 Profit Distribution Plan: distribute a dividend of RMB13.00 per 10 ordinary Shares (tax inclusive) (2024: RMB11.00 per 10 ordinary Shares (tax inclusive)) to the Shareholders as at the record date for determining Shareholders' entitlements to the 2025 Profit Distribution Plan. Based on a total of 360,874,970 Shares in issue as at 30 March 2026 and excluding 1,151,300 Shares repurchased by means of centralized price bidding, the total amount of the proposed final dividend is approximately RMB467,640,771.00 (tax inclusive) (2024: RMB395,029,822.00 (tax inclusive)¹).

The 2025 Profit Distribution Plan is subject to the approval of the Shareholders at the AGM and the above profit distribution is expected to be paid to the eligible Shareholders on or before 24 July 2026.

Information on the closure period of the register of members of the Company in relation to the proposed 2025 Profit Distribution Plan and the record date for determining entitlements to the 2025 Profit Distribution Plan will be announced in due course.

The Board is not aware of any Shareholder who has waived or agreed to waive any dividends.

¹ Represents the actual final dividend for the year ended 31 December 2024 paid to the Shareholders. The total amount of the proposed final dividend for the year ended 31 December 2024 was approximately RMB390,367,340.00 (tax inclusive) as set out in the Company's annual results announcement for the year ended 31 December 2024.

REPORT OF THE BOARD OF DIRECTORS

iii. Taxation

A Shareholders

According to the Notice on Relevant Issues Regarding the Implementation of the Policy of Differentiated Individual Income Tax for Stock Dividends from Listed Companies issued by the Ministry of Finance, State Administration of Taxation and the CSRC (Cai Shui [2012] No. 85) 《財政部、國家稅務總局、證監會關於實施上市公司股息紅利差別化個人所得稅政策有關問題的通知》(財稅[2012]85 號)) and the Notice on Relevant Issues Regarding the Implementing Differentiated Individual Income Tax Policy for Stock Dividends of Listed Companies (Cai Shui [2015] No. 101) 《關於上市公司股息紅利差別化個人所得稅政策有關問題的通知》(財稅[2015]101 號)), for the relevant individuals who have held the shares, where the holding period is less than one month (inclusive), the full amount of dividends shall be counted as taxable income; where the holding period is more than one month and less than one year (inclusive), 50% of the dividends shall be counted as taxable income and where the holding period is more than one year, the dividends are temporarily exempted from individual income tax. The individual income tax rate of 20% shall be applicable for all incomes mentioned above. For the dividends obtained from a listed company by a securities investment fund, individual income tax is levied in accordance with the requirements above.

According to Article 26.2 of the PRC Enterprise Income Tax Law, dividends, bonuses, and other equity investment proceeds distributed between qualified resident enterprises shall be tax-free.

According to Article 83 of the Implementation Rules of the PRC Enterprise Income Tax Law, dividends, bonuses and other equity investment proceeds distributed between qualified resident enterprises as referred in Article 26.2 of the PRC Enterprise Income Tax Law include those proceeds obtained from direct investment of resident enterprises into other resident enterprises, excluding the proceeds from holding the stocks of the resident enterprises that were obtained through public offering or through trading in the stock market for less than 12 months on a continuing basis.

According to the PRC Enterprise Income Tax Law and its implementation rules, dividend income obtained by non-resident enterprises, which do not have organs or establishments in China or though having organs or establishments in China but income is not related to such organs or establishments, dividend income obtained by shareholders shall be levied at a preferential enterprise income tax rate of 10%.

H Shareholders

Pursuant to the Circular of the State Administration of Taxation on the Issues Concerning Withholding the Enterprise Income Tax on the Dividends Paid by Chinese Resident Enterprises to H Shareholders which are Overseas Non-resident Enterprises (Guo Shui Han [2008] No. 897) 《國家稅務總局關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》(國稅函[2008]897號)), the Company is required to withhold and pay enterprise income tax at a rate of 10% on behalf of shareholders of non-resident enterprises whose names appear on the register of shareholders of H shares of the Company when distributing dividends to them.

REPORT OF THE BOARD OF DIRECTORS

According to the Circular on Certain Issues Concerning the Policies of Individual Income Tax (Cai Shui Zi [1994] No. 20) 《關於個人所得稅若干政策問題的通知》(財稅字[1994]020號)) promulgated by the Ministry of Finance and the State Administration of Taxation, dividends and bonus income received by foreign individuals from foreign-invested enterprises are exempted from individual income tax for the time being.

Shareholders are suggested to consult their tax consultants regarding the tax impacts in China, Hong Kong and other countries (regions) for holding and selling the Company's Shares.

XIII. SHARE INCENTIVE SCHEMES

As of 31 December 2025, the Company had three effective Share Incentive Schemes, namely, (a) the 2022 ESOP, which was approved and adopted at the Shareholders' meeting held on 16 December 2022; (b) the 2025 A Share Scheme, which was approved and adopted at the Shareholders' meeting held on 3 April 2025; and (c) H Share Restricted Share Scheme, which was approved and adopted at the Shareholders' meeting held on 3 April 2025. The 2020 Restricted A Share Incentive Scheme, which was adopted and approved at the Shareholders' meeting held on 9 July 2020 was terminated on 26 May 2025 upon repurchase and cancellation of a total of 1,680 restricted A Shares granted but not yet unlocked under the reserved grant of the 2020 Restricted A Share Incentive Scheme, which were held by Mr. Sun Xuehui who has resigned from the Company.

(A) 2020 Restricted A Share Incentive Scheme

Pursuant to Administrative Measures on the Equity Incentives of Listed Companies 《上市公司股權激勵管理辦法》 issued by the CSRC, as amended and supplemented from time to time, the Company may adopt various equity incentive schemes at the same time provided that the aggregate number of A Shares involved in equity incentive schemes within any validity period shall not exceed 10% of the Company's total share capital.

i. Summary of the principal terms of the 2020 Restricted A Share Incentive Scheme

The principal terms of the 2020 Restricted A Share Incentive Scheme are summarized below.

Purpose

The purpose of the 2020 Restricted A Share Incentive Scheme is to establish the long-term incentive mechanism of the Company, attract and retain talents, mobilize the enthusiasm of the Directors, senior management and key technical employees of the Company, foster shared interests among the Shareholders, the Company and operators, thereby promoting sustained, long-term and healthy growth of the Company.

Type of Awards

The 2020 Restricted A Share Incentive Scheme provides for awards of restricted A Shares (the "Awards").

REPORT OF THE BOARD OF DIRECTORS

Administration

The Shareholders' meeting is the highest authority of the 2020 Restricted A Share Incentive Scheme. The Board is the managing authority of the 2020 Restricted A Share Incentive Scheme. The Board of Supervisors of the Company (the "**Board of Supervisors**") and independent non-executive Directors are the supervising authorities of the 2020 Restricted A Share Incentive Scheme.

Scope of Participants

The Directors, senior or mid-level management and key technical employees of the Company (excluding independent non-executive Directors and Shareholders that hold more than 5% of the Company's Shares and the controlling Shareholders (as defined in the Hong Kong Listing Rules) and their spouses, parents, and children) (the "**Participants**").

Source of Shares

The Shares underlying the 2020 Restricted A Share Incentive Scheme shall be ordinary A Shares.

Maximum Number of Shares

A total of 1,425,200 and 246,400 restricted A Shares under the initial grant and reserved grant of the 2020 Restricted A Share Incentive Scheme were granted to the Participants as at the date of this annual report. The maximum number of Shares involved with the Awards to be granted to an eligible employee under the 2020 Restricted A Share Incentive Scheme shall not exceed 1% of the total outstanding share capital of the Company. The total number of Shares involved with the 2020 Restricted A Share Incentive Scheme shall not exceed 10% of the total outstanding share capital of the Company.

Validity Period of the 2020 Restricted A Share Incentive Scheme

Subject to the termination provisions under the 2020 Restricted A Share Incentive Scheme, the 2020 Restricted A Share Incentive Scheme shall be valid and effective commencing on the date that the Awards are granted (the "**Initial Grant**") to when such Awards are no longer under any lock-ups, fully exercised or cancelled. The term of validity underlying the 2020 Restricted A Share Incentive Scheme shall not exceed 60 months. Upon the completion of repurchase and cancellation of a total of 1,680 restricted A Shares granted but not yet unlocked held by Mr. Sun Xuehui, who has resigned from the Company, the 2020 Restricted A Share Incentive Scheme has officially concluded on 26 May 2025.

Date of Grant

The date on which the Awards are granted shall be determined by the Board, subject to approval of the 2020 Restricted A Share Incentive Scheme by the Shareholders' meeting, which shall be a trading day. The Awards shall be granted, registered and announced within 60 days after the approval of the 2020 Restricted A Share Incentive Scheme by the Shareholders' meeting. Otherwise, the 2020 Restricted A Share Incentive Scheme shall be terminated, and the Awards thereunder that have not been granted shall become invalid.

REPORT OF THE BOARD OF DIRECTORS

Grant and Exercise of Awards

On and subject to certain terms of the 2020 Restricted A Share Incentive Scheme, Awards can be granted to or exercised by any eligible employee, i.e., linking the grant and exercise of the Awards to the attainment or performance of milestones by the Company and the grantee. If the performance of the Company, the relevant grantee and other conditions are not fulfilled in the stipulated period, the Awards shall be repurchased or cancelled by the Company.

Grant Price and the Basis of Determining the Grant Price

Subject to adjustments according to the terms of the 2020 Restricted A Share Incentive Scheme, the grant price of the Restricted A Shares under the 2020 Restricted A Share Incentive Scheme shall be RMB117.07 per Share and RMB149.88 per Share for the initial grant and reserved grant, respectively, under the 2020 Restricted A Share Incentive Scheme.

The grant price of the Restricted A Shares under the 2020 Restricted A Share Incentive Scheme should be no lower than the par value of the A Shares and the higher of:

- (1) 50% of the average trading price of the Company's A Shares on the trading day immediately preceding the date of the announcement of the grants, being RMB117.07 per Share for the initial grant and RMB149.88 per Share for the reserved grant; and
- (2) 50% of the average trading price of the Company's A Shares for the 20 trading days immediately preceding the date of the announcement of the grants, being RMB110.21 per Share for the initial grant and RMB145.26 per Share for the reserved grant.

The grant prices were determined in accordance with the pricing methods above under the relevant provisions of the 2020 Restricted A Share Incentive Scheme. They were also determined with a view to stabilize talents and effectively incentivize the Participants, taking into consideration the level of difficulty of the performance targets which the Participants must achieve for the restricted A Shares to be unlocked.

Amendment or Termination of the 2020 Restricted A Share Incentive Scheme

Any amendment or termination of the 2020 Restricted A Share Incentive Scheme shall be submitted to the Board and Shareholders for consideration. The Board of Supervisors shall express its relevant views and the Company's legal adviser shall provide professional advice to the Board whether such adjustment is fair and reasonable and in compliance with the 2020 Restricted A Share Incentive Scheme and the relevant laws and regulations. Any amendment that results in early exercise or unlocking or lowers the exercise price or grant price is prohibited.

REPORT OF THE BOARD OF DIRECTORS

ii. Restricted A Shares Granted

As of 31 December 2025, nil restricted A Shares granted to eligible Participants under the 2020 Restricted A Share Incentive Scheme was outstanding. The following table sets forth the movement of restricted A Shares held by relevant Participants under the 2020 Restricted A Share Incentive Scheme as at 31 December 2025:

Category of grantee	Date of grant	Grant price (RMB per Share)	Number of	Granted during the Reporting Period	Unlocked during the Reporting Period	Cancelled/ lapsed during the Reporting Period	Number of	Lock-up period
			outstanding Awards as of 1 January 2025				outstanding Awards as of 31 December 2025	
Members of senior or mid-level management (excluding senior management) and key technical employee of the Company⁽¹⁾								Note ⁽²⁾
Participants under the initial grant under the 2020 Restricted A Share Incentive Scheme	9 September 2020	80.46	-(3)	-	-	-	-	
Participants under the reserved grant under the 2020 Restricted A Share Incentive Scheme	9 February 2021	104.26	1,680 ⁽⁴⁾	-	-	1,680	-	
Total			1,680	-	-	1,680		

Notes:

- (1) None of the Participants is an independent non-executive Director and a Shareholder that holds more than 5% of the Shares, a controlling Shareholder or his/her spouse, parents, or children.
- (2) The lock-up periods for the Awards underlying the 2020 Restricted A Share Incentive Scheme are 12 months, 24 months and 36 months, respectively. All the above-mentioned lock-up periods commence from the date on which the Awards were registered (the "Registration Date"). During the lock-up period, the Awards shall not be transferred, used as guarantee or repayment of debt.
- (3) On 15 March 2024, the Board considered and approved the repurchase and cancellation of a total of 420 restricted A Shares under the initial grant of the 2020 Restricted A Share Incentive Scheme at a repurchase price of RMB80.46 per A Share. The above repurchase and cancellation of restricted A Shares had been completed as of 14 August 2024. Therefore, there were no outstanding Awards for participants under the initial grant under the 2020 Restricted A Share Incentive Scheme as of 1 January 2025 or as of 31 December 2025. For further details, please refer to the relevant announcement of the Company dated 14 August 2024.
- (4) On 16 August 2024, a total of 1,680 restricted A Shares granted but not yet unlocked held by Mr. Sun Xuehui were subject to repurchase and cancellation due to Mr. Sun Xuehui's resignation. On 27 August 2024, 57,540 restricted A Shares were unlocked. On 26 May 2025, 1,680 restricted A Shares were repurchased and cancelled by the Company. Therefore, there were no outstanding Awards for Participants under the reserved grant under the 2020 Restricted A Share Incentive Scheme as of 1 January 2025 or as of 31 December 2025. For further details, please refer to the relevant announcement of the Company dated 16 August 2024, 23 August 2024 and 26 May 2025.

REPORT OF THE BOARD OF DIRECTORS

The unlocking periods (each, an “**Unlocking Period**”) in relation to the Restricted A Shares granted under the Initial Grant are set out below.

Unlocking Period of the 2020 Restricted A Share Incentive Scheme:

	Unlocking Period	Proportion of unlocking
First Unlocking Period	From the first trading day after 12 months from the Registration Date to the last trading day within 24 months from the Registration Date	40%
Second Unlocking Period	From the first trading day after 24 months from the Registration Date to the last trading day within 36 months from the Registration Date	30%
Third Unlocking Period	From the first trading day after 36 months from the Registration Date to the last trading day within 48 months from the Registration Date	30%

For details of the restricted A Shares repurchased and cancelled during the Reporting Period, please refer to the section headed “– XIV. Purchase, Sale or Redemption of the Listed Securities of the Company”.

(B) 2022 ESOP

The 2022 ESOP was approved and adopted at the Shareholders’ meeting held on 16 December 2022. The 2022 ESOP, which is discretionary, does not involve the granting of options to the Company to issue new shares or any other new securities, or constitute a stock option plan within the meaning of Chapter 17 of the Hong Kong Listing Rules.

The purpose of the 2022 ESOP is to establish and improve the benefit-sharing mechanism of employees and Shareholders, improve the corporate governance level of the Company, enhance the cohesion of employees and the competitiveness of the Company, mobilize the enthusiasm and creativity of employees, and promote the long-term, sustainable, and healthy development of the Company. The participants of the 2022 ESOP are Directors (excluding independent non-executive Directors), senior management or core technology (business) personnel of the Company (the “**Participants**”). The total number of Participants shall not exceed 608, including four Directors (excluding independent non-executive Directors) and six senior management personnel. The final Participants will be determined according to the actual payments of the 2022 ESOP.

The size of the underlying Shares involved in the 2022 ESOP shall not exceed 4,454,800 A Shares. The maximum number of Shares under the 2022 ESOP together with all other effective share incentive schemes of the Company granted to an eligible employee shall not exceed 1% of the total outstanding share capital of the Company. The source of the underlying Shares involved in the 2022 ESOP is the A Shares repurchased by the Company from the secondary market through the special account for share repurchase. The average repurchase price of the underlying Shares under the 2022 ESOP was approximately RMB152.9 per Share. The 2022 ESOP is funded through the legal compensation of the Company’s employees, self-raised funds and other means permitted by laws and regulations. The Company does not provide financial assistance

REPORT OF THE BOARD OF DIRECTORS

such as advance fund, guarantee, loan, or other financial support to the Participants in any way. The 2022 ESOP does not involve leveraged funds, and there is no third-party arrangement to provide incentives, subsidies, or guarantees for employees to participate in the 2022 ESOP. The total amount of funds raised by the 2022 ESOP shall not exceed RMB155,918,000.00, which shall be subscribed and held by units of RMB1.00 per unit. The maximum number of units held by the 2022 ESOP shall not exceed 155,918,000.00 units. On 22 May 2023, the 2022 ESOP had gone through the relevant procedures of the registration of the transfer of the A Shares held by the Company's special account for Share repurchase at the price of RMB35.00 per Share through non-transaction transfer and other ways permitted by laws and regulations. For further details, please refer to the relevant announcements of the Company dated 17 November 2022 and 16 December 2022, and the circular of the Company dated 28 November 2022. The initial duration period of the 2022 ESOP is 54 months commencing from the date when the Company announces that the last batch of the underlying A Shares has been transferred to the 2022 ESOP (the "Starting Date"), the remaining life of which was 19 months as at the date of this annual report, subject to early termination under the relevant provisions of the 2022 ESOP.

As of 31 December 2025, a total of 40,028,100 outstanding units, representing 1,906,100 underlying restricted A Shares, were granted to 588 participants under the 2022 ESOP. Set out below are the details of the movements of the outstanding units granted under the 2022 ESOP throughout the Reporting Period:

Name/Category of Participants	Number of units outstanding as of 1 January 2025	Granted during the Reporting Period	Unlocked during the Reporting Period	Cancelled/ lapsed during the Reporting Period ⁽²⁾	Number of units outstanding as of 31 December 2025	Lock-up period
	Directors and Senior Management:					
Ms. Yang Rui	3,150,000	-	-	1,575,000	1,575,000	
Mr. Zhang Da	4,200,000	-	-	2,100,000	2,100,000	
Dr. Hu Xinhui	5,880,000	-	-	5,880,000 ⁽⁵⁾	-	
Mr. Hong Liang	3,150,000	-	-	1,575,000	1,575,000	
Mr. Chen Chaoyong	3,150,000	-	-	1,575,000	1,575,000	
Mr. Jiang Yingwei	2,520,000	-	-	1,260,000	1,260,000	
Dr. Xiao Yi ⁽³⁾	420,000	-	-	420,000 ⁽⁵⁾	-	
Dr. Zhou Yan	1,680,000	-	-	840,000	840,000	
Mr. Xu Xiangke	1,680,000	-	-	840,000	840,000	
Ms. Zhang Ting	1,050,000	-	-	525,000	525,000	
Core technical (business) personnel	61,752,600 ⁽⁴⁾	-	-	32,014,500 ⁽⁵⁾	29,738,100	
Total	88,632,600 ⁽⁴⁾	-	-	48,604,500	40,028,100	

Notes:

(1) The lock-up period of the 2022 ESOP is as follows:

- (a) the lock-up period of the first batch of the underlying Shares, accounting for 40% of the total underlying Shares of the 2022 ESOP, shall be 12 months commencing from the Starting Date;
- (b) the lock-up period of the second batch of the underlying Shares, accounting for 30% of the total underlying Shares of the 2022 ESOP, shall be 24 months commencing from the Starting Date; and

REPORT OF THE BOARD OF DIRECTORS

- (c) the lock-up period of the third batch of the underlying Shares, accounting for 30% of the total underlying Shares of the 2022 ESOP, shall be 36 months commencing from the Starting Date.

The participants of the 2022 ESOP have also undertaken the following additional lock-up period voluntarily:

- (a) all the holders of the units have voluntarily undertaken not to allocate the interests of the underlying Shares in any form, which have satisfied the above unlocking conditions, within three months from the date of expiry of the lock-up period of each batch;
 - (b) on the basis of the arithmetic average of the closing market value of the Company for the 20 trading days prior to the approval of the Employee Share Ownership Plan by the Board, namely RMB54.889 billion, if the growth rate of such arithmetic average of the closing market value of the Company for the 20 trading days before the expiry of the additional three-month lock-up period (the "Three-month Period") following the expiry of the lock-up period of each batch is less than 45%, 55% and 65%, respectively, then the corresponding batch of the underlying Shares shall be locked up within another three months after the expiry of the additional lock-up period; and
 - (c) upon the expiry of the additional lock-up period and prior to the expiry of the 2022 ESOP, the 2022 ESOP shall decide whether to dispose of the underlying A Shares and handle all disposals satisfying the unlocking conditions with each batch in accordance with the arrangements of the 2022 ESOP and the prevailing market conditions.
- (2) Pursuant to the relevant provisions of the 2022 ESOP, the lock-up period of the second batch of the underlying Shares expired on 23 May 2025 without satisfying the target performances. A total of 2,214,900 Shares scheduled to be unlocked upon satisfying the unlocking conditions with the second batch, accounting for 30% of the total number of underlying Shares in the 2022 ESOP, shall not be unlocked. For further details, please refer to the relevant announcement of the Company dated 28 March 2025.
 - (3) Dr. Xiao Yi retired from his position with the Company on 8 March 2025. For further details, please refer to the relevant announcement of the Company dated 7 March 2025. The 420,000 outstanding units held by Dr. Xiao Yi under the 2022 ESOP were cancelled.
 - (4) Prior to 1 January 2025, due to the resignation and/or retirement of 30 Participants, 4,393,200 outstanding units held by such Participants under the 2022 ESOP were cancelled.
 - (5) During the Reporting Period, due to the resignation and/or retirement of 28 Participants (including Dr. Hu Xinhui and Dr. Xiao Yi), 8,576,400 outstanding units held by such Participants (including the 5,880,000 outstanding units by Dr. Hu Xinhui and the 420,000 outstanding units held by Dr. Xiao Yi) under the 2022 ESOP were cancelled.

(C) 2025 A Share Scheme

Pursuant to Chapter 17 of the Hong Kong Listing Rules, the 2025 A Share Scheme constitutes a share scheme involving the grant of existing Shares by the Company, and no new Shares will be issued under the 2025 A Share Scheme.

i. Summary of the principal terms of the 2025 A Share Scheme

The principal terms of the 2025 A Share Scheme are summarized below.

Purposes and Objectives

To further establish and enhance the Company's long-term incentive mechanism, attract and retain exceptional talent, and fully engage the enthusiasm of the Company's core management team. The 2025 A Share Scheme aims to effectively align the interests of the Shareholders, the Company, and the core management team, fostering a collective focus on the Company's long-term development.

Administration

The Shareholders' general meeting, as the highest authority of the Company, shall be responsible for reviewing and approving the implementation, amendments, and termination of the 2025 A Share Scheme. It may delegate certain matters related to the 2025 A Share Scheme to the Board within the scope of its authority.

REPORT OF THE BOARD OF DIRECTORS

The Board shall serve as the executive and administrative body for the 2025 A Share Scheme and be responsible for its implementation. The Remuneration and Examination Committee, established under the Board, shall be responsible for drafting and revising the 2025 A Share Scheme, and submitting the 2025 A Share Scheme to the Board for review and approval. Upon review and approval of this 2025 A Share Scheme by the Board, it will be submitted to the Shareholders' general meeting for consideration and approval, after which the Board will handle matters related to the 2025 A Share Scheme within the scope authorized by the Shareholders' general meeting.

The Remuneration and Examination Committee¹ shall serve as the supervisory body for the 2025 A Share Scheme, providing opinions on whether the 2025 A Share Scheme benefits the Company's sustainable development and whether it poses any significant risks to the interests of the Company and all Shareholders.

Scope and List of Incentive Participants

The Incentive Participants of the 2025 A Share Scheme include the Company's (including its controlled subsidiaries) Directors, senior management, management personnel and key personnel technology and business roles (excluding independent non-executive Directors or Shareholders and actual controllers holding individually or collectively more than 5% of Shares, along with their spouses, parents and children). The Remuneration and Examination Committee shall determine, verify and confirm the list of eligible Incentive Participants within the defined scope.²

The Incentive Participants for the initial grant under the 2025 A Share Scheme include: (1) Directors and senior management; and (2) management personnel and key personnel in technology and business roles.

The above Incentive Participants do not include independent non-executive Directors, or Shareholders and actual controllers holding individually or collectively more than 5% of Shares, along with their spouses, parents, and children. All Incentive Participants must maintain employment or labor relationship with the Company or its holding subsidiaries during the grant and assessment period of the 2025 A Share Scheme.

Source, Number of the Grant, and Grant Price of Target Shares

(1) Source and Type of Target Shares

The target Shares under the 2025 A Share Scheme are ordinary A Shares repurchased by the Company from the secondary market.

¹ The supervisory body for the 2025 A Share Scheme was initially the Board of Supervisors. Following the abolition of the Board of Supervisors in August 2025, pursuant to the Measures for the Administration of Equity Incentives of Listed Companies of the PRC, the Remuneration and Examination Committee assumed such roles and has been serving as the supervisory body for the 2025 A Share Scheme since.

² The Board of Supervisors was initially responsible for the verification and confirmation of the list of eligible Incentive Participants within the defined scope prepared by the Remuneration and Examination Committee. Following the abolition of the Board of Supervisors in August 2025, pursuant to the Measures for the Administration of Equity Incentives of Listed Companies of the PRC, the Remuneration and Examination Committee assumed such roles and has been responsible for the determination, verification, and confirmation of the list of eligible Incentive Participants within the defined scope.

REPORT OF THE BOARD OF DIRECTORS

(2) Number of Restricted Shares to be Granted and Proportion of Total Shares

The total number of Restricted Shares proposed to be granted to the Incentive Participants under the 2025 A Share Scheme is 5,196,000. Among them, (i) 4,273,300 Shares were granted as the initial batch during the Reporting Period, accounting for approximately 82.24% of the total Restricted Shares proposed to be granted under the 2025 A Share Scheme; (ii) 622,700 Shares remained ungranted as certain grantees for the initial batch did not accept the grant accounting for approximately 11.98% of the total Restricted Shares proposed to be granted under the 2025 A Share Scheme; (iii) 291,400 Restricted Shares were granted under the reserved grant during the Reporting Period, accounting for approximately 5.61% of the total Restricted Shares proposed to be granted under the 2025 A Share Scheme; and (iv) 8,600 Shares remained ungranted as certain grantees for the reserved batch did not accept the grant. As at the date of this annual report, the total number of Shares available for issue under the 2025 A Share Scheme is nil as this share scheme is funded by existing shares of the Company.

The total number of target Shares involved in all share incentive schemes during the validity period of the 2025 A Share Scheme shall not exceed 10% of the total share capital of the Company as at the date when the 2025 A Share Scheme is proposed to the Shareholders' general meetings. The total number of Shares granted under all share incentive schemes during the validity period of the 2025 A Share Scheme to any one of the Incentive Participants of the 2025 A Share Scheme shall not exceed 1% of the total share capital of the Company.

(3) Grant Price of the Restricted Shares and Determination Method

Grant Price of the Restricted Shares Initially Granted and Determination Method

The Grant Price of the Restricted Shares initially granted is set at RMB37.52 per Share. Once the grant conditions are met, the Incentive Participants may acquire the A Shares, which were repurchased from the secondary market by the Company at a price of RMB37.52 per Share.

The Grant Price of the Restricted Shares initially granted shall not be lower than the nominal value of A Shares, and shall not be lower than the higher of the following prices:

- (i) 50% of RMB75.03 per share of the average trading price of the A shares on the trading day immediately preceding the announcement of the proposal of 2025 A Share Scheme, calculated as the total trading amount of the Shares on the preceding trading day divided by the total trading volume of the Shares on the preceding trading day, which is RMB37.52 per Share;
- (ii) 50% of RMB74.37 per share of the average trading price of A shares over the past 20 trading days preceding the announcement of the proposal of the 2025 A Share Scheme, calculated as the total trading amount of Shares over the preceding 20 trading days divided by the total trading volume of the Shares over the preceding 20 trading days, which is RMB37.19 per Share.

Grant Price of the Restricted Shares under the Reserved Grant and Determination Method

The Grant Price of the Restricted Shares under the Reserved Grant is set at RMB53.24 per Share. The Grant Price of the Restricted Shares shall not be lower than the nominal value of A Shares, and shall not be lower than the higher of the following prices:

REPORT OF THE BOARD OF DIRECTORS

- (i) 50% of RMB106.48 per share of the average trading price of the A shares on the trading day immediately preceding the announcement of A share announcement regarding the Reserved Grant (i.e. 30 September 2025), calculated as the total trading amount of the Shares on the preceding trading day (i.e. 29 September 2025) divided by the total trading volume of the Shares on the preceding trading day (i.e. 29 September 2025), which is RMB53.24 per Share; and
- (ii) 50% of RMB98.65 per share of the average trading price of A shares over the past 120 trading days preceding the date of A share announcement regarding the Reserved Grant (i.e. 30 September 2025), calculated as the total trading amount of Shares over the preceding 120 trading days divided by the total trading volume of the Shares over the preceding 120 trading days, which is RMB49.33 per Share.

Validity Period, Grant Date, Lock-up Period and Black-out Period, and Unlocking Arrangement

(1) Validity Period of the 2025 A Share Scheme

The Validity Period of the 2025 A Share Scheme commences from the date of the completion of the registration for the initial grant of the Restricted Shares, being 5 June 2025, and ends on the date when all the Restricted Shares granted to the Incentive Participants are unlocked or repurchased and cancelled, which shall be no more than 72 months. The remaining life of the 2025 A Share Scheme was 62 months as at the date of this annual report.

(2) Grant Date of the 2025 A Share Scheme

Within 60 days from the date on which the 2025 A Share Scheme is considered and approved at the Shareholders' general meetings of the Company, being 3 April 2025, the Company shall convene a Board meeting to make the initial grant of the Restricted Shares to the Incentive Participants, and complete relevant procedures such as registration and announcement pursuant to the relevant provisions, the Granting Date must be a trading day. The reserved portion shall be granted within 12 months upon the approval of the 2025 A Share Scheme by the Shareholders' general meeting of the Company. On 29 September 2025, the Board approved the grant of Reserved Shares totaling 300,000 Restricted Shares to Incentive Participants under the 2025 A Share Scheme, 2,000 of which was subsequently repurchased in December 2025 and cancelled in April 2026 due to resignation of the participant.

(3) Lock-up Period and Black-out Period of the 2025 A Share Scheme

The locking period of the Restricted Shares granted to the Incentive Participants shall be 12, 24, 36 or 48 months from the date of completion of the registration for the grant of Restricted Shares to the Incentive Participants (the "**Lock-up Period**").

Pursuant to the terms of the 2025 A Share Scheme, no Incentive Participant shall transfer the Restricted Shares to any third party in any form within three months from the expiration date of each Lock-up Period (the "**Black-out Period**").

REPORT OF THE BOARD OF DIRECTORS

(4) Unlocking Arrangement under the 2025 A Share Scheme

The Unlocking Arrangement provides that 25% of the Restricted Shares will be unlocked in each of the following periods: from 12 to 24 months, 24 to 36 months, 36 to 48 months, and 48 to 60 months after the completion of registration for the grant of Restricted Shares.

For the Restricted Shares that failed to meet the unlocking conditions during the aforesaid agreed periods, the Company shall repurchase and cancel the corresponding Restricted Shares of the Incentive Participants.

If the unlocking conditions of the Restricted Shares are satisfied, the Company shall handle the unlocking of the Restricted Shares which satisfied the unlocking conditions together.

Unlocking of the Restricted Shares during the Unlocking Period is subject to the fulfilment of the following conditions: (1) no disqualifying events have occurred at the Company level, including the issuance of an auditor's report with adverse or disclaimer opinions on financial reports or internal controls, failure to distribute profits in accordance with laws and undertakings, regulatory prohibitions on share incentives, or other circumstances as determined by the CSRC; (2) no disqualifying events have occurred at the individual level, including regulatory ineligibility, administrative penalties, or other prohibitions under laws, regulations, or CSRC determinations; (3) the Company must meet the prescribed performance appraisal targets based on annual revenue and net profit growth over 2024 figures, applicable to both initially granted and Reserved Shares; and (4) each Incentive Participant must meet the individual performance appraisal criteria, where the unlock percentage is 100% for Grade A (Outstanding), 80% for Grade B (Exceeding), 60% for Grade C (Qualified), and 0% for Grade D (Unqualified).

Repurchase and Cancellation of Restricted Shares

When the Company repurchases and cancels Restricted Shares in accordance with the provisions of the 2025 A Share Scheme, the repurchase price will be the Grant Price, unless otherwise specified in the 2025 A Share Scheme.

ii. Restricted A Shares Granted

As of 31 December 2025, (i) a total of 4,242,300 outstanding restricted A Shares, were granted to 554 eligible Participants under the initial grant of 2025 A Share Scheme, and (ii) a total of 289,400 outstanding restricted A Shares, were granted to 136 eligible Participants under the reserved grant of 2025 A Share Scheme. The following table sets forth the restricted A Shares held by relevant Participants under the 2025 A Share Scheme as at 31 December 2025:

REPORT OF THE BOARD OF DIRECTORS

Category of grantee	Date of grant	Grant price (RMB per Share)	Number of outstanding			Cancelled/ lapsed during the Reporting Period	Number of outstanding Awards as of 31 December 2025	Closing price ⁽²⁾ (RMB per Share)	Fair value ⁽³⁾ (RMB per Share)	Weighted average closing price ⁽⁴⁾ (RMB per Share)	Lock-up period
			Awards as of 1 January 2025	Granted during the Reporting Period	Unlocked during the Reporting Period						
Directors											
										Note ⁽⁵⁾	
Mr. Zhang Da	24 April 2025	37.52	-	65,000	-	-	65,000	67.06	12.46	N/A	
Ms. Zhang Ting	24 April 2025	37.52	-	30,000	-	-	30,000	67.06	12.46	N/A	
Other five highest paid individuals (excluding Directors)											
In aggregate	24 April 2025	37.52	-	40,000	-	-	40,000	67.06	28.98	N/A	
Other employee participants – senior management, management personnel, key personnel in technology (business) roles under the initial grant⁽¹⁾											
In aggregate	24 April 2025	37.52	-	4,138,300	-	31,000 ⁽⁶⁾	4,107,300	67.06	12.46, 28.98	N/A	
Other employee participants – senior management, management personnel, key personnel in technology (business) roles under the reserved grant⁽¹⁾											
In aggregate	29 September 2025	53.24	-	291,400	-	2,000 ⁽⁶⁾	289,400	107.76	44.90	N/A	
Total			-	4,564,700	-	-	4,531,700				

Notes:

- (1) None of the Participants is an independent non-executive Director and a Shareholder that holds more than 5% of the Shares, a controlling Shareholder or his/her spouse, parents, or children.
- (2) The closing price in this column refers to the closing price of the A Shares immediately before the date on which the restricted A Shares were granted.
- (3) The fair value in this column refers to the fair value of restricted A Shares at the date of grant. The calculation of the fair value of the Awards on the grant date is as follows:

REPORT OF THE BOARD OF DIRECTORS

① Accounting Treatment

In accordance with the requirements of the IFRS 2 – Share-based Payment, the Company shall, on each balance sheet date during the vesting period, adjust the estimated number of Shares as an award that may be exercised in accordance with the latest number of the RSU Selected Participants who have fulfilled the exercise conditions and the performance indicators, and recognize the services received during the period as the relevant costs or expenses and capital reserve in accordance with the fair value of the Shares as an award on the date of grant.

② Calculation of the Fair Value under RSU Scheme

According to the relevant provisions on the determination of fair value in the IFRS 2 – Share-based Payment, an appropriate valuation model is required to be selected to calculate the fair value under RSU Scheme. The Company chooses Black-Scholes model (B-S model) to calculate the fair value, and the specific parameters were selected as below:

- (i) Price of the Underlying Shares: RMB73.77 per A Share (the closing price was RMB73.77 on the Initial Grant Date); RMB109.94 per A Share (the closing price was RMB109.94 on the Reserved Grant Date)
- (ii) Exercise Price: RMB37.52 per A Share (initial grant); RMB53.24 per A Share (reserved grant)
- (iii) Validity Period: 12, 24, 36 and 48 months, respectively (based on the period commencing from Grant Date and ending on the first Exercisable Date for each respective period)
- (iv) Historical volatility ratio: 47.04%-54.70%
- (v) Risk-free interest rate: 1.04%-1.54%
- (vi) Dividend yield: 0.00%

* The fair value is only an estimate made by the Company under the Black-Scholes model and a number of assumptions. Therefore, the fair value estimated is subject to uncertainty and the limitation of the model.

- (4) The weighted average closing price in this column refers to the weighted average closing price of the A Shares immediately before the date on which the restricted A Shares were unlocked.
- (5) The lock-up periods for the Awards underlying the 2025 A Share Scheme are 12 months, 24 months, 36 months and 48 months, respectively. All the above-mentioned lock-up periods commence from Registration Date. During the lock-up period, the Awards shall not be transferred, used as guarantee or repayment of debt.
- (6) During the Reporting Period, 33,000 restricted A Shares (comprising 31,000 restricted A Shares under the initial grant and 2,000 restricted A Shares under the reserved grant) held by seven incentive participants under the initial grant of 2025 A Share Scheme and one incentive participant under the reserved grant of 2025 A Share Scheme, respectively, were proposed to be repurchased and cancelled on 19 December 2025 due to resignation of certain incentive participants. The above repurchase and cancellation of restricted A Shares had not been completed as at the date of this annual report. For further details, please refer to the circular of the Company dated 26 March 2026.

The Unlocking Period in relation to the Restricted A Shares granted under the Initial Grant are set out below.

REPORT OF THE BOARD OF DIRECTORS

Unlocking Period of the 2025 A Share Scheme:

	Unlocking Period	Proportion of unlocking
First Unlocking Period	Commencing from the first trading day upon the expiry of 12 months from the date of the completion of registration for the grant of Restricted Shares to the last trading day upon the expiry of 24 months from the date of the completion of registration for the grant of Restricted Shares	25%
Second Unlocking Period	Commencing from the first trading day upon the expiry of 24 months from the date of the completion of registration for the grant of Restricted Shares to the last trading day upon the expiry of 36 months from the date of the completion of registration for the grant of Restricted Shares	25%
Third Unlocking Period	Commencing from the first trading day upon the expiry of 36 months from the date of the completion of registration for the grant of Restricted Shares to the last trading day upon the expiry of 48 months from the date of the completion of registration for the grant of Restricted Shares	25%
Fourth Unlocking Period	Commencing from the first trading day upon the expiry of 48 months from the date of the completion of registration for the grant of Restricted Shares to the last trading day upon the expiry of 60 months from the date of the completion of registration for the grant of Restricted Shares	25%

(D) H Share Restricted Share Scheme

Pursuant to Chapter 17 of the Hong Kong Listing Rules, the H Share Restricted Share Scheme constitutes a share scheme of the Company involving the issuance of new Shares.

REPORT OF THE BOARD OF DIRECTORS

i. Summary of the principal terms of the H Share Restricted Share Scheme

The principal terms of the H Share Restricted Share Scheme are summarized below:

Purpose and Objectives

The specific objectives of the H Share Restricted Share Scheme are: (a) to establish and enhance the Company's long-term incentive mechanism, attract and retain exceptional talent; (b) to fully engage the enthusiasm of the Company's key management, technology and business personnel; and (c) to effectively align the interests of the Shareholders, the Company, and the key management, technology and business personnel, fostering a collective focus on the Company's long-term development.

Source of the Incentive Shares

The source of the Incentive Shares under the H Share Restricted Share Scheme shall be either (i) existing H Shares purchased by the Trustee(s) from the secondary market; (ii) H Shares allotted and issued by the Company to the Trustee(s); or (iii) treasury Shares (if any). In case the Company plans to utilize treasury shares for the Incentive Shares, the Company and/or the Board will obtain necessary mandate from the Shareholders at the Shareholders' meeting.

Eligible Participants and Basis of Determining the Eligibility

The Eligible Participants for the H Share Restricted Share Scheme include:

- (a) any individual, being a Director, senior management or employee (whether full-time or part-time) of any members of the Group (the "**Employee Participant(s)**"); and
- (b) any service provider engaged by the Group, including independent consultants and advisers who provide advisory services, consultancy services, and/or other professional services to any member of the Group in areas relating to the Group's principal business activities, or on areas that are desirable and necessary from a commercial or strategic perspective and help maintain or enhance the competitiveness of the Group (the "**Service Provider Participant(s)**"). Such Service Provider Participants shall provide services to the Group on a continuing or recurring basis in its ordinary and usual course of business, and shall not include any placing agents, financial advisors providing advisory services for fundraising, mergers or acquisitions, or professional service providers who provide attestation services or are required to perform services impartially and objectively (such as auditors or valuers).

The basis of eligibility of any Eligible Participant shall be determined by the Board and/or its Delegate(s) at its sole discretion from time to time on the basis of the Eligible Participant's contribution to the development and growth of the Company in accordance with the rules of the H Share Restricted Share Scheme.

REPORT OF THE BOARD OF DIRECTORS

Scheme Mandate Limit and Service Provider Sublimit

Subject to the limit refreshment and separate approval of the Shareholders as stipulated in the H Share Restricted Scheme Rules, assuming that the total number of issued H Shares remains unchanged as at 3 April 2025, being the date of adoption of the H Share Restricted Share Scheme (the “**Adoption Date**”), (i) the total number of H Shares which may be issued in respect of all options and awards to be granted under all Share Schemes must not exceed 2,755,326 H Shares, representing 10% of the total number of issued H Shares (excluding treasury shares) as at the Adoption Date (“**10% Mandate Limit**”); (ii) within the 10% Mandate Limit, the total number of H Shares which may be issued in respect of all options and awards to be granted under all Share Schemes to Service Provider Participants shall not exceed 275,532 H Shares, representing approximately 1.0% of the total number of issued H Shares (excluding treasury shares) as at the Adoption Date (the “**Service Provider Sublimit**”); and (iii) the total number of H Shares which may be issued in respect of all Incentive Shares to be granted under the H Share Restricted Share Scheme shall not exceed 2,085,000 H Shares, representing approximately 7.57% of the total number of issued H Shares (excluding treasury shares) as at the Adoption Date (the “**H Share Scheme Mandate Limit**”). As at the date of this annual report, the total number of Shares available for issue under the H Share Restricted Share Scheme is 843,750, accounting for approximately 0.23% of the total issued Shares (excluding treasury shares).

Individual Limit

Where any grant to an Eligible Participant would result in H Shares issued and to be issued in respect of all options and awards under all Share Schemes granted to such Eligible Participant (excluding those lapsed in accordance with the terms of all Share Schemes) in the 12-month period up to and including the date of such grant exceeds 1% of the total number of issued H Shares (excluding treasury shares) as at the date of such grant, such grant shall be subject to relevant requirements under Chapter 17 of the Hong Kong Listing Rules.

Any grant of Incentive Shares to Directors and chief executives or substantial Shareholders of the Company, or any of their respective associates shall be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the proposed Eligible Participant of the Incentive Shares).

Where any grant of the Incentive Shares to Directors (other than independent non-executive Directors), chief executives of the Company or any of their respective associates, would result in the H Shares issued and to be issued in respect of all awards (excluding any awards lapsed in accordance with the terms of the relevant scheme) granted to such proposed Eligible Participant in the 12-month period up to and including the date of such grant, representing in aggregate over 0.1% of the total number of issued H Shares of the Company (excluding treasury shares), such further grant will not be effective unless it has complied with the relevant requirements under Chapter 17 of the Hong Kong Listing Rules.

Where any grant of the Incentive Shares to an independent non-executive Director, any substantial Shareholder or any of their respective associates, would result in the Shares issued and to be issued in respect of all options and awards granted (excluding any options and awards lapsed in accordance with the terms of the relevant scheme) to such proposed Eligible Participant in the 12-month period up to and including the date of such grant, representing in aggregate over 0.1% of the total number of issued H Shares (excluding treasury shares), such further grant will not be effective unless it has complied with the relevant requirements under Chapter 17 of the Hong Kong Listing Rules.

REPORT OF THE BOARD OF DIRECTORS

Performance targets

After the Board has decided to make a grant of Incentive Shares to any Eligible Participant, the Board shall procure the Company and the Eligible Participant to execute a Grant Instrument which sets out details of the Incentive Shares so granted and the conditions (if any, including but not limited to limitation any performance targets as the Board may determine from time to time based on the considerations as stipulated in the H Share Restricted Share Scheme Rules) upon which such Incentive Shares were granted. The exact proportion of the Incentive Shares to be vested for each vesting period shall be determined with reference to the fulfilment of the performance targets, if any.

The Directors are of the view that it is not practicable to expressly set out a generic set of performance targets in the H Share Restricted Share Scheme Rules, as each Selected Participant will play different roles and contribute in different ways to the Group. Instead, the H Share Restricted Share Scheme Rules include factors to be considered by the Board for determining individual performance targets, if any, from time to time. The Board shall have regard to the purpose of the H Share Restricted Share Scheme in making such determinations and ensure that appropriate specific performance targets will be set under particular circumstances of the relevant Selected Participant(s).

Purchase Price of Incentive Shares

A Selected Participant to whom an Incentive Share shall be granted under the H Share Restricted Share Scheme is required to pay RMB1.00 per Incentive Share to the Company for acceptance of an Incentive Share, being the nominal value of the H Shares.

Vesting period

The vesting period shall not be less than 12 months. The Directors are of the view that a vesting period of no less than 12 months would allow the Group to promote long-term commitment and stability among Selected Participants, which aligns with the purpose of the H Share Restricted Share Scheme.

Clawback mechanism

Under certain circumstances (such as acceptance or solicitation of bribes, corruption, theft, leaking commercial and technological secrets of the Company) as set out in the H Share Restricted Share Scheme Rules, the Board may (but is not obliged to) by notice in writing to the relevant Eligible Participant to claw back such number of Incentive Shares granted (to the extent not already vested) as the Board may consider appropriate. The Incentive Shares that are clawed back shall be regarded as cancelled and the Incentive Shares so cancelled shall be regarded as utilized for the purpose of calculating the H Share Scheme Mandate Limit.

Termination

The H Share Restricted Share Scheme shall be terminated on the earlier of: (i) the date of the tenth anniversary of the Adoption Date or (ii) such date of early termination as determined by the Board by a resolution of the Board, provided that such termination shall not affect any subsisting rights of any Selected Participants. The remaining life of the H Share Restricted Share Scheme was nine years as at the date of this annual report.

REPORT OF THE BOARD OF DIRECTORS

ii. Restricted H Shares Granted

As of 31 December 2025, an aggregate of 1,465,000 restricted H Shares were granted to eligible Participants under the H Share Restricted Share Scheme. The following table sets forth the restricted H Shares held by relevant Participants under the H Share Restricted Share Scheme as at 31 December 2025:

Category of grantee	Date of grant	Grant price (RMB per Share)	Number of outstanding awards as of 1 January 2025	Granted during the Reporting Period	Vested during the Reporting Period	Cancelled/lapsed during the Reporting Period	Number of outstanding awards as of 31 December 2025	Closing price ⁽¹⁾ (HK\$ per Share)	Fair value ⁽²⁾ (RMB per Share)	Weighted average closing price ⁽³⁾ (HK\$ per Share)	Vesting period and Lock-up period
Directors											
											Note ⁽⁴⁾ and Note ⁽⁵⁾
Mr. Zhang Da	3 April 2025	1.00	-	155,000	-	-	155,000	58.30	30.11	N/A	
Mr. Hong Liang	3 April 2025	1.00	-	80,000	-	-	80,000	58.30	30.11	N/A	
Ms. Yang Rui	3 April 2025	1.00	-	60,000	-	-	60,000	58.30	30.11	N/A	
Ms. Zhang Ting	3 April 2025	1.00	-	35,000	-	-	35,000	58.30	30.11	N/A	
Other five highest paid individuals (excluding Directors)											
In aggregate	3 April 2025	1.00	-	50,000	-	-	50,000	58.30	46.15	N/A	
Employee Participants – directors or chief executives of the Company's subsidiaries (excluding five highest paid individuals)											
In aggregate	3 April 2025	1.00	-	590,000	-	-	590,000	58.30	30.11, 46.15	N/A	
Subtotal			-	970,000	-	-	970,000				
Other Employee Participants											
In aggregate	3 April 2025	1.00	-	495,000	-	-	495,000	58.30	46.15	N/A	
Total			-	1,465,000	-	-	1,465,000				

Notes:

- (1) The closing price in this column refers to the closing price of the Shares immediately before the date on which the restricted H Shares were granted.
- (2) The fair value in this column refers to the fair value of restricted H Shares at the date of grant. The calculation of the fair value of the awards on the grant date is as follows:

① Accounting Treatment

In accordance with the requirements of the IFRS 2 – Share-based Payment, the Company shall, on each balance sheet date during the vesting period, adjust the estimated number of Shares as an award that may be exercised in accordance with the latest number of the RSU Selected Participants who have fulfilled the exercise conditions and the performance indicators, and recognize the services received during the period as the relevant costs or expenses and capital reserve in accordance with the fair value of the Shares as an award on the date of grant.

② Calculation of the Fair Value under RSU Scheme

According to the relevant provisions on the determination of fair value in the IFRS 2 – Share-based Payment, an appropriate valuation model is required to be selected to calculate the fair value under RSU Scheme. The Company chooses Black-Scholes model (B-S model) to calculate the fair value, and the specific parameters were selected as below:

- (i) Price of the Underlying Shares: HKD55.75 per H Share (the closing price was HKD55.75 on the Grant Date)

REPORT OF THE BOARD OF DIRECTORS

- (ii) Exercise Price: RMB1.00 per H Share
 - (iii) Validity Period: 12, 24, 36 and 48 months, respectively (based on the period commencing from Grant Date and ending on the first Exercisable Date for each respective period)
 - (iv) Historical volatility ratio: 49.48%-58.47%
 - (v) Risk-free interest rate: 1.34%-1.44%
 - (vi) Dividend yield: 0.00%
- * The fair value is only an estimate made by the Company under the Black-Scholes model and a number of assumptions. Therefore, the fair value estimated is subject to uncertainty and the limitation of the model.
- (3) The weighted average closing price in this column refers to the weighted average closing price of the Shares immediately before the date on which the restricted H Shares were vested.
- (4) The vesting periods and vesting schedules are as follows: (a) maximum 25% of the incentive shares to be vested one year commencing from the first trading day after expiry of 12-month period following the grant date; (b) maximum 25% of the incentive shares to be vested one year commencing from the first trading day after expiry of 24-month period following the grant date; (c) maximum 25% of the incentive shares to be vested one year commencing from the first trading day after expiry of 36-month period following the grant date; and (d) maximum 25% of the incentive shares to be vested one year commencing from the first trading day after expiry of 48-month period following the grant date.
- (5) Lock-up periods are as follows: After expiration of each vesting period as set forth above and the completion of vesting, each batch of the vested incentive Shares shall be subject to a three-month lock-up period (the "Three-month Period"), during which those incentive Shares shall not be transferred to any third party. Upon the expiration of the Three-month Period, the Board and/or its delegatee(s) may, in its sole discretion, determine whether to impose another three-month lock-up period based on the market capitalization of the Company.

The number of share options and awards available for grant under the scheme mandate limit and the service provider sublimit at the beginning and the end of the Reporting Period are set out below:

	10% Mandate Limit		Service Provider Sublimit		H Share Scheme Mandate Limit	
	Available for grant as of	Available for grant as of	Available for grant as of	Available for grant as of	Available for grant as of	Available for grant as of
	1 January 2025	31 December 2025	1 January 2025	31 December 2025	1 January 2025	31 December 2025
Number of underlying Shares pursuant to the options and awards	2,755,326	1,290,326	275,532	275,532	2,085,000	620,000

The number of Shares that may be issued in respect of share options and awards granted under all schemes of the Company⁽¹⁾ during the Reporting Period is 970,000⁽²⁾, representing 0.27% of the weighted average number of Shares in issue (excluding treasury Shares) for the Reporting Period (i.e. 356,576,000 Shares). Among the above 970,000 shares may be issued, the Company issued nil Shares to satisfy the restricted A Shares or units were granted during the Reporting Period.

Notes:

- (1) As of 31 December 2025, the H Share Restricted Share Scheme is the only share scheme of the Company involving the issuance of new Shares pursuant to Chapter 17 of the Hong Kong Listing Rules.
- (2) Among the aggregate of 1,465,000 restricted H Shares were granted to eligible Participants under the H Share Restricted Share Scheme, only 970,000 restricted H Shares granted to connected persons of the Company shall be satisfied by allotment and issuance of new H Shares by the Company to the trust(s), while the 495,000 restricted H Shares granted to non-connected persons of the Company shall be satisfied by purchase of existing H Shares by the trustee(s) from the secondary market. For details, please refer to the circular of the Company dated 18 March 2025.

REPORT OF THE BOARD OF DIRECTORS

XIV. PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

i. A Share Repurchase

Pursuant to the repurchase plan as approved by the Shareholders on 29 February 2024, the Company repurchased part of the A Shares with self-owned funds through centralized price bidding (the “**A Share Repurchase**”) which was used to implement the employee share ownership plan or the share incentive scheme of the Company and cancellation and reduction of the registered capital. The number of repurchased A Shares used to implement the employee share ownership plan or the share incentive scheme is no more than 60% of the total number of repurchased A Shares, and the number of repurchased A Shares used for cancellation and reduction of the registered capital is not less than 40% of the total number of repurchased A Shares. Such repurchase was financed entirely with the Company’s self-owned funds, ensuring that the transaction price did not surpass the stipulated maximum limit of RMB157.00 per Share (inclusive) as outlined in the repurchase plan. For more details, please refer to the relevant announcements of the Company dated 31 January 2024 and 29 February 2024, and the circular of the Company dated 6 February 2024.

In light of the 2023 annual distribution of dividends, the Company adjusted the maximum repurchase price of the A Shares to RMB155.27 per Share accordingly pursuant to the requirements of the CSRC and the Shenzhen Stock Exchange, with effective from 28 June 2024 (ex-rights and ex-dividend date). For further details, please refer to the relevant announcement of the Company dated 27 June 2024.

As at 18 February 2025, the aforementioned A Share Repurchase had been completed. The implementation period for the A Share Repurchase was from 7 March 2024 to 18 February 2025. The Company had successfully and accumulatively repurchased 12,300,701 A shares, representing 3.6161% of the Company’s total A Share capital, through the centralized competitive bidding process on the Shenzhen Stock Exchange in 2024. The repurchase prices ranged from a minimum of RMB71.65 to a maximum of RMB102.00 per Share, utilizing a total of RMB999,644,601.56 in funds (excluding commissions and additional fees). The operation was conducted in full compliance with applicable laws and regulations, aligning with the predetermined repurchase strategy. Among the 12,300,701 A Shares repurchased, following the review and confirmation by the Shenzhen Branch of the China Securities Depository and Clearing Co., Ltd., the cancellation of the Company’s repurchased 7,122,703 A Shares was completed on 26 February 2025. For further details, please refer to the relevant announcements of the Company dated 18 February 2025 and 27 February 2025. During the Reporting Period, nil Shares were repurchased under the aforementioned A Share Repurchase.

ii. Repurchase and Cancellation of Certain Restricted A Shares Granted under the 2020 Restricted A Share Incentive Scheme and 2025 A Share Incentive Scheme

As certain Participants of the 2020 Restricted A Share Incentive Scheme resigned, on 16 August 2024, the Board considered and approved the repurchase and cancellation of 1,680 restricted A Shares under the reserved grant of 2020 Restricted A Share Incentive Scheme at a repurchase price of RMB102.46 per A Share. All funds required for such repurchase and cancellation (i.e. RMB172,132.80) are derived from our internal funds. On 3 April 2025, the first extraordinary general meeting of 2025, the first A Shares class meeting of 2025 and the first H Shares class meeting of 2025 approved such repurchase and cancellation

REPORT OF THE BOARD OF DIRECTORS

of restricted A Shares. Such repurchase and cancellation of restricted A Shares did not have any material impact on the operating results or financial conditions of the Company. For further details, please refer to the relevant announcements of the Company dated 16 August 2024, 3 April 2025 and the circular of the Company dated 18 March 2025. The above repurchase and cancellation of restricted A Shares had been completed as at 26 May 2025. For further details, please refer to the relevant announcement of the Company dated 26 May 2025.

As certain Participants of the 2025 A Share Scheme resigned, on 19 December 2025, the Board considered and approved the repurchase and cancellation of 33,000 restricted A Shares under the initial grant and reserved grant of the 2025 A Share Scheme at a repurchase price of RMB36.42 per A Share and RMB53.24 per A Share, respectively. All funds required for such repurchase and cancellation (i.e. RMB1,235,500) are derived from our internal funds. Such repurchase and cancellation of restricted A Shares did not have any material impact on the operating results or financial conditions of the Company, nor did it have any material impact on the Company's 2025 annual results. For further details, please refer to the relevant announcements of the Company dated 24 January 2025, 29 September 2025, and 19 December 2025 and the circular of the Company dated 18 March 2025. The above repurchase and cancellation of restricted A Shares had not been completed as at the date of this annual report. For further details, please refer to the circular of the Company dated 26 March 2026.

Set forth below is a monthly breakdown of repurchases and cancellation of the restricted A Shares granted under the 2020 Restricted A Share Incentive Scheme and/or 2025 A Share Incentive Scheme during the Reporting Period:

Month	Number of Shares repurchased	Purchase price paid for such repurchase (RMB)	Aggregate price paid for such repurchase (RMB)
May 2026	1,680	102.46	172,132.80

Save as disclosed above, during the Reporting Period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including sale of treasury Shares). As at 31 December 2025, the Company held 1,151,300 Shares of A Shares of treasury Shares which will be used to implement the employee share ownership plans or share incentive schemes of the Company and cancellation and reduction of the registered capital.

XV. USE OF NET PROCEEDS FROM THE ISSUANCE OF SECURITIES

i. Use of Net Proceeds from the Global Offering

The net proceeds from the Global Offering (after deducting the underwriting fees and related listing expenses) (the "Global Offering Proceeds") amounted to approximately HKD7,318.07 million⁽¹⁾, and the balance of unutilized Global Offering Proceeds of approximately HKD992.87 million as at 31 December 2025.

REPORT OF THE BOARD OF DIRECTORS

The Global Offering Proceeds have been and will be utilized in accordance with the purposes set out in the Prospectus, except for the changes the Company made to the use of proceeds for several projects from time to time from 2022 to 2025. During the Reporting Period, in light of market conditions and the Company's business needs, the Company proposed to make changes in part of the use of the Proceeds in July 2025, which were later approved by Shareholders in August 2025 (the "Changes"). The table below sets out the planned applications of the Global Offering Proceeds and actual usage up to 31 December 2025:

Use of Global Offering Proceeds	Proportion (before the Changes)	Proportion (after the Changes)	Allocation of Global Offering Proceeds	Allocation of Global Offering Proceeds	Unutilized amount (as of 1 January 2025)	Allocation of Global Offering Proceeds	Allocation of Global Offering Proceeds	Utilized amount during the Reporting Period	Utilized amount (as at 31 December 2025)	Unutilized amount (as at 31 December 2025)	Expected timeline for utilizing the remaining allocate Global Offering Proceeds
			(before the Changes)	(before the Changes)	(as of 1 January 2025)	(after the Changes)	(after the Changes)	(HKD million)	(HKD million)	(HKD million)	(HKD million)
To further enhance the manufacturing capacity and capabilities of our small molecule CDMO solutions	20%	18%	1,463.61	1,195.82	599.43	1,317.25	1,076.24	376.03	1,240.21	77.04	
- To construct comprehensive small molecule R&D and manufacturing site and to purchase relevant equipment and machinery (the "Comprehensive Small Molecule Construction Project")	15%	13%	1,097.71	896.86	599.43	951.35	777.28	376.03	874.31	77.04	In or before December 2028
- To upgrade the equipment and machinery and expand the capacity of our existing manufacturing sites in Tianjin and Dunhua	5%	5%	365.90	298.96	-	365.90	298.96	-	365.90	-	N/A
To strengthen our Emerging Services and expand our service offerings	35%	37%	2,561.32	2,092.68	34.03	2,707.68	2,212.26	88.80	2,616.09	91.59	
- To construct a R&D and manufacturing facility for oligonucleotides and polypeptides in Tianjin and invest in R&D and manufacturing facilities for recombinant DNA products (including mAb) and ADC	20%	20%	1,463.61	1,195.82	-	1,463.61	1,195.82	-	1,463.61	-	N/A

REPORT OF THE BOARD OF DIRECTORS

	Proportion (before the Changes)	Proportion (after the Changes)	Allocation of Global Offering Proceeds (before the Changes) (HKD million)	Allocation of Global Offering Proceeds (before the Changes) (RMB million)	Unutilized amount (as of 1 January 2025) (HKD million)	Allocation of Global Offering Proceeds (after the Changes) (HKD million)	Allocation of Global Offering Proceeds (after the Changes) (RMB million)	Utilized amount during the Reporting Period (HKD million)	Utilized amount (as at 31 December 2025) (HKD million)	Unutilized amount (as at 31 December 2025) (HKD million)	Expected timeline for utilizing the remaining allocate Global Offering Proceeds
Use of Global Offering Proceeds											
- To improve our capabilities related to our biosynthesis solutions and drug products solutions	10%	10%	731.81	597.91	-	731.81	597.91	-	731.81	-	N/A
- To improve our capabilities related to our biosynthesis solutions and drug products solutions and construct a R&D and manufacturing facility in Tianjin for oligonucleotides and polypeptides (the "New Business Capabilities Construction Project")	5%	7%	365.90	298.95	34.03	512.26	418.53	88.80	420.67	91.59	In or before December 2028
To invest in R&D initiatives and maintain our technology leadership	20%	20%	1,463.61	1,195.82	-	1,463.61	1,195.82	-	1,463.61	-	
- To upgrade our flow and continuous technology platform	10%	10%	731.81	597.91	-	731.81	597.91	-	731.81	-	N/A
- To fund the R&D initiatives led by our Center of Biosynthesis Technology (CBST)	10%	10%	731.80	597.91	-	731.80	597.91	-	731.80	-	N/A
To strategically set up foreign subsidiaries, engage in overseas investments to further expand production capacities, enhance overseas sales centers, and acquire equity interests in target companies (the "Strategic Overseas Investment and Acquisition Project")	15%	15%	1,097.71	896.86	930.27	1,097.71	896.86	106.03	273.47	824.24	In or before December 2028

REPORT OF THE BOARD OF DIRECTORS

	Proportion (before the Changes)	Proportion (after the Changes)	Allocation of Global Offering Proceeds (before the Changes) (HKD million)	Allocation of Global Offering Proceeds (before the Changes) (RMB million)	Unutilized amount (as of 1 January 2025) (HKD million)	Allocation of Global Offering Proceeds (after the Changes) (HKD million)	Allocation of Global Offering Proceeds (after the Changes) (RMB million)	Utilized amount during the Reporting Period (HKD million)	Utilized amount (as at 31 December 2025) (HKD million)	Unutilized amount (as at 31 December 2025) (HKD million)	Expected timeline for utilizing the remaining allocate Global Offering Proceeds
Use of Global Offering Proceeds											
For working capital and general corporate purposes	10%	10%	731.81	597.91	-	731.81	597.91	-	731.81	-	N/A
	100%	100%	7,318.06	5,979.09	1,563.73	7,318.06	5,979.09	570.86	6,325.19	992.87	

Note:

(1) The total Global Offering Proceeds included approximately HKD6,844.27 million from the Global Offering in December 2021 and HKD473.79 million from the partial exercise of over-allotment option in January 2022 as disclosed in the announcement of the Company dated 2 January 2022.

ii. Changes and Delay in the Use of Part of the Global Offering Proceeds

On 4 July 2025, in light of market conditions and the Company's business needs, the Company proposed the below changes in part of the use of the Proceeds, which were later approved by Shareholders in August 2025.

Main purposes	Proportion before the changes	Allocation of Global Offering Proceeds before the changes (HKD million)	Allocation of Global Offering Proceeds before the changes (RMB million)	Proportion after the changes	Allocation of Global Offering Proceeds after the changes (HKD million)	Allocation of Global Offering Proceeds after the changes (RMB million)	Expected timeline for utilizing the Remaining allocated Global Offering Proceeds before the changes	Expected timeline for utilizing the Remaining allocated Global Offering Proceeds after the changes
The Comprehensive Small Molecule Construction Project	15%	1,097.71	896.86	13.0%	951.35	777.28	In or before December 2025	In or before December 2028
The New Business Capabilities Construction Project	5%	365.90	298.95	7.0%	512.26	418.53	In or before December 2025	In or before December 2028
The Strategic Overseas Investment and Acquisition Project	15%	1,097.71	896.86	15%	1,097.71	896.86	In or before December 2025	In or before December 2028

REPORT OF THE BOARD OF DIRECTORS

Reasons for the Changes and Delay in the Use of Part of the Global Offering Proceeds

The changes in Global Offering Proceeds are aligned with the Company's future development strategy. Despite the complex and evolving international economic landscape, the fundamental trend of increasing specialization in the global pharmaceutical industry remains unchanged. Outsourcing penetration rate by big pharmaceutical companies continues to rise, and the sustained activeness of biotech companies is driving the continued expansion of the global CDMO industry. The global pharmaceutical sector is gradually recovering from its most challenging period. The emergence of GLP-1 has opened up substantial incremental market opportunities, and the ongoing momentum in drug categories such as ADCs and small nucleic acid presents new growth opportunities. In response to changes in the global pharmaceutical landscape, corresponding changes were proposed to be made to the use of the Global Offering Proceeds for the three projects above-mentioned:

The Change in relation to the Comprehensive Small Molecule Construction Project

The Company continues to improve capacity utilization efficiency through technological advancement and economies of scale. At the same time, the Company is actively expanding its overseas small molecule R&D and commercial production capacity. Accordingly, the Global Offering Proceeds for the Comprehensive Small Molecule Construction Project will be slightly reduced, and the geographical coverage of the use of the Global Offering Proceeds will be expanded from China to a global scale.

The Change in relation to the New Business Capabilities Construction Project

As the Company's emerging business enters a stage of rapid development, and in response to this trend, the Company proposes to increase investment in R&D and production facilities related to peptides, oligonucleotides, drug product, and synthetic biology solutions in response to this trend.

The Change in relation to the Strategic Overseas Investment and Acquisition Project

The Company is actively advancing its overseas strategic initiatives. In view of the longer construction cycles for overseas capacity and the time required to identify acquisition targets and close the transactions, the expected timeline for completion of use of the Global Offering Proceeds for the Strategic Overseas Investment and Acquisition Project will be moderately extended.

For more details on the changes and delay in the use of part of the Global Offering Proceeds, please refer to the announcements of the Company dated 4 July 2025 and 6 August 2025, and the circular of the Company dated 22 July 2025.

REPORT OF THE BOARD OF DIRECTORS

iii. Use of Net Proceeds from A Share Non-Public Offering

The Company issued 10,178,731 A Shares with an offering price of RMB227.00 per Share to designated investors in September 2020 and raised net proceeds (the “**A Share Non-Public Offering Proceeds**”) of RMB2,274,960,656.06 (net of expenses related to the A Share Non-Public Offering). The following table sets out the projects funded by the A Share Non-Public Offering Proceeds and the use of the A Share Non-Public Offering Proceeds for such projects as at 31 December 2025 following the Changes in A Share Non-Public Offering Proceeds (as defined below), which was approved by Shareholders in August 2025:

No.	Implementation entity	Project name	Total investment amount (RMB0'000)	Investment amount proposed to be funded by the A Share Non-Public Offering Proceeds (before the Changes in A Share Non-Public Offering Proceeds)	Investment amount proposed to be funded by the A Share Non-Public Offering Proceeds (after the Changes in A Share Non-Public Offering Proceeds)	Accumulated investment amount as of 31 December 2025 (RMB0'000)	Expected timeline to fully utilize the allocated A Share Non-Public Offering Proceeds
				(RMB0'000)	(RMB0'000)		
1.	Asymchem Life Science (Tianjin) Co., Ltd. (凱萊英生命科學技術(天津)有限公司)	Expansion Project of One-stop Service Platform for Innovative Drugs of Asymchem Life Science (Tianjin) Co., Ltd.	68,000.00	2,204.63	2,204.63	2,204.63	N/A
2.	Shanghai Asymchem Biotechnology Co., Ltd. (上海凱萊英生物技術有限公司)	Construction Project of R&D and Production Platform for Biological Macromolecule Innovative Drugs and Preparations	62,236.45	6,551.69	6,551.69	6,551.69	N/A
3.	Asymchem Pharmacy (Jiangsu) Co., Ltd. (凱萊英藥業(江蘇)有限公司)	Biomedical R&D and Production Integration Base Project of Asymchem Pharmacy (Jiangsu) Co., Ltd. (the “ Taixing Project ”)	230,938.65	60,000.00	6,632.28	6,632.28	N/A
4.	Asymchem Life Science (Tianjin) Co., Ltd. (凱萊英生命科學技術(天津)有限公司)	Chemical Macromolecule Project of Asymchem Life Science (Tianjin) Co., Ltd.	50,000.00	40,000.00	40,000.00	40,000.00	N/A
5.	Tianjin Asymchem Biotechnology Co., Ltd. (天津凱萊英生物科技有限公司)	Key Green Technology Development and Industrialization Project of Tianjin Asymchem Biotechnology Co., Ltd.	40,000.00	13,257.10	13,257.10	13,257.10	N/A

REPORT OF THE BOARD OF DIRECTORS

No.	Implementation entity	Project name	Total investment amount (RMB0'000)	Investment amount proposed to be funded by the A Share Non-Public Offering Proceeds (before the Changes in A Share Non-Public Offering Proceeds) (RMB0'000)	Investment amount proposed to be funded by the A Share Non-Public Offering Proceeds (after the Changes in A Share Non-Public Offering Proceeds) (RMB0'000)	Accumulated investment amount as of 31 December 2025 (RMB0'000)	Expected timeline to fully utilize the allocated A Share Non-Public Offering Proceeds
6.	Tianjin Asymchem Biotechnology Co., Ltd. (天津凱萊英生物科技股份有限公司)	High-end Formulation Pilot and Industrialization Project of Tianjin Asymchem Biotechnology Co., Ltd. (the "Formulation Pilot and Industrialization Project")	17,195.60	10,000.00	16,000.00	12,550.99	On or before 30 June 2027
7.	Asymchem Life Science (Jiangsu) Co., Ltd. (凱萊英生命科學技術(江蘇)有限公司)	Pharmaceutical R&D Center Project of Asymchem Life Science (Jiangsu) Co., Ltd. (the "R&D Center Project")	30,000.00	20,000.00	20,000.00	12,060.38	On or before 31 December 2028
8.	Asymchem Life Science (Tianjin) Co., Ltd. (凱萊英生命科學技術(天津)有限公司)	Phase I Project of the Construction of Continuous Reaction Technology Service Platform of Asymchem Life Science (Tianjin) Co., Ltd. (the "Continuous Reaction Technology Project")	12,000.00	10,000.00	10,000.00	9,999.97	On or before 30 June 2025
9.	Asymchem Life Science (Tianjin) Co., Ltd. (凱萊英生命科學技術(天津)有限公司)	To supplement working capital	66,057.20	66,057.20	66,057.20	66,057.20	N/A
10.	Asymchem Life Science (Tianjin) Co., Ltd. (凱萊英生命科學技術(天津)有限公司)	Chemical Macromolecule Integrated R&D and Manufacturing Project of Asymchem Life Science (Tianjin) Co., Ltd. (the "Chemical Macromolecule Integration Project")	50,800.00	-	47,367.72	21,432.07	On or before 31 December 2028
				228,070.62	228,070.62	190,746.31	

REPORT OF THE BOARD OF DIRECTORS

Specific Scheme for the Changes in A Share Non-Public Offering Proceeds

To align with the Company's development strategy, and for the purpose of effectively improving the efficiency of the use of the A Share Non-Public Offering Proceeds, the Company intends to change the use of the remaining A Share Non-Public Offering Proceeds allocated to the Taixing Project, under which the remaining A Share Non-Public Offering Proceeds in the Taixing Project will be (i) reallocated to a new project — the Chemical Macromolecule Integration Project, and (ii) reallocated to the Formulation Pilot and Industrialization Project, with the expected timeline to fully utilize the allocated A Share Non-Public Offering Proceeds to be extended to 30 June 2027. In addition, the expected timeline to fully utilize the allocated A Share Non-Public Offering Proceeds for the R&D Center Project will be extended to 31 December 2028 (the "Changes in A Share Non-Public Offering Proceeds"). The particulars are as follows:

Project name	Investment amount proposed to be funded by the A Share Non-Public Offering Proceeds (before the Changes in A Share Non-Public Offering Proceeds) (RMB0'000)			Investment amount proposed to be funded by the A Share Non-Public Offering Proceeds (after the Changes in A Share Non-Public Offering Proceeds) (RMB0'000)		
	Unused A Share Non-Public Offering Proceeds (before the Changes in A Share Non-Public Offering Proceeds) (RMB0'000)	Amount of the Changes in A Share Non-Public Offering Proceeds (RMB0'000)	Expected timeline for utilizing the remaining allocated A Share Non-Public Offering Proceeds before the Changes in A Share Non-Public Offering Proceeds	Expected timeline for utilizing the remaining allocated A Share Non-Public Offering Proceeds after the Changes in A Share Non-Public Offering Proceeds		
The Taixing Project	60,000.00	(53,367.72)	on or before 30 June 2026	-		
The Chemical Macromolecule Integration Project	-	47,367.72	-	on or before 31 December 2028		
The Formulation Pilot and Industrialization Project	10,000.00	6,000.00	on or before 30 June 2026	on or before 30 June 2027		
The R&D Center Project	20,000.00	-	on or before 30 June 2026	on or before 31 December 2028		

Information on the Changes in A Share Non-Public Offering Proceeds

(A) Changes in A Share Non-Public Offering Proceeds for the Taixing Project

1. Original Investment Plan and Use of Proceeds for the Taixing Project

At the inception of the Taixing Project, the Company planned to leverage its accumulated technological advantages in the field of chemical drugs to build a sustainable model characterized by low energy consumption, low emissions, and high efficiency. The objective was to enhance its integrated R&D and manufacturing capabilities for small molecule projects, support the development and commercialization of innovative drugs for indications such as diabetes, cardiovascular and cerebrovascular diseases, immune system disorders, and oncology, thereby strengthening its competitiveness in domestic and overseas markets and promoting the healthy and sustainable development of the pharmaceutical industry.

REPORT OF THE BOARD OF DIRECTORS

The total investment amount in the Taixing Project was RMB2,309.39 million, of which RMB600 million was originally intended to be funded by the A Share Non-Public Offering Proceeds, which included RMB214.36 million for construction works, RMB269.48 million for equipment procurement, and RMB116.16 million for installation works. The construction scope included one new manufacturing workshop, one production control center, one R&D building, and various ancillary facilities for R&D, production, and environmental protection. A total of 218 units of R&D and production equipment and 17 auxiliary systems were to be procured to support the R&D and commercial-scale production of small molecule CDMO services.

According to preliminary estimates, the Taixing Project was expected to generate a total return on investment of no less than 14.31%, with an investment payback period of less than 7.32 years (including the construction period), indicating sound economic benefits and alignment with the Company's long-term development objectives.

Before the Changes in A Share Non-Public Offering Proceeds, as at 30 June 2025, the Company had invested approximately RMB66.32 million in the Taixing Project using the A Share Non-Public Offering Proceeds, with RMB533.68 million remaining unutilized, representing progress in use of A Share Non-Public Offering Proceeds of 11.05%. The Taixing Project was determined after careful analysis based on then-prevailing market conditions, industry trends, and the Company's actual circumstances, and was consistent with the Company's development strategy at the time. After the Changes in A Share Non-Public Offering Proceeds, the allocated A Share Non-Public Offering Proceeds of approximately RMB66.32 million for the Taixing Project had been utilized as at 31 December 2025.

2. Reasons for the Changes in A Share Non-Public Offering Proceeds for the Taixing Project

Although the feasibility of the Taixing Project had been fully demonstrated in the early stage, considering changes in market dynamics and the Company's operating conditions, the Company believes that, as the overall efficiency of its small molecule capacity continues to improve through technologies such as continuous flow technology and with the benefit of economies of scale, the demand for capacity in the chemical macromolecule business and drug product business for new molecular types segments has become significantly more urgent. As such, the Company proposes to reallocate part of the A Share Non-Public Offering Proceeds originally intended for enhancing small molecule capabilities to these two business segments, which is expected to improve the efficiency of fund utilization and provide a solid foundation for sustaining the Company's growth. In addition, the construction of the Taixing Project will continue to be advanced in phases by the Company using other types of funds.

This change in the use of A Share Non-Public Offering Proceeds is a prudent decision made after careful consideration. The Company will continue to invest in the construction of the Taixing Project in phases using its own funds, based on the ongoing execution of small molecule project orders.

REPORT OF THE BOARD OF DIRECTORS

(B) The New Chemical Macromolecule Integration Project to Be Funded by the A Share Non-Public Offering Proceeds and Delay in the Expected Timeline

The Company intends to reallocate the remaining RMB473.68 million of the unused A Share Non-Public Offering Proceeds in the Taixing Project to a new project, namely the Chemical Macromolecule Integration Project of Asymchem Life Science (Tianjin) Co., Ltd.

- (1) Project name: the Chemical Macromolecule Integrated R&D and Manufacturing Project of Asymchem Life Science (Tianjin) Co., Ltd.
- (2) Project implementation entity: Asymchem Life Science (Tianjin) Co., Ltd. (凱萊英生命科學技術(天津)有限公司)
- (3) Project implementation location: Western District of the Economic – Technological Development Area, Tianjin, China
- (4) Project construction period: 48 months
- (5) Project investment amount: RMB508.00 million, including approximately RMB486.97 million for fixed assets investment and approximately RMB11.03 million for initial working capital. The Company intends to use RMB473.68 million of the A Share Non-Public Offering Proceeds to implement this project, with the remaining balance settled through self-financing of the Company.
- (6) Project construction: The project involves the construction of one quality control building and installation of 650 units/sets of R&D and manufacturing equipment for oligonucleotide, peptide, and oncology drug production in existing production workshops.

(C) The Changes in A Share Non-Public Offering Proceeds for the Formulation Pilot and Industrialization Project and Delay in the Expected Timeline

In light of the robust development of the Company's drug product business, the Company will increase the investment amount in the Formulation Pilot and Industrialization Project and extend the timeline for its completion. The particulars are as follows:

Item	Before the Changes in A Share Non-Public Offering Proceeds		After the Changes in A Share Non-Public Offering Proceeds	
	Total investment amount	Committed investment amount	Total investment amount	Committed investment amount
	(RMB0'000)	(RMB0'000)	(RMB0'000)	(RMB0'000)
Amount of Proceeds committed to be used for the Formulation Pilot and Industrialization Project	11,000	10,000	17,195.60	16,000
Date of reaching the expected conditions for use	30 June 2026		30 June 2027	

REPORT OF THE BOARD OF DIRECTORS

(D) The Delay in the Expected Timeline in the Use of the A Share Non-Public Offering Proceeds for the R&D Center Project

Although the Company had conducted sufficient feasibility assessments for its proceeds-funded projects in the early stages, there remain various uncontrollable factors during the actual construction and implementation process. As at the date of this annual report, the construction works of main body of the R&D Center Project have been substantially completed. However, the procurement of certain major imported R&D equipment and custom-manufactured equipment has lagged behind the original schedule, which has to some extent affected the overall progress of this project. In addition, in line with the Company's overall development strategy, while maintaining a high utilization rate of small molecule capacity and ensuring order fulfillment, the capital expenditure for small molecule capacity has been paced at a reasonable rate, resulting in the overall progress of the R&D Center Project falling short of the original schedule and being unable to reach the expected usable condition within the expected timeline.

In view of the above, based on the actual construction progress of the R&D Center Project and the Company's development strategy, and from the perspective of long-term planning, the Company proposes, after careful consideration, to extend the timeline for the R&D Center Project to reach the expected usable condition to December 2028, without changing the project implementation entity, implementation method, use of proceeds or total investment amount.

Impact of the Changes in the Use of Part of the A Share Non-Public Offering Proceeds on the Company

The changes in the use of part of the A Share Non-Public Offering Proceeds, the establishment of a new project, the adjustment of the investment amount for certain projects, and the extension of the implementation timeline for certain projects are prudent decisions made by the Company after comprehensive assessment of the external market environment, project implementation needs, and the Company's strategic plan for future business development. These changes are conducive to improving the efficiency in the use of the A Share Non-Public Offering Proceeds, optimizing the Company's capacity layout and operational efficiency, and enhancing the Company's overall competitiveness. The changes are in line with the Company's development strategy and long-term interests, as well as the interests of all Shareholders. They do not prejudice the interests of the Company or its Shareholders, especially minority Shareholders, nor will they have any material adverse impact on the Company's operations.

For more details on the changes in the use of the A Share Non-Public Offering Proceeds and relevant new projects, please refer to the announcements of the Company dated 4 July 2025 and 6 August 2025, and the circular of the Company dated 22 July 2025.

The expected timeline for utilizing the remaining proceeds from the Global Offering and the A Share Non-Public Offering is set on the basis of the best estimation of the Company taking into account, among other factors, prevailing and future market conditions and business developments and needs, and therefore is subject to changes.

REPORT OF THE BOARD OF DIRECTORS

XVI. DIRECTORS AND SENIOR MANAGEMENT

As at the date of this annual report, the names of the Directors and senior management of the Group are set out in the section headed “Biographies of Directors and Senior Management” in this annual report.

i. BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

As at the date of this annual report, biographical details of the Directors and senior management of the Group are set out in the section headed “Biographies of Directors and Senior Management” in this annual report.

ii. CHANGES IN INFORMATION OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE

During the Reporting Period and up to the date of this annual report, the composition of the Board of Directors changed as follows:

Mr. Lee, Kar Chung – Felix (李家聰)	Mr. Lee, Kar Chung Felix retired from the positions of an independent non-executive Director, the chairperson of the Nomination Committee and a member of the Strategy Committee. For further details, please refer to the relevant announcements of the Company dated 18 July 2025 and 6 August 2025.
Mr. Xie Weikai (謝維愷)	Following the retirement of Mr. Lee, Kar Chung Felix, Mr. Xie Weikai was appointed on 18 July 2025 to fill the vacancy of Mr. Lee, Kar Chung Felix as an independent non-executive Director. Mr. Xie Weikai was also appointed as the chairperson of the Nomination Committee and a member of the Remuneration and Examination Committee with effect from 6 August 2025. For further details, please refer to the relevant announcements of the Company dated 18 July 2025 and 6 August 2025.
Dr. Sun Xuejiao (孫雪嬌)	Dr. Sun Xuejiao was appointed as a member of the Strategy Committee and a member of the Nomination Committee with effect from 6 August 2025. For further details, please refer to the relevant announcements of the Company dated 6 August 2025.
Mr. Hong Liang (洪亮)	Mr. Hong Liang resigned as a member of the Nomination Committee with effect from 6 August 2025. For further details, please refer to the relevant announcements of the Company dated 6 August 2025.
Mr. Zhang Da (張達)	Mr. Zhang Da resigned as a member of the Remuneration and Examination Committee with effect from 6 August 2025. For further details, please refer to the relevant announcements of the Company dated 6 August 2025.

In addition, the Shareholders passed the resolutions in relation to abolition of the Board of Supervisors on 6 August 2025, pursuant to which, Ms. Zhi Xinxin, Ms. Hou Jingyi and Ms. Di Shanshan have ceased to be the Supervisors since 6 August 2025.

For further details, please refer to the relevant announcements of the Company dated 18 July 2025 and 6 August 2025 and the circular of the Company dated 22 July 2025.

REPORT OF THE BOARD OF DIRECTORS

Save as disclosed above, there are no other changes in the Directors', Supervisors' and chief executive's information required to be disclosed pursuant to Rule 13.51B(1) of the Hong Kong Listing Rules.

XVII. DIRECTORS' SERVICE CONTRACTS

We have entered into a contract with each of our Directors in respect of, among other things (i) compliance of relevant laws and regulations, (ii) observance of the Articles of Association, and (iii) provisions on arbitration.

Save as disclosed above, none of the Directors has entered into any service contracts as a director with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

XVIII. DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ASSOCIATED CORPORATIONS

As at 31 December 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 and its associated corporations (within the meaning of Part XV of the SFO), which (a) were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests 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 Hong Kong Stock Exchange pursuant to the Model Code, were as follows:

i. Interests in Shares or Underlying Shares of Our Company

Name of Director and chief executive	Nature of interest	Class of shares	Number of Shares interested ⁽¹⁾	Approximate percentage	Approximate percentage
				of the relevant class of Shares in issue ⁽⁸⁾	of the Company's issued Shares ⁽⁸⁾
Dr. Hao Hong	Beneficial owner	A Shares	14,268,699 (L)	4.28%	3.96%
	Interests of controlled corporation	A Shares	115,133,168 (L) ⁽²⁾	34.57%	31.93%
Dr. Ye Song	Interests of spouse	A Shares	129,401,867 (L) ⁽³⁾	38.85%	35.89%
Ms. Yang Rui	Beneficial owner	H Shares	60,000 (L) ⁽⁴⁾	0.22%	0.02%
Mr. Zhang Da	Beneficial owner	A Shares	391,000 (L)	0.12%	0.11%
	Beneficial owner	H Shares	155,000 (L) ⁽⁵⁾	0.56%	0.04%
Mr. Hong Liang	Beneficial owner	A Shares	20,000 (L)	0.01%	0.01%
	Interests of controlled corporation	A Shares	6,376,604 (L) ⁽⁶⁾	1.91%	1.77%
Ms. Zhang Ting	Beneficial owner	H Shares	80,000 (L) ⁽⁶⁾	0.29%	0.02%
	Beneficial owner	A Shares	36,900 (L)	0.01%	0.01%
	Beneficial owner	H Shares	35,000 (L) ⁽⁷⁾	0.13%	0.01%

REPORT OF THE BOARD OF DIRECTORS

Notes:

- (1) (L) represents long position and (S) represents short position.
- (2) Dr. Hao Hong directly holds 71.39% equity interest in ALAB. By virtue of the SFO, Dr. Hao Hong is deemed to be interested in the Shares held by ALAB.
- (3) Dr. Ye Song is the spouse of Dr. Hao Hong. By virtue of the SFO, Dr. Ye Song is deemed to be interested in the same parcel of Shares in which Dr. Hao Hong is interested.
- (4) Ms. Yang Rui is interested in 60,000 H Shares underlying the incentive Shares granted to her under the H Share Restricted Share Scheme.
- (5) Mr. Zhang Da is interested in 155,000 H Shares underlying the incentive Shares granted to him under the H Share Restricted Share Scheme.
- (6) Mr. Hong Liang directly holds 43.46% equity interest in Tianjin Guorong Business Information Co., Ltd. Therefore, Mr. Hong Liang is deemed to be interested in the 6,376,604 A Shares held by Tianjin Guorong Business Information Co., Ltd. In addition, he is interested in 80,000 H Shares underlying the incentive Shares granted to him under the H Share Restricted Share Scheme.
- (7) Ms. Zhang Ting is interested in 35,000 H Shares underlying the incentive Shares granted to her under the H Share Restricted Share Scheme.
- (8) As of 31 December 2025, the number of issued shares of the Company was 360,593,720, including 27,553,260 H Shares and 333,040,460 A Shares (including treasury shares).

ii. Interest in Associated Corporations

Name of Director and chief executive	Associated Corporations	Nature of interest	Registered capital interested ⁽¹⁾ (RMB)	Approximate percentage of shareholding interest
Dr. Hao Hong	Tianjin Yugen Medtech Co., Ltd. (天津有濟醫藥科技發展有限公司) ("Yugen Medtech")	Interests of controlled corporation	3,418,800 (L) ⁽²⁾	9.15%
	Shanghai Asymchem Biotechnology Development Co., Ltd. ("Asymchem Biotechnology Development")	Beneficial owner	2,289,157 (L) ⁽³⁾	1.00%
Ms. Yang Rui	Asymchem Biotechnology Development	Interests of controlled corporation	13,734,940 (L) ^{(3), (4)}	6.00%
Mr. Zhang Da	Asymchem Biotechnology Development	Interests of controlled corporation	4,578,313 (L) ^{(3), (4)}	2.00%

Notes:

- (1) (L) represents long position and (S) represents short position.
- (2) The Company holds 29.03% of the equity interest in Yugen Medtech, and therefore Yugen Medtech is an associated corporation of the Company. Dr. Hao Hong is a limited partner of Tianjin Tianhao Management Consulting Partnership (Limited Partnership) ("Tianjin Tianhao") and holds 90.70% of the limited partnership interest in Tianjin Tianhao. Yugen Medtech is a limited liability company established in the PRC with a registered capital of RMB37,369,689, of which Tianjin Tianhao contributed RMB3,418,800, representing approximately 9.15% of the registered capital of Yugen Medtech. By virtue of the SFO, Dr. Hao Hong is deemed to be interested in the limited partnership interest in Yugen Medtech held by Tianjin Tianhao.

REPORT OF THE BOARD OF DIRECTORS

- (3) The Company holds 83.00% of the equity interest in Asymchem Biotechnology Development, and therefore Asymchem Biotechnology Development is an associated corporation of the Company. The number of shares listed above represents only the equity shares held by Dr. Hao Hong directly of the share capital of Asymchem Biotechnology Development.
- (4) AsymCore (Tianjin) Enterprise Management Consulting Partnership (Limited Partnership) (凱萊同心(天津)企業管理諮詢合夥企業(有限合夥)) (“**AsymCore**”) (a controlled corporation of Ms. Yang Rui) and Tianjin Haihe Asymchem Biomedical Industry Innovation Investment Fund (Limited Partnership) (“**Haihe Asymchem Fund**”) (a controlled corporation of Ms. Yang Rui and Mr. Zhang Da) hold 4% and 2% of the equity interest in Asymchem Biotechnology Development, respectively. Ms. Yang Rui is the general partner of AsymCore and holds a 99% interest in it. Haiying Chuang (Tianjin) Investment Management Co., Ltd. (海英創(天津)投資管理有限公司) is the general partner of Haihe Asymchem Fund, and Haiying Chuang (Tianjin) Investment Management Co., Ltd. (海英創(天津)投資管理有限公司) is owned as to approximately 44.38% by Yunqi (Tianjin) Corporate Management Advisory Partnership (Limited Partnership) (雲起(天津)企業管理諮詢合夥企業(有限合夥)) (“**Yunqi Management**”). Yunqi Management is owned as to 60% and 40% by Ms. Yang Rui and Mr. Zhang Da, respectively. By virtue of the SFO, Ms. Yang Rui (through AsymCore and Haihe Asymchem Fund) and Mr. Zhang Da (through Haihe Asymchem Fund) are deemed to be interested in Asymchem Biotechnology Development.

iii. Interests in Debentures of Associated Corporations

Name of Director and chief executive	Associated Corporations	Nature of interest	Principal amount	Approximate
			of the relevant bonds held	percentage of the total principal amount of the relevant bonds issued
Dr. Hao Hong	Yugen Medtech ⁽¹⁾	Interests of controlled corporation	RMB7,920,783 ^{(2), (3)}	15.84%
Ms. Yang Rui	Yugen Medtech ⁽¹⁾	Interests of controlled corporation	RMB20,198,135 ^{(2), (4), (5)}	40.40%
Mr. Zhang Da	Yugen Medtech ⁽¹⁾	Interests of controlled corporation	RMB20,198,135 ^{(2), (4), (5)}	40.40%

Notes:

- (1) The Company holds 29.03% of the equity interest in Yugen Medtech, and therefore Yugen Medtech is an associated corporation of the Company.
- (2) These bonds are convertible bonds which are not freely transferable but are convertible into shares of Yugen Medtech. The aggregate principal amount of the convertible bonds is RMB50,000,000, of which (i) RMB21,881,082 was subscribed by the Company, (ii) RMB12,198,135 was subscribed by Haihe Asymchem Fund, (iii) RMB8,000,000 was subscribed by Jihang (Tianjin) Enterprise Management Consulting Partnership (Limited Partnership) (“**Jihang Tianjin**”) and (iv) RMB7,920,783 was subscribed by Tianjin Tianhao. For details of the convertible bonds, please refer to the announcement of the Company dated 11 April 2023.
- (3) The principal amount of the convertible bonds of RMB7,920,783 is held by Tianjin Tianhao. Dr. Hao Hong is a limited partner of Tianjin Tianhao and holds 90.70% of the limited partnership interest in Tianjin Tianhao. Yugen Medtech is a limited liability company established in the PRC with a registered capital of RMB37,369,689, of which Tianjin Tianhao contributed RMB3,418,800, representing approximately 9.15% of the registered capital of Yugen Medtech. By virtue of the SFO, Dr. Hao Hong is deemed to be interested in the bonds of Yugen Medtech held by Tianjin Tianhao.
- (4) The principal amount of the convertible bonds of RMB12,198,135 is held by Haihe Asymchem Fund. Haiying Chuang (Tianjin) Investment Management Co., Ltd. (海英創(天津)投資管理有限公司) is the general partner of Haihe Asymchem Fund, and Haiying Chuang (Tianjin) Investment Management Co., Ltd. (海英創(天津)投資管理有限公司) is owned as to approximately 44.38% by Yunqi Management, and Yunqi Management is owned as to 60% and 40% by Ms. Yang Rui and Mr. Zhang Da, respectively. By virtue of the SFO, Ms. Yang Rui and Mr. Zhang Da (through Haihe Asymchem Fund) are deemed to be interested in the bonds of Yugen Medtech.
- (5) The principal amount of the convertible bonds of RMB8,000,000 is held by Jihang Tianjin. Ms. Yang Rui and Mr. Zhang Da are interested in 56.18% and 43.70% in Jihang Tianjin, respectively. By virtue of the SFO, Ms. Yang Rui and Mr. Zhang Da (through Jihang Tianjin) are deemed to be interested in the bonds of Yugen Medtech.

REPORT OF THE BOARD OF DIRECTORS

Save as disclosed above, to the best knowledge of the Directors, as at 31 December 2025 none of the Directors or the chief executive of the Company has any interests and/or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code, to be notified to the Company and the Hong Kong Stock Exchange.

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

As at 31 December 2025, so far as it was known to the Directors, the following persons (other than the Directors and chief executive of the Company) had interests and/or short positions in the Shares or underlying Shares which are required to be notified to the Company under Divisions 2 and 3 of Part XV of the SFO, or had interests or short positions in the respective type of Shares which were recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of substantial Shareholder	Nature of interest	Class of Shares	Number of Shares interested ⁽¹⁾	Approximate percentage of the relevant class of Shares in issue ⁽²⁾	Approximate percentage of the Company's issued Shares ⁽³⁾
ALAB	Beneficial owner	A Shares	115,133,168 (L)	34.57%	31.93%
Fidelity Management & Research Company LLC	Beneficial owner	H Shares	2,328,185 (L)	8.45%	0.65%
	Interests of controlled corporation	H Shares	487,415 (L)	1.77%	0.14%
JPMorgan Asset Management (Asia Pacific) Limited	Investment manager	H Shares	3,184,300 (L)	11.56%	0.88%
Schroders PLC	Investment manager	H Shares	6,045,800 (L)	21.94%	1.68%
Norges Bank	Beneficial owner	H Shares	4,145,400 (L)	15.05%	1.15%
Citigroup Inc. ⁽²⁾	Interests of controlled corporation	H Shares	467,601(L) ⁽²⁾	1.70%	0.13%
	Interests of controlled corporation	H Shares	467,336 (S) ⁽²⁾	1.70%	0.13%
	Approved lending agent	H Shares	2,578,580 (P)	9.36%	0.72%
JPMorgan Chase & Co. ⁽³⁾	Beneficial owner	H Shares	825,503 (L) ⁽³⁾	3.00%	0.23%
	Beneficial owner	H Shares	811,387 (S) ⁽³⁾	2.94%	0.23%
	Approved lending agent	H Shares	1,007,739 (P)	3.66%	0.28%

Notes:

(1) (L) represents long position, (S) represents short position, and (P) represents lending pool.

(2) Out of 3,046,181 Shares (L), 41,500 shares (L) were unlisted derivatives – cash settled. Out of 467,336 Shares (S), 5,400 Shares (S) were unlisted derivatives – cash settled.

REPORT OF THE BOARD OF DIRECTORS

- (3) Out of 1,833,242 Shares (L), 59,300 shares (L) were unlisted derivatives – cash settled. Out of 811,387 Shares (S), 352,880 Shares (S) were unlisted derivatives – cash settled.
- (4) As of 31 December 2025, the number of issued shares of the Company was 360,593,720, including 27,553,260 H Shares and 333,040,460 A Shares (including treasury shares).

Save as disclosed above, to the best knowledge of the Company, as at 31 December 2025, no person (other than the Directors and chief executives) had informed the Company that he/she had interests or short positions in the Shares or underlying Shares of equity derivatives of the Company which were required to be notified to the Company under Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO, or held any interests or short position in the respective types of capital in issue of the Company.

XX. DIRECTORS' INDEMNITIES

During the Reporting Period, the Company has in force the permitted indemnity provisions (as defined in the Hong Kong Companies Ordinance) in relation to the directors' and officers' liability insurance.

XXI. DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the section headed “– XIII. Share Incentive Schemes” in this annual report, at no time during the year ended 31 December 2025 was the Company or any of its subsidiaries, a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouse or children under the age of 18 had any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

XXII. DIRECTORS' INTERESTS IN COMPETING BUSINESS

Each of the Directors (other than the independent non-executive Directors) confirmed that during the year ended 31 December 2025 and up to the date of this annual report, he or she did not have any interest in a business which competes or is likely to compete, directly or indirectly, with our business and requires disclosure under Rule 8.10 of the Hong Kong Listing Rules. From time to time our non-executive Directors may serve on the boards of both private and public companies within the broader healthcare and biopharmaceutical industries. However, as these non-executive Directors are not members of our executive management team, we do not believe that their interests in such companies as directors would render us incapable of carrying on our business independently from the other companies in which these Directors may hold directorships from time to time.

XXIII. CONNECTED AND CONTINUING CONNECTED TRANSACTION

The Group had no connected transactions or continuing connected transactions which are required to be disclosed under the Hong Kong Listing Rules during the Reporting Period.

REPORT OF THE BOARD OF DIRECTORS

XXIV. RELATED PARTY TRANSACTION

During the Reporting Period, the Board of Supervisors, and after its abolition, the Audit Committee reviewed and supervised the related party transactions of the Company and concluded that the related party transactions of the Company were conducted on a fair and mutually beneficial basis, and all relevant consideration and decision-making procedures were performed, which met the actual needs of the production and operation of both parties of the related party transactions. The pricing method of the transactions was fair, and there was no prejudice to the interests of the Company and minority Shareholders.

None of the related party transactions as disclosed in note 35 to the audited consolidated financial statements of this annual report constituted as connected transactions or continuing connected transactions which are required to be disclosed under the Hong Kong Listing Rules during the Reporting Period.

XXV. DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

No transactions, arrangements, and contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director or any entity connected with such Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the Reporting Period.

XXVI. CONTRACTS OF SIGNIFICANCE WITH SUBSTANTIAL SHAREHOLDERS

No contract of significance was entered into or subsisted between the Company or any of its subsidiaries and a substantial Shareholder or any of its subsidiaries during the Reporting Period and no contract of significance for the provision of services to the Company or any of its subsidiaries by a substantial Shareholder or any of its subsidiaries was entered into or subsisted as at 31 December 2025.

XXVII. MANAGEMENT CONTRACTS

Other than the Directors' service contracts and appointment letters, no contract concerning the management and administration of the whole or any substantial part of the business of the Group was entered into or in existence as at the end of the year or at any time during the Reporting Period.

XXVIII. EQUITY-LINKED AGREEMENTS

During the Reporting Period, save as disclosed in the share incentive arrangement in the section headed "– XIII. Share Incentive Schemes" in this annual report and note 33 to the financial statements, the Company had not entered into any equity-linked agreement.

REPORT OF THE BOARD OF DIRECTORS

XXIX. REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The remuneration of the Directors and senior management of the Group are decided by the Board with reference to the recommendations of the Remuneration and Examination Committee, having regard to the Group's operating results, individual performance, and comparable market statistics.

Details of the remuneration of the five highest paid individuals in the Group are set out in note 9 to the financial statements in this annual report.

Details of the Directors' and chief executives' remuneration are set out in note 8 to the financial statements in this annual report.

During the Reporting Period, no remuneration was paid by the Group to any of the Directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. None of the Directors waived any remuneration for the year ended 31 December 2025.

Save as disclosed above, no other payments have been made or are payable, for the year ended 31 December 2025, by the Group to or on behalf of any of the Directors.

XXX. PENSION SCHEME

The Group participates in pension scheme contributions organized by the relevant local government authorities in the PRC where the Group operates. The subsidiary is required to contribute, based on a certain percentage of the payroll costs of its employees, to the retirement benefit scheme and has no further obligations for the actual payment of pensions or post-retirement benefits beyond the annual contributions. The only obligation of the Group with respect to this retirement benefits scheme is to make the required contributions under the scheme. During the Reporting Period, there were no forfeited contributions under the Group's retirement benefits scheme, and there were no forfeited contributions that may be used by the Group to reduce the existing level of contribution.

XXXI. CONVERTIBLE BONDS

During the Reporting Period, the Group did not issue any convertible bonds.

XXXII. LOANS AND GUARANTEES

During the Reporting Period, the Group had not made any loan or provided any guarantee for loan, directly or indirectly, to the Directors and senior management of the Company, the controlling Shareholders, or their respective connected persons.

XXXIII. ON-GOING DISCLOSURE RESPONSIBILITIES UNDER THE HONG KONG LISTING RULES

Save as disclosed in this annual report, the Company has no other disclosure responsibilities under rules 13.20, 13.21 and 13.22 of the Hong Kong Listing Rules.

REPORT OF THE BOARD OF DIRECTORS

XXXIV. ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Save as disclosed in the section headed “– XIII. Share Incentive Schemes” in this annual report, at no time during the Reporting Period was the Company, its holding company, or any of its subsidiaries, a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debt securities (including debentures) of, the Company or any other body corporate.

XXXV. MAJOR SUPPLIERS AND CUSTOMERS

During the Reporting Period, the revenue generated from Group’s largest customer accounted for 8.85% of the Group’s total revenue and the revenue generated from the Group’s five largest customers accounted for 35.87% of the Group’s total revenue.

During the Reporting Period, the purchases from the Group’s largest supplier accounted for 5.89% of the Group’s total purchases and the purchases from the Group’s five largest suppliers accounted for 19.06% of the Group’s total purchases.

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

XXXVI. CHARITABLE CONTRIBUTIONS

During the Reporting Period, the Company donated a total of RMB0.79 million.

XXXVII. COMPLIANCE WITH LAWS AND REGULATIONS

During the Reporting Period, the Company has complied with the relevant laws and regulations that have a significant impact on the Company, including the requirements under the Hong Kong Companies Ordinance, the Hong Kong Listing Rules, the SFO and the CG Code in relation to, among other things, information disclosure and corporate governance. None of the Group, Directors and senior management of the Company had been subject to any investigation or administrative penalty by the CSRC, banned from access to the market, identified as inappropriate candidates, publicly condemned by stock exchanges, subject to mandatory measures, transferred to judicial authorities or held criminally responsible, nor were they involved in any other litigation, arbitration or administrative proceedings that would have a material adverse effect on our business, financial condition or results of operations.

XXXVIII. AUDITOR

On 19 January 2022, considering that RSM China (Special General Partnership) (“RSM China”) has served as the domestic auditor of the Company for consecutive years and the Company’s H Shares have been listed on the main board of the Hong Kong Stock Exchange, and in order to ensure independence and objectivity of auditing procedures of the Company, the Company has reached a mutual consensus with RSM China on the non-renewal of its appointment and RSM China would thereby retire as the domestic auditor of the Company.

As recommended by the Audit Committee, the Board proposed to the appointment of Ernst & Young Hua Ming LLP as the domestic auditor of the Company following the retirement of RSM China, with its term of office commencing from the date of approval of Shareholders until the conclusion of the next Annual General Meeting. This proposed change of domestic auditor was approved by the Shareholders on 11 March 2022 at the first extraordinary general meeting of 2022.

REPORT OF THE BOARD OF DIRECTORS

The Audit Committee proposed the consideration and approval of the re-appointment of Ernst & Young Hua Ming LLP as the domestic and international auditor of the Company in 2025, for the term of one year and that the Board be authorized to fix their remuneration, with its term of office commencing from the date of approval of Shareholders until the conclusion of the next Annual General Meeting. This re-appointment of domestic auditor was approved by the Shareholders on 11 June 2025 at the Annual General Meeting of 2024.

Save as disclosed above, there has been no change of auditor of the Company in the preceding three years. The consolidated financial statements for the Reporting Period have been audited by Ernst & Young, Certified Public Accountants, who is proposed for re-appointment at the AGM.

XXXIX. REVIEW OF FINANCIAL STATEMENTS BY AUDIT COMMITTEE

The Audit Committee has considered and reviewed this annual report of the Group for the year ended 31 December 2025 and the accounting principles and practices adopted by the Group and has discussed with management on issues in relation to internal control, risk management and financial reporting. The Audit Committee is of the opinion that this annual report of the Group for the year ended 31 December 2025 are in compliance with the relevant accounting standards, laws and regulations.

XL. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

As certain Participants of the 2025 A Share Scheme resigned, on 13 March 2026, the Board considered and approved the repurchase and cancellation of 61,000 restricted A Shares granted but not yet unlocked under the initial grant and the reserved grant of the 2025 A Share Scheme, at a repurchase price of RMB36.42 per A Share and RMB53.24 per A Share, respectively. All funds required for such repurchase and cancellation (i.e. RMB2,305,720) are derived from the internal funds of the Company. For further details, please refer to the relevant announcement of the Company dated 13 March 2026. The above repurchase and cancellation of restricted A Shares had not been completed as at the date of this annual report. For further details, please refer to the circular of the Company dated 26 March 2026.

In view of the changes of the registered capital of the Company as a result of (i) repurchase and cancellation of part of restricted A Shares granted under the 2025 A Share Scheme, and (ii) issue and allotment of new Shares to the trustee pursuant to the H Share Restricted Share Scheme, the Board proposed the Proposed Amendments to the Articles of Association in 2026. For details, please see the disclosure in the section headed “Corporate Governance Report – XXVI. Amendments to the Articles of Association of the Company” in this annual report.

Save as disclosed above, subsequent to 31 December 2025 and up to the date of this annual report, the Group did not have any other significant events that requires disclosure.

By order of the Board

Asymchem Laboratories (Tianjin) Co., Ltd.

Dr. Hao Hong

Chairperson of the Board, Executive Director and Chief Executive Officer

Tianjin, the PRC, 30 March 2026

CORPORATE GOVERNANCE REPORT

The Board of the Company is pleased to present the corporate governance report for the year ended 31 December 2025.

I. CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining good corporate governance standards. The Board believes that good corporate governance standards are essential in providing a framework for the Company to safeguard the interests of Shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company has adopted the principles and code provisions as set out in the CG Code contained in Appendix C1 to the Hong Kong Listing Rules. During the Reporting Period, the Board is of the opinion that the Company complied with all the code provisions in the CG Code, except for code provisions C.2.1 (see the paragraph headed “– VI. Chairperson and Chief Executive Officer” below) and B.2.2 of the CG Code (see the paragraph headed “– VIII. Appointment and Re-Election of Directors” below).

The Company will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code and maintain a high standard of best practices.

II. CORPORATE GOVERNANCE CODE COMPLIANCE

During the Reporting Period, the Company has complied with the code provisions as set out in the CG Code and supplementary requirements in force in material time in Appendix C1 to the Hong Kong Listing Rules. In the following corporate governance areas, the Company’s practices have exceeded the relevant CG Code and/or other Hong Kong Listing Rules requirements by incorporating the best practice with more improvement:

Corporate Governance Areas	Details of Exceedance
Number of Independent Non-Executive Directors	The number of independent non-executive Directors represents one-third of the Board, which met the independence requirement under the Hong Kong Listing Rules.
Number of Independent Non-Executive Directors in Audit Committee	The Audit Committee consists of three non-executive Directors, with independent non-executive Directors making up the majority, which met the independence requirement under the Hong Kong Listing Rules.
Number of Regular Board Meetings	The Company held 13 Board meetings including 4 regular Board meetings and 9 extraordinary Board meetings in this year, which exceeded the requirement under the CG Code.

CORPORATE GOVERNANCE REPORT

Corporate Governance Areas	Details of Exceedance
Notice of the Regular Board Meetings	The dates of regular Board meetings for the following year are usually fixed in the fourth quarter of the preceding year.
Model Code Confirmation	Confirmation of Compliance with the Model Code is obtained from each Director and Executive Management personnel every half year.
Terms of Reference of all Committees	As part of the Board effectiveness, the Company published its Terms of Reference of The Audit Committee under the Board of Directors, Terms of Reference of The Nomination Committee under the Board of Directors, Terms of Reference of the Remuneration and Examination Committee under the Board of Directors, and Terms of Reference of The Strategy Committee under the Board of Directors via HKEx's website.
Internal Control Policy	The Company has strengthened its management and control over its subsidiaries, with a particular focus on enhancing control over related (connected) transactions, external guarantees, use of proceeds, major investments, and information disclosure, and has established corresponding control policies and procedures. For further details, please refer to the announcement of the Company dated 19 December 2025.
Rules of Procedures for the General Meetings	The Company has strengthened the Rules of Procedures for the General Meeting to further clarify the functions and powers of the general meeting of Shareholders, ensure the standardized operation of the general meeting of the Company, safeguard the legitimate rights and interests of the Company and its shareholders, and ensure the equal and effective exercise of rights by shareholders in accordance with the relevant laws, regulations, and rules. For further details, please refer to the announcement of the Company dated 18 July 2025.
Rules of Procedures for the Board of Directors	The Company has further regulated the Rules of Procedures for the Board of Directors to further promote the Directors and the Board of Directors to effectively perform respective responsibilities and improve the compliant operation and scientific decision-making level of the Board of Directors. For further details, please refer to the announcement of the Company dated 18 July 2025.

CORPORATE GOVERNANCE REPORT

Corporate Governance Areas

Details of Exceedance

Working Policy for the Independent Non-Executive Directors

The Company has strengthened the Working Policy for the Independent Non-Executive Directors to enhance the framework governing independent non-executive Directors to ensure their independence, professionalism and effective performance of duties. For further details, please refer to the announcement of the Company dated 18 July 2025.

Administrative Measures for External Guarantees

The Company has strengthened the management of external guarantee to further regulate the Company's guarantee activities, control and mitigate guarantee risks, and safeguard the Company's assets. For further details, please refer to the announcement of the Company dated 18 July 2025.

Management and Decision-making Measures for Related (Connected) Transactions

The Company has adjusted the Management and Decision-making Measures for Related (Connected) Transactions to enhance the transparency and control over connected transactions and to ensure compliance and fairness in the decision-making process. For further details, please refer to the announcement of the Company dated 18 July 2025.

Code of Conduct for Controlling Shareholders

The Company strengthened the Code of Conduct for Controlling Shareholders in 2025 to further regulate the conduct of controlling shareholders and safeguard the interests of the Company and all shareholders. For further details, please refer to the announcement of the Company dated 18 July 2025.

Administrative Measures for External Investments

The Company has enhanced the Administrative Measures for External Investments to regulate external investment activities, prevent investment-related risks, and improve investment decision-making and management. For further details, please refer to the announcement of the Company dated 18 July 2025.

Administrative Measures for the Use of Proceeds

The Company has updated the Administrative Measures for the Use of Proceeds in 2025 to enhance the management and utilization of proceeds, protect investors' interests, and improve the efficiency of capital deployment. For further details, please refer to the announcement of the Company dated 18 July 2025.

CORPORATE GOVERNANCE REPORT

The Company continues to monitor developments in the area of corporate governance externally to ensure the suitability and robustness of its corporate governance framework in light of the evolving business and regulatory environment and to meet the expectations of shareholders and stakeholders.

III. ASYMCHEM'S CULTURE

With the core values of “seriousness, rigor, and strictness” (“嚴肅、嚴謹、嚴苛”), Asymchem has been dedicated to serving the realm of innovative and breakthrough medicines, actively tackling R&D technical challenges in production to expedite our clients’ product launches to market. These endeavours have contributed to promoting drug accessibility, enhancing the quality of life for patients, relieving their suffering and allowing more patients to benefit from high-quality drugs and medical solutions. Over two decades, the management philosophy of “accumulating strength for future success, staying vigilant, and be cautious” (“厚積薄發、居安思危、如履薄冰”) continues to guide the Company.

Equally unchanged is the spirit of perseverance and strong execution among Asymchem’s staff, serving as the enduring driving forces behind the Company’s development. Asymchem upholds the “people-oriented” culture and adheres to the employment principle of “leveraging talents to their fullest potential”. We offer our staff with an inclusive, diversified, and safe working environment and place, and we are dedicated to the development of each employee, assisting them in achieving their professional aspirations. In terms of social responsibility, we stay committed to safeguarding employee benefits and rights, fostering a fair and inclusive working environment.

Asymchem’s Vision:

Being the partner of choice to global pharmaceutical companies of all sizes providing R&D and manufacture solutions throughout the full lifecycle of innovative drug development.

Asymchem’s Mission:

Collaboration for Innovation

More information about Asymchem’s culture is available on Asymchem’s website.

IV. THE BOARD OF DIRECTORS

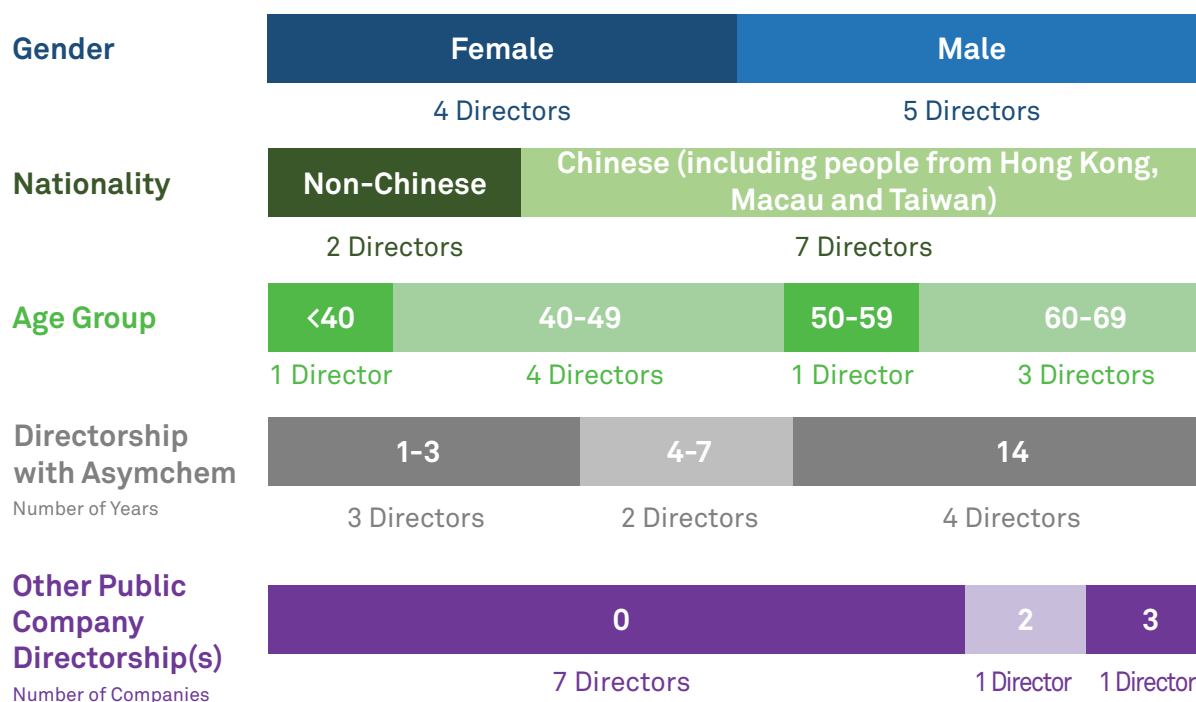
The Board is accountable to the Shareholders’ general meeting and is primarily responsible for the overall management and control of the Company, determining the Company’s business plans and investment plans, and providing leadership and approving strategic policies and plans to enhance Shareholders’ value. All Directors carry out their duties in good faith, in compliance with applicable laws and regulations, and in the interests of the Company and its shareholders at all times.

The Board regularly reviews the contribution required from each Director to perform his/her responsibilities to the Company, and whether he/she is spending sufficient time performing them (including attendance at regular meetings).

CORPORATE GOVERNANCE REPORT

Board composition

The Board comprises nine Directors, including four executive Directors, two non-executive Directors and three independent non-executive Directors.



Executive Directors

Dr. Hao Hong (*Founder, Chairperson and Chief Executive Officer*)

Ms. Yang Rui

Mr. Zhang Da

Mr. Hong Liang

Non-Executive Directors

Dr. Ye Song

Ms. Zhang Ting

Independent Non-executive Directors

Dr. Sun Xuejiao

Dr. Hou Xinyi

Mr. Xie Weikai⁽¹⁾

Mr. Lee, Kar Chung Felix⁽²⁾

Notes:

(1) Mr. Xie Weikai was appointed as an independent non-executive Director of the Company on 6 August 2025.

(2) Mr. Lee, Kar Chung Felix was appointed as an independent non-executive Director of the Company on 16 June 2021 and retired on 6 August 2025.

CORPORATE GOVERNANCE REPORT

On 18 July 2025, Mr. Xie Weikai obtained legal advice referred to in Rule 3.09D of the Hong Kong Listing Rules, and confirmed that he understood his obligations as director of a listed issuer. Mr. Xie Weikai confirmed that he had satisfied the independence criteria as stipulated in Rule 3.13 of the Hong Kong Listing Rules.

The biographies of the Directors are set out in the section headed “Biographies of Directors and Senior Management” of this annual report. The relationships among the Directors are disclosed in the respective Director’s biography.

The Board members, including the independent non-executive Directors, come from a wide range of professional and educational backgrounds, including accounting, management and industry expertise, which brings to the Board a diverse and balanced mix of skills and experience that contributes to the effective development of the Group.

Name of Director	Executive leadership & strategy/directorship or senior executive experience with other listed company(ies)	Capital market expertise	International business	Healthcare Industry Knowledge	Accounting professionals/ financial management expertise	Legal Professionals/ regulatory & compliance/risk management
Executive Directors						
Dr. Hao Hong	*	*	*	*	*	*
Ms. Yang Rui (楊蕊)	*	*	*	*	*	*
Mr. Zhang Da (張達)	*	*	*	*	–	*
Mr. Hong Liang (洪亮)	*	*	*	*	*	*
Non-executive Directors						
Dr. Ye Song	*	*	*	*	*	*
Ms. Zhang Ting (張婷)	*	–	*	*	–	*
Independent Non-executive Directors						
Dr. Sun Xuejiao (孫雪嬌)	*	*	–	*	*	–
Dr. Hou Xinyi (侯欣一)	*	*	–	*	–	*
Mr. Xie Weikai (謝維愷)	*	*	*	–	*	–
Coverage (% of entire Board)	100%	89%	78%	89%	67%	78%

Save for the relationships among the Directors as set out in their respective biographies (see the section headed “Biographies of Directors and Senior Management”), none of the Directors has any financial, business, family, or other material/relevant relationships with each other.

CORPORATE GOVERNANCE REPORT

V. RESPONSIBILITIES, ACCOUNTABILITIES, EFFECTIVENESS AND CONTRIBUTIONS OF THE BOARD AND MANAGEMENT

Good governance emanates from an effective and accountable board. At Asymchem, 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. The Board operates under defined terms of reference which set out matters specifically reserved for its decision. The terms of reference are publicly available on both HKEx's and the Company's website.

For effective oversight and leadership, the Board regularly reviews reports from the Chief Executive Officer and senior executives on the progress of the approved strategic plans and budgets and receives latest updates and advice from the Board committees, external market and industry experts and management on the Company's business performance and development, regulatory landscape, ESG, risk management, and human capital management.

All 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 effective independent judgement on corporate actions and operations.

All Directors have full and timely access to all the information of the Company and may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.

Each Director is required to disclose to the Company details of other offices held by him/her on a regular basis to ensure that he/she can devote sufficient time to discharge his/her duties as a Director of the Company.

The Board reserves its decision on all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that 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 Company has maintained Directors' and senior management's liability insurance to cover any legal actions taken against the Directors and senior management arising out of corporate activities.

VI. CHAIRPERSON AND CHIEF EXECUTIVE OFFICER

Pursuant to code provision C.2.1 of the CG Code as set out in Appendix C1 to the Hong Kong Listing Rules, the roles of Chairperson and chief executive officer should be separate and should not be performed by the same individual.

The roles of Chairperson and Chief Executive Officer of the Group are held by Dr. Hao Hong, who is the founder of the Group. The Board believes that this structure will not impair the balance of power and authority between the Board and the management of the Company, given that: (i) a decision to be made by the Board requires approval by at least a majority of the Board members and that the Board comprises three independent non-executive Directors out of nine Directors, thus the Board believes that the checks and balances on the Board are sufficient; (ii) Dr. Hao Hong and the other Directors are aware of and undertake to fulfil their fiduciary duties as Directors, which require them (among others) to act in the best interests of the Group and make decisions for the Group accordingly; and (iii) the balance of power and authority in the operation of the Board is ensured by the experienced and high caliber individuals and professionals making up the Board, who meet regularly to discuss issues affecting the operations of the Company. Moreover, the overall strategy and other key business, financial and operational policies of the Group are made collectively after thorough discussion at both the Board and senior management levels. The Board believes that the combined role of Chairperson and Chief Executive Officer can promote the effective execution of strategic initiatives and facilitate the flow of information between management and the Board. Furthermore, in view of Dr. Hao Hong's industry experience, professional background, personal profile and his crucial roles in the Company as mentioned above, and also due to his deep understanding of the Group for over 20 years, Dr. Hao Hong is the best person to identify strategic opportunities and act as the key figure of the Board. Finally, as Dr. Hao Hong is the founder of the Company, the Board believes that vesting the roles of both Chairperson and Chief Executive Officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning and communication with the Group.

The Group and the Board are committed to high standards of corporate governance. The Board will continue to review the effectiveness of the corporate governance structure of the Group in order to assess whether the separation of the roles of Chairperson and Chief Executive Officer is necessary.

VII. INDEPENDENT NON-EXECUTIVE DIRECTORS

During the Reporting Period, the Board at all times met the requirements of the relevant Hong Kong Listing Rules relating to the appointment of at least three independent non-executive Directors representing at least one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written annual confirmation from each of the independent non-executive Directors in respect of his/her independence in accordance with the independence guidelines set out in Rule 3.13 of the Hong Kong Listing Rules. The Company considers all of the independent non-executive Directors to be independent.

CORPORATE GOVERNANCE REPORT

VIII. APPOINTMENT AND RE-ELECTION OF DIRECTORS

Pursuant to the Articles of Association and code provision B.2.2 of the CG Code, the Directors (including non-executive Directors and independent non-executive Directors) are appointed for a specific term of three years, subject to re-election upon expiry. Directors shall be elected or replaced at general meetings with a term of office of three years, provided that the term of office of the independent non-executive directors shall not exceed a consecutive period of six years. Every Director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

As disclosed in the announcement of the Company dated 2 February 2024, the term of the fourth session of the Board expired on 9 February 2024. In order to ensure the continuity and stability of the work of the Board, the election of the fifth session of the Board was postponed. Accordingly, the terms of the fourth session of the Board, each special committee under the Board and senior management of the Company were extended. During the transition period and prior to the completion of the election process, all members of the fourth session of the Board, each special committee under the Board and the senior management of the Company continued to perform their respective duties and responsibilities in accordance with applicable laws and regulations and the Articles of Association.

As disclosed in the announcement of the Company dated 6 August 2025, the second extraordinary general meeting of 2025 of the Company held on the same date elected and/or re-elected three executive Directors, two non-executive Directors and three independent non-executive Directors as members of the fifth session of the Board, together with one employee representative Director elected by the employee representative assembly on 18 July 2025, the fifth session of the Board was duly formed. The term of office of the fifth session of the Board is three years commencing from the date of approval at the second extraordinary general meeting of 2025. The establishment of each special committee under the Board and the appointment of senior management of the Company were approved at the first meeting of the fifth session of the Board. Upon the election of the fifth session of the Board, the term of the fourth session of the Board has ended.

Following the election of the fifth session of the Board on 6 August 2025, the Company has complied with code provision B.2.2 of the CG Code.

IX. INDUCTION AND DIRECTORS' CONTINUOUS PROFESSIONAL DEVELOPMENT

According to code provision C.1.4 of the CG Code, Directors should participate in continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant.

Every newly appointed Director will receive formal, comprehensive, and tailored induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the Hong Kong Listing Rules and relevant statutory requirements.

CORPORATE GOVERNANCE REPORT

Directors should participate in appropriate continuous professional training to develop and refresh their knowledge and skills. The Company arranges regular internal or external training for Directors as appropriate. Reading materials on relevant topics will be provided to Directors. All Directors are encouraged to attend relevant training courses at the Company's expenses.

During the year ended 31 December 2025, all Directors have attended training sessions on the respective responsibilities of the Directors and senior management. In addition, relevant documents including legal and regulatory updates are provided to the Directors for their reference and study.

For the year ended 31 December 2025, the records of continuous professional development relating to duties, regulatory and business development received by the Directors are summarized as follows:

DIRECTORS	Attending courses/ seminars related to the duties and responsibilities of directors or corporate governance (time(s))	Reading regulatory materials (time(s))
EXECUTIVE DIRECTORS		
Dr. Hao Hong	8	2
Ms. Yang Rui	8	2
Mr. Zhang Da	8	2
Mr. Hong Liang	8	2
NON-EXECUTIVE DIRECTORS		
Dr. Ye Song	7	2
Ms. Zhang Ting	8	2
INDEPENDENT NON-EXECUTIVE DIRECTORS		
Dr. Sun Xuejiao	8	2
Dr. Hou Xinyi	8	2
Mr. Xie Weikai ⁽¹⁾	5	/
Mr. Lee, Kar Chung Felix ⁽²⁾	2	2

Notes:

(1) Mr. Xie Weikai was appointed as an independent non-executive Director of the Company on 6 August 2025.

(2) Mr. Lee, Kar Chung Felix was appointed as an independent non-executive Director of the Company on 16 June 2021 and retired on 6 August 2025.

CORPORATE GOVERNANCE REPORT

The Company believes that the independence of the Board is an important element of good corporate governance. The Company has in place effective mechanisms, including but not limited to allowing directors and committee members to seek independent professional advice on matters of the Company when required, at the Company's expense, to ensure that the Board receives independent advice. These mechanisms are reviewed annually by the Board to ensure a high degree of independence of the Board.

X. DIRECTOR NOMINATION POLICY

The Board has delegated its responsibilities and authority for the selection, nomination and appointment of Directors of the Company to the Nomination Committee. Without prejudice to the authority and duties of the Nomination Committee as set out in its terms of reference, the ultimate responsibility for selection and appointment of Directors rests with the entire Board.

The Company has adopted a Director Nomination Policy which sets out the criteria and process in the nomination and appointment of Directors of the Company and sets out the criteria to be considered by the Nomination Committee and/or the Board in evaluating and selecting candidates for directorships.

XI. ABOLITION OF THE BOARD OF SUPERVISORS

On 6 August 2025, the Shareholders passed the resolutions in relation to the abolition of the Board of Supervisors and repeal of the Rules of Procedures for the Board of Supervisors. For further details, please refer to the section headed "Report of the Board of Directors – XVI. Directors and Senior Management – ii. Changes in Information of Directors, Supervisors and Chief Executive" in this annual report, and relevant announcements of the Company dated 18 July 2025 and 6 August 2025 and the circular of the Company dated 22 July 2025.

XII. CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the functions set out in the code provision A.2.1 of the CG Code.

The Board reviewed the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code, the Employees Written Guidelines and the Company's compliance with the CG Code and disclosure in this corporate governance report for the Reporting Period.

i. Board Committees

The Company has established four Board committees, namely the Audit Committee, the Remuneration and Examination Committee, the Nomination Committee, and the Strategy Committee.

All Board committees of the Company are established with specific written terms of reference which deal clearly with their authority and duties. The terms of reference of the Board committees are posted on the Company's website and the Hong Kong Stock Exchange's website and are available to Shareholders upon request.

Audit Committee

The Company has established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Hong Kong Listing rules and the code provision D.3.3 of the CG Code and the relevant laws and regulations of the PRC. The Audit Committee is mainly responsible for reviewing and overseeing the financial reporting procedures and internal control system of the Group and provide advice and comments to the Board.

As at 31 December 2025, the Audit Committee consisted of three members, namely non-executive Director Ms. Zhang Ting, independent non-executive Directors Dr. Sun Xuejiao and Dr. Hou Xinyi with Dr. Sun Xuejiao who possesses appropriate professional qualification serving as the Chairperson of the Audit Committee.

The Audit Committee shall include, without limitation the following basic responsibilities:

- To advise the Board on the appointment, renewal, replacement or dismissal of external audit agency;
- To oversee the work of external auditors;
- To oversee the Company's financial control and internal audit policy and the implementation thereof;
- To be in charge of the communications between the Company's internal and external auditors, and supervise the relationship between the Company and external audit;
- To review the Company's financial statements and reports;
- To review the Company's risk management and internal control systems;
- To review the Company's policies and practices on financing and accounting;
- To review the Company's external guarantees;
- To review the Company's compliance with the CG Code under the Hong Kong Listing Rules and its disclosure in the Corporate Governance Report; and
- To perform other duties as required by the Hong Kong Listing Rules.

During the year ended 31 December 2025, the Audit Committee held seven meetings to review the annual financial results and report, the interim financial results and report, the quarterly financial report, the effectiveness of risk management and internal control policies and internal audit function, the appointment of auditors and arrangements for employees to report potential misconduct.

CORPORATE GOVERNANCE REPORT

Remuneration and Examination Committee

The Company has established the Remuneration and Examination Committee with written terms of reference in compliance with code provision E.1.2 of the CG Code and the relevant laws and regulations of the PRC. The Remuneration and Examination Committee is mainly responsible for evaluating the remuneration policies for Directors and senior management of the Group and making recommendations thereon to the Board.

As at 31 December 2025, the Remuneration and Examination Committee consisted of three members, namely independent non-executive Directors Dr. Sun Xuejiao, Dr. Hou Xinyi and Mr. Xie Weikai, with Dr. Hou Xinyi serving as the Chairperson of the Remuneration and Examination Committee. Mr. Xie Weikai, an independent non-executive Director with appropriate professional experience, was appointed as a member of the Remuneration and Examination Committee on 6 August 2025 and Mr. Zhang Da, an executive Director, ceased to act as a member of the Remuneration and Examination Committee on the same day.

The Remuneration and Examination Committee shall include, without limitation the following basic responsibilities:

- To advise the Board on the overall remuneration policy and framework for directors and senior management members, and the establishment of a standardized and transparent remuneration policy formulation procedures;
- To formulate remuneration plans or proposals according to the main scope, responsibilities and importance of the management positions of the Directors and senior management, with reference to the remuneration level of other relevant enterprises and relevant positions, time commitment and responsibilities undertaken, employment conditions of other positions in the Company, etc.;
- To determine, with delegated responsibility by the Board, the remuneration packages of individual executive Directors and senior management; or to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management;
- To examine the performance of duties by Directors (including non-independent Directors) and senior management members of the Company and conduct regular performance appraisals and evaluations, and make recommendations;
- To oversee the implementation of the remuneration system of the Company;
- To review and approve the compensation payable to the executive Directors and senior management members for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;

CORPORATE GOVERNANCE REPORT

- To review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate;
- To review and/or approve share schemes related issues under Chapter 17 of the Hong Kong Listing Rules;
- To make suggestions to the Board on the formulation or modification of share incentive schemes, employee stock ownership plans, shares granted to the participants and conditions for exercising rights, while managing and supervising the implementation of relevant incentive plans; and
- To perform other duties as required by the Hong Kong Listing Rules.

During the year ended 31 December 2025, the Remuneration and Examination Committee held a total of seven meetings to review the remuneration policies and structure of the Company, make recommendations to the Board on the remuneration packages of the Directors and senior management and review matters relating to the share incentive during the Reporting Period. The Remuneration and Examination Committee considered that the restricted A Shares granted to employee participants under the 2025 A Share Scheme and the restricted H Shares to granted employee participants under H Share Restricted Share Scheme were appropriate and in line with the purpose of the schemes.

The remuneration of the senior management (excluding senior management who also served as a Director) of the Group by band during the Reporting Period is set out below:

Remuneration	Number
Less than RMB1,000,000	1
RMB1,000,001 to RMB1,500,000	-
RMB1,500,001 to RMB2,000,000	-
RMB2,000,001 to RMB2,500,000	1
RMB2,500,001 to RMB3,000,000	1
RMB3,000,001 to RMB3,500,000	1
More than RMB3,500,001	3

Nomination Committee

The Company has established the Nomination Committee with written terms of reference in compliance with code provision B.3.1 of the CG Code and the relevant laws and regulations of the PRC. The Nomination Committee is mainly responsible for identifying, screening and recommending to the Board qualified candidates to serve as Directors and monitoring the procedures for evaluating the performance of the Board.

As at 31 December 2025, the Nomination Committee consisted of three members, namely independent non-executive Directors Dr. Sun Xuejiao, Dr. Hou Xinyi, and Mr. Xie Weikai, with Mr. Xie Weikai serving as the Chairperson of the Nomination Committee. Previously, Mr. Lee, Kar Chung Felix and Mr. Hong Liang, with appropriate professional experience, served as members of the Nomination Committee. Both of them ceased as members of the Nomination Committee on 6 August 2025, and Mr. Xie Weikai and Dr. Sun Xuejiao filled the vacancy.

CORPORATE GOVERNANCE REPORT

The Nomination Committee shall include, without limitation, the following basic responsibilities:

- To review the structure, number and composition (including skills, knowledge and experience) of the Board annually and providing recommendations to the Board on the scale and composition of the Board on the basis of the Company's operations, scale of assets and shareholding structure, and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
- To determine the criteria for identifying, reviewing and assessing the qualifications of Board members and senior management;
- To determine and regularly review measurable objectives for implementing the Board Diversity Policy and oversee the progress on achieving these objectives;
- To identify qualified candidates for the Board members and senior management and make recommendations to the Board on the selection and nomination of personnel nominated for directorships;
- To review the independence of independent non-executive Directors;
- To make recommendations to the Board on the appointment or renewal of Directors and senior management and succession planning for Directors and senior management;
- To determine, review and assess the suitability of corporate governance guidelines of the Company and make recommendations on any proposed changes to the Board for consideration;
- To review and supervise the training and continuous professional development of Directors and senior management;
- To determine, review and oversee the code of conduct and compliance manual (if any) applicable to the Directors and senior management;
- To assist the Board in maintaining a board skill matrix;
- To assess each Director's time commitment and contribution to the Board; and
- To perform other duties as required by the Hong Kong Listing Rules.

When performing relevant duties, the Nomination Committee shall consider the diversity policy of the Board specified in these terms of reference. It shall be responsible for monitoring the implementation of the policy as well as reviewing and revising the policy to ensure its effectiveness.

CORPORATE GOVERNANCE REPORT

In reviewing the size and composition of the Board, and identifying and nominating candidates for directors, the Nomination Committee shall consider relevant factors to achieve the diversity of the Board members according to the business model and specific demand of the Company. The Nomination Committee may consider the diversity of the Board members from various aspects, including but not limited to gender, age, cultural and educational background, nationality, race or ethnicity, professional expertise, skills, knowledge, and tenure of service. After considering the aforesaid relevant factors, the Nomination Committee shall make final recommendation on the appointment to the Board based on the merits of the candidates and the contribution they may bring to the Board.

During the year ended 31 December 2025, the Nomination Committee held three meetings to review the structure, size and composition of the Board and the independence of the independent non-executive Directors and Board diversity, as well as to nominate Directors and the Company's senior management for appointment.

Strategy Committee

The Company has established the Strategy Committee. The Strategy Committee is mainly responsible for reviewing and advising on long-term strategies and major investment plan of the Company.

As at 31 December 2025, the Strategy Committee consisted of three members, namely executive Directors Dr. Hao Hong and Ms. Yang Rui and independent non-executive Director Dr. Sun Xuejiao, with Dr. Hao Hong serving as the Chairperson of the Strategy Committee. Previously, Mr. Lee, Kar Chung Felix, an independent non-executive Director with appropriate professional experience, served as a member of the Strategy Committee. He ceased as a member of the Strategy Committee on 6 August 2025, and Dr. Sun Xuejiao filled the vacancy.

The Strategy Committee shall include, without limitation, the following basic responsibilities:

- To study and make recommendations on the strategic development plans of the Company;
- To study and make recommendations on major investment decisions which are required to be approved by the Board under the Articles of Association;
- To study and make recommendations on major capital operations and asset management projects which are required to be approved by the Board under the Articles of Association;
- To put forward opinions and suggestions on the formulation and implementation of the Company's sustainable development and ESG management work plan;
- To track and inspect the implementation and improvement of sustainable development and ESG management, ensure compliance with relevant laws and regulations in the management and decision-making mechanism of related issues, and optimize performance on related matters;
- To review the Company's annual ESG report and submit it to the Board for consideration;

CORPORATE GOVERNANCE REPORT

- To study and make recommendations on other significant matters affecting the development of the Company;
- To track and inspect the implementation of the above matters; and
- To perform other duties as required by the Hong Kong Listing Rules.

During the year ended 31 December 2025, the Strategy Committee held two meetings to discuss and optimize the development strategy and forward planning of the Group in 2025 and review the 2024 ESG report of the Company.

ii. Attendance Record of Directors and Committee Members

The attendance record of each Director at the Board meetings, Board Committee meetings and the general meetings of the Company held during their tenure of office during the Reporting Period is set out in the table below:

Name of Director	Board	Number of meetings attended/Number of meetings held				Annual General Meeting	Extraordinary General Meeting
		Remuneration and					
		Audit Committee	Examination Committee	Nomination Committee	Strategy Committee		
Dr. Hao Hong	13/13	/	/	/	2/2	0/1	1/2
Ms. Yang Rui (楊蕊)	13/13	/	/	/	2/2	0/1	1/2
Mr. Zhang Da (張達)	13/13	/	5/7	/	/	1/1	1/2
Mr. Hong Liang (洪亮)	13/13	/	/	2/3	/	1/1	2/2
Dr. Ye Song	13/13	/	/	/	/	1/1	1/2
Ms. Zhang Ting (張婷)	13/13	7/7	/	/	/	0/1	2/2
Dr. Sun Xuejiao (孫雪嬌)	13/13	7/7	7/7	1/3	/	1/1	2/2
Dr. Hou Xinyi (侯欣一)	13/13	7/7	7/7	3/3	/	1/1	1/2
Mr. Xie Weikai (謝維愷) ⁽¹⁾	6/13	/	2/7	1/3	/	0/1	0/2
Mr. Lee, Kar Chung Felix (李家聰) ⁽²⁾	7/13	/	/	2/3	2/2	0/1	0/2

Notes:

(1) Mr. Xie Weikai was appointed as an independent non-executive Director of the Company on 6 August 2025.

(2) Mr. Lee, Kar Chung Felix was appointed as an independent non-executive Director of the Company on 16 June 2021 and retired on 6 August 2025.

During the Reporting Period, in addition to the regular Board meetings, the Chairperson also held meetings with the independent non-executive Directors without other Directors present.

XIII. JOINT COMPANY SECRETARIES

During the Reporting Period, Mr. Xu Xiangke is the deputy general manager of the Company, secretary to the Board and the joint company secretary. He is responsible for managing day-to-day work of the Board and corporate governance matters. Mr. Cheng Ching Kit, the other joint company secretary of the Company, who is an assistant vice president of SWCS Corporate Services Group (Hong Kong) Limited and is responsible for assisting Mr. Xu Xiangke in discharging his duties as a joint company secretary of the Company. Mr. Cheng's primary corporate contact person at the Company is Mr. Xu Xiangke.

For the year ended 31 December 2025, Mr. Xu Xiangke and Mr. Cheng Ching Kit had undertaken not less than 15 hours of relevant professional training during the Reporting Period in accordance with Rule 3.29 of the Hong Kong Listing Rules.

XIV. MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code as set out in Appendix C3 to the Hong Kong Listing Rules. Specific enquiries have been made to all the Directors and they have confirmed that they have complied with the Model Code during the year ended 31 December 2025. The Company's employees, who are likely to be in possession of unpublished inside information of the Company, are also required to comply with the Model Code. No incident of non-compliance with the Model Code by the employees was noted by the Company during the year ended 31 December 2025.

XV. MATERIAL LITIGATION

During the Reporting Period, the Company was not engaged in any material litigation or arbitration of material importance, or were the Directors aware of any material litigation or claim pending or threatened against the Group.

XVI. RISK MANAGEMENT AND INTERNAL CONTROLS

The Company has established a top-down risk management framework, clearly defining the risk management responsibilities at each level. This ensures continuous monitoring of risk management practices and gradually improves the risk management standards through ongoing refinement. The Board acknowledges its responsibility for the risk management and internal control systems and reviewing their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives and establishing and maintaining appropriate and effective risk management and internal control systems.

The Audit Committee oversees and manages the overall risks associated with our business operations from time to time. The Audit Committee is mainly responsible for reviewing and overseeing financial reporting procedure, risk management system and internal control system of the Group.

CORPORATE GOVERNANCE REPORT

The senior management is responsible for (i) formulating and updating our risk management policy and objectives; (ii) conducting risk assessment, including the identification, prioritization, measurement and categorization of all major risks which may have potential impacts on our operations; (iii) making action plans to mitigate potential risks; and (iv) reporting significant risks to our Audit Committee.

The Company's internal audit department and other relevant departments are responsible for implementing our risk management policy and the Company's day-to-day risk management. They are responsible for (i) collecting data on risks related to all departments' operation and function; (ii) preparing auditing reports for the review of our chief operating officer and our Audit Committee; (iii) proposing appropriate measures in response to our risk exposure where necessary; and (iv) continuously monitoring major risks related to our operations. The internal audit department will conduct an annual comprehensive review of the company's risk management and internal control system at the end of each year, covering the past 12 months.

In terms of culture development particular to the risk management, the Company continuously conducts risk awareness training for all employees, including but not limited to training on major safety production risks, risk management knowledge, and sharing risk management experiences, to enhance employees' understanding and awareness to the Group risk management. At the same time, the Company offers risk management training for Directors, and senior executives to improve their professional risk management capabilities. Additionally, the Company has established a major risk warning system and an emergency response mechanism for contingent events, with clear risk warning standards. For potential major risks or emergencies, the Company has developed corresponding contingent plans, defined responsible personnel, and standardized the response procedures, ensuring that emergencies can be handled in a timely and appropriate manner.

To further enhance employees' awareness of risk management, the Company has incorporated risk management into the performance management system for middle and senior management, covering indicators such as safety incidents, environmental complaints, occupational health incidents, intellectual property leakage, significant audit issues, customer complaints, quality incidents, and more. These are considered "veto items," directly affecting employee performance evaluations.

The Company provides regular anti-corruption and anti-bribery compliance training for senior management and employees in order to enhance their knowledge of and compliance with applicable laws and regulations. The Company also adopted and optimized a set of internal policies against bribery and corrupt activities, which strictly prohibit all employees and other personnel acting on behalf of us from making, proposing or promising improper payments, directly or indirectly, in any form of cash, physical assets, loans, gifts, luxury trips, entertainment, donations, other valuables or benefits to anyone, including government officers and healthcare professionals, for the purposes of acquiring or securing any business or improper advantage, regardless of whether we benefit from such improper payments. Employees who violate such policies are subject to penalties, including termination of employment.

CORPORATE GOVERNANCE REPORT

The Company has engaged the auditor to perform certain agreed-upon procedures in connection with our internal control and our major operating subsidiaries and to report factual findings on our Group's entity – level controls and internal controls of various processes, including financial reporting and disclosure controls, sales, accounts receivable and collection, procurement, accounts payable and payment, fixed assets and assets under construction, human resources and payroll management, cash and treasury management, inventory management, general controls of IT system, taxation management, production and costing, insurance management, R&D and intangible assets.

The Company has adopted a series of internal control policies, measures and procedures designed to provide reasonable assurance for achieving objectives, including effective and efficient operations, reliable financial reporting and compliance with applicable laws and regulations. Below is a summary of the internal control policies, measures, and procedures we have implemented or plan to implement:

- The Company has set up an internal audit department, which are responsible for our overall internal control development and assessment.
- The internal audit department is responsible for reviewing and overseeing financial reporting procedure, risk management system and internal control system of the Group.
- The internal audit department organizes periodic inspections relating to the implementation of and adherence to the internal controls of each business department. The Company conducts internal control inspections through on-site inspection, sampling method, document review, and walk-through test. Upon completion of the inspections, internal audit department delivers to the head of the relevant business department information and statistics related to the risks discovered during the visits and any suggested remedial action. The head of the relevant business department is then required to carry out the relevant remedies.
- The head of each business department is responsible for implementing relevant internal control policies, measures and procedures and conducting regular review regarding the implementation of such policies, measures and procedures.
- The Company has adopted various measures and procedures for all of our business operations, including project management, quality assurance, intellectual property protection, environmental protection and occupational health and safety. The Company provides our employees with regular training on these measures and procedures.
- The internal audit department has established a mechanism to deal with the complaints against inappropriate behaviours under our internal control policies. The internal audit department has established a specific email for our employees to report their complaints and inquiries and employees can also report their complaints and inquiries through a specific application. Our internal audit department removes the identifying information of the reporting employees and sends the complaints to the reported personnel or departments for further adjustment and improvement

CORPORATE GOVERNANCE REPORT

- With the approval of the Board and in accordance with the requirements of domestic and foreign laws and regulations, the Hong Kong Listing Rules, the Articles of Association and taking into account the actual situation of the Company, the Company has formulated the information disclosure management system, which specifies the division of responsibilities for information disclosure, the procedures for handling and publishing inside information and other information to be disclosed. Pursuant to the system, the Company shall disclose inside information to the public to the reasonable and practicable extent after any inside information has come to its knowledge or a false market may exist. During the Reporting Period, the Company disclosed information in a true, accurate, legal and timely manner in strict compliance with the requirements of domestic and foreign laws and regulations, the Hong Kong Listing Rules, the Articles of Association and the information disclosure management system of the Company, and there were no false representations, misleading statements or material omissions, to ensure that investors could have an equal, timely and effective understanding of the information disclosed.

The Board, through the Audit Committee, has reviewed the effectiveness of the Group's internal audit system and risk management and internal control systems, including the adequacy of resources, staff qualifications and experience, training programs and budget of the Group's accounting and financial reporting function. For the year ended 31 December 2025, the Audit Committee and the Board considered that the Group's internal audit system and risk management and internal control systems were effective and adequate.

The Company has also established and continuously improved and revised the anti-corruption and anti-bribery policies and systems to promote and support applicable anti-corruption laws and regulations in jurisdictions where the Company operates its business.

i. Whistleblowing Policies

A whistleblowing policy has been established to deal with concerns relating to fraudulent or unethical acts or non-compliances with laws and the Company's policies that have or could have significant adverse financial, legal or reputational impacts on the Company. Such policy applies to all employees (including secondees), officers and directors of the Group (together, the **"Relevant Persons"**) and external third parties who deal with the Group (including but not limited to customers and suppliers) (**"External Parties"**). The whistleblowing channels are available to all staff, parties who deal with the Company as well as the public. The Company has thoughtfully considered the protection for whistleblowers, confidentiality, malicious allegations, and false reports, etc., which the investigation procedure, anonymous report, and reporting channels have been put in place. For the details, please refer to the Whistleblowing Policy along with the periodically updated versions, which is available on the HKEx's website.

ii. Anti-Corruption and Anti-Bribery Policies

Practicing integrity and responsible business ethics is paramount to the Company's continued success. The anti-corruption and anti-bribery policy was adopted previously and lays down the requirements of the Company in terms of ethical practices and obliges staff to operate transparently and under the highest principles of professionalism, fairness, impartiality, and integrity in all of the places where the Company does business. The anti-corruption and anti-bribery policies are reviewed and will be updated periodically to ensure appropriateness and compliance with corporate and regulatory requirements.

CORPORATE GOVERNANCE REPORT

To ensure our staff live up to the highest ethical standards, the Company encourages the staff to report existing or perceived violations of the policy as well as malpractices. Proper procedures related to the Whistleblowing Policy of the Company are in place, enabling staff to raise their concerns in a safe environment and in complete confidence if they have genuine suspicions about any wrongdoing. To assist new staff in embracing the Company's values and ethical commitments, briefing on the anti-corruption and anti-bribery policy is introduced during the staff orientation program. For the details, please refer to the anti-corruption and anti-bribery policy along with the periodically updated versions, which is available on the HKEx's website.

During the year ended 31 December 2025, the Company held anti-corruption and anti-bribery trainings for all employees. There were no non-compliance cases in relation to bribery and corruption.

iii. Values and Code of Conduct

Values and Code of Conduct serve as the foundation for guiding our management, employees, and representatives of the Company in conducting their activities in alignment with our values. Additionally, we are obligated to comply with local laws, regulations and applicable international standards wherever we operate. Any violations of these laws, regulations, or the Values and Code of Conduct may lead to varying degrees of harm to the Company, its employees, clients, business partners, and stakeholders.

To uphold integrity, we maintain a zero-tolerance policy towards any misconduct that contravenes laws, regulations, company policies, or the Values and Code of Conduct. Appropriate actions will be taken based on the severity of the violation and in accordance with established procedures. Employee misconduct may result in legal repercussions not only for the Company but also for the individuals involved. Furthermore, the Company will conduct thorough investigations and impose disciplinary measures as necessary against employees involved in accordance with company policies, including termination of employment in serious cases. For the details, please refer to the Business Code of Conduct along with the periodically updated versions, which are available on the Company's website.

XVII. DIRECTORS' RESPONSIBILITY FOR PREPARING FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 December 2025.

The Directors are not aware of 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 independent auditors of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditors' Report.

CORPORATE GOVERNANCE REPORT

XVIII. AUDITOR'S REMUNERATION

For the year ended 31 December 2025, the remuneration paid or payable to the external auditor of the Group in respect of auditing services and non-auditing services is summarized as follows:

Scope of services	Amount paid/ payable RMB'000
Auditing services	5,780
Total	5,780

There is no non-auditing services provided by the external auditor of the Group during the Reporting Period.

XIX. BOARD DIVERSITY POLICY

We have adopted a board diversity policy which sets out the objective and approach for achieving and maintaining diversity of the Board in order to enhance its effectiveness. In accordance with the board diversity policy, the Company seeks to achieve board diversity by taking into account a number of factors, including but not limited to gender, age, cultural and educational background, nationality, race or ethnicity, professional expertise, skills, knowledge and tenure of service. The board diversity policy is well implemented as evidenced by the fact that there are four female and five male Directors with experience from different industries and sectors. The Directors are of the view that our Board satisfies the board diversity policy and gender diversity has been achieved in the Board. The Company aims to maintain at least a 20% of female representation in our Board. We will maintain a focus on gender diversity when recruiting staff at mid to senior level so as to develop a pipeline of potential female successors to our Board. Our Group will also identify and select several female individuals with a diverse range of skills, experience and knowledge in different fields from time to time, and maintain a list of such female individuals who possess qualities to become our Board members, which will be reviewed by the Nomination Committee periodically to maintain gender diversity of our Board.

The Nomination Committee will annually (i) discuss and agree on expected goals to ensure board diversity, and (ii) review and, where necessary, update the board diversity policy to ensure that the policy remains effective. The Company will disclose (i) the biographical details of each Director and (ii) report on the implementation of the board diversity policy (including whether we have achieved board diversity) in its annual corporate governance report.

XX. EMPLOYEE DIVERSITY

As of 31 December 2025, among the Company's 10,617 employees (including senior management and excluding interns, individuals with disabilities and rehired retirees, etc.), approximately 67.89% were male and 32.11% were female. To ensure gender diversity at the employee level, the Company welcomes people of any gender and is committed to providing equal opportunities in recruitment, training and development, job promotion, compensation, and benefits to employees of all genders. The Company promoted employee diversity, employing employees from 16 countries, including China, the United Kingdom and the US, in its laboratories, branches and subsidiaries around the world, and 25 ethnic minorities, including Han, Man, Mongolian and Hui, in its domestic workforce. The Company promoted equal employment for individuals with disabilities, ensuring a minimum representation of 1.5% pursuant to Regulations on the Employment of Persons with Disabilities.

XXI. SHAREHOLDERS' RIGHTS

The Company considers that effective communication with Shareholders is essential for enhancing Shareholders and investor relations, and investors' understanding of the Group's business performance and strategies. Therefore, The Company engages with the Shareholders through various communication channels. The Company also recognizes the importance of timely and non-selective disclosure of information, which will enable shareholders and investors to make the informed investment decisions.

i. Convene a General Meeting

The annual Shareholders' general meeting shall be convened once a year and be held within six months of the end of the previous fiscal year. The Company shall convene an extraordinary general meeting within two months from the occurrence of any of the following circumstances:

- when the number of Directors is less than the statutory minimum number stipulated in the Company Law of the People's Republic of China or two-thirds of the number specified in the Articles of Association;
- when the unrecovered losses of the Company amount to one-third of the total paid-in share capital;
- when the Shareholders individually or jointly holding more than 10% of the Company's shares request in writing to do so;
- when the Board considers it necessary; and
- any other circumstances stipulated in the laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's Shares are listed or the Articles of Association.

Shareholders' general meetings shall be convened by the Board and presided over by the Chairperson of the Board. In the event that the Chairperson is incapable of performing or does not perform his duties, a Director nominated by more than half of the Directors shall preside over the meeting. Where the Board is incapable of performing or not performing its duties of convening the Shareholders' general meeting, shareholders alone or in aggregate holding more than 10% of the Company's shares for over 90 days consecutively may unilaterally convene and preside over such meeting.

ii. Putting Forward Proposals at Shareholders' General Meetings

The Shareholders individually or jointly holding more than 1% of the Shares may raise provisional proposal and submit it to the convener in writing 10 days before the general meeting is held. Upon the satisfaction that the proposal complies with the provisions in Article 79 of the Articles of Association, the convener shall, within 2 days after the receipt of the proposal, issue a supplementary notice of general meeting and announce the contents of the provisional proposal.

CORPORATE GOVERNANCE REPORT

Means and procedures for nomination of Directors are set out in Article 137 of the Articles of Association. Shareholders individually or jointly holding more than 1% of issued Shares may nominate candidates for independent non-executive Directors. The nominator shall not nominate persons with interests or other close associates who may affect the performance of their duties as independent non-executive Director candidates. Candidates for other directors shall be nominated by the Board or the Shareholders individually or jointly holding more than 1% of shares of the Company. A written commitment shall be made by the candidate prior to the notice of a general meeting is issued, expressing his/her willingness to accept the nomination, promising to publicly disclose his/her information truthfully and completely and warranting to faithfully fulfill his/her obligations as a director after election; the nominator for independent non-executive Directors shall obtain the consent of the nominee before nomination. The nominator shall be fully aware of the nominee's occupation, education background, professional title, detailed working experience, all part-time jobs, whether there are any bad records such as major dishonesty, etc., and shall give opinions on his/her independence and other conditions for serving as an independent Director. The nominee shall make a public declaration as to his/her independence and other conditions for serving as an independent director. A notice on the intention to nominate a director candidate and the candidate's presentation of being willing to accept the nomination shall be issued to the Company at least seven days prior to the meeting. The period for giving such a notice shall commence from the despatch of the notice on the election and end not later than seven days prior to the date of such meeting (or earlier).

To safeguard Shareholders' interests and rights, separate resolution should be proposed for each substantially separate issue at general meetings, including the election of individual Directors. All resolutions put forward at general meetings will be voted on by poll pursuant to the Hong Kong Listing Rules and poll results will be posted on the websites of the Company and of the Hong Kong Stock Exchange after each general meeting.

iii. Enquiries to the Board

For putting forward any enquiries to the Board, Shareholders may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries. Please refer to "Investor Relations Contact Details" in the following paragraph for the contact details.

XXII. SHAREHOLDERS' COMMUNICATION POLICY

The Company has established a shareholders' communication policy with the objective of ensuring that the Shareholders have timely access to comprehensive, equal and easily understandable information about the Company (including its financial performance, strategic objectives and plans, material developments, governance and risk profile), in order to enable the Shareholders to exercise their rights in an informed manner, and to allow the Shareholders and the investors to engage actively with the Company.

CORPORATE GOVERNANCE REPORT

In accordance with the shareholders' communication policy of the Company, the Directors (or their designated representatives, as the case may be) shall meet with Shareholders and answer Shareholders' questions at the Annual General Meeting and other general meetings held each year. The Company has also established a website (www.asymchem.com) where the public can obtain relevant and up-to-date information, updates on the Company's business operations and development, financial information and corporate governance practices and other information. If Shareholders have any enquiries, they can send their written enquiries to the Company by mail, fax or email and the Company will handle the enquiries in a timely and appropriate manner. Please refer to "Investor Relations Contact Details" in the following paragraph for the contact details.

During the Reporting Period, the Company reviewed the implementation and effectiveness of its shareholders' communication policy. Based on the above measures undertaken, the Company believes that the shareholders' communication policy can be effectively implemented and can ensure sustained and effective communication with shareholders over the long term.

XXIII. INVESTOR RELATIONS AND SHAREHOLDERS' COMMUNICATION

The Company gives high priority to maintaining proactive, balanced, clear and transparent communications with Shareholders and investors to facilitate their understanding of the Company's performance and prospects, as well as the market environment in which it operates. Asymchem has an ongoing dialogue with Shareholders and investors through various communication channels set out in the Shareholders Communication Policy and takes any areas of concern into consideration when formulating its business strategies.

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. Therefore, the Company has overhauled the Company website (www.asymchem.com) in the purpose of making the most of the Investor Relations Webpages, from which the public can access the latest information, updates on the Company's business operations and development, financial information and corporate governance practices and Shareholders, investors and stakeholders relevant information.

The Company endeavors to maintain an ongoing dialogue with Shareholders, in particular through Annual General Meetings and other Shareholders' general meetings. At the Annual General Meeting, Directors (or their delegates as appropriate) are available to meet Shareholders and answer their enquiries.

The two-way relationship communication policy is reviewed by the Company on an annual basis to ensure its continued effectiveness. The Company's proactive approach to investor relations has significantly widened and expanded the coverage of the Company by global funds in and outside Hong Kong and Mainland China in 2025 and over 40 sell-sides are actively holding investor group meetings and conferences for us. A number of local and international sell-side firms and brokers published research reports on the Company, often on a regular basis, and the Company attracts attention of a wide range of institutional investors. Throughout 2025, the Company made a concerted effort to enhance the attention of global and overseas named funds, resulting in several successful engagements.

CORPORATE GOVERNANCE REPORT

The Company's management and investor relations function take significant efforts to foster an open and transparent ongoing dialogue with the investment community to ensure a thorough understanding of the Company's business development, core strategies, and corporate governance principles. In 2025, the Company actively engaged in various investor conferences, non-deal roadshows, healthcare summits, both virtual basis and in person. A total of approximately 480 investors meetings took place, including over 370 one-on-one meetings with institutional investors and research analysts, as well as more than 100 group meetings. These meetings were conducted in Hong Kong and internationally and attracted participation from more than 1,300 individuals.

Investor Relations Activities in 2025:

- Group/1-on-1 meetings
- On-site visiting
- Non-deal roadshows
- Analyst briefings
- Global investor conferences/healthcare summits

Investor Relations Contact Details:

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

Attention: Company Secretary/Investor Relations
Address: Board Office
No. 71, 7th Street, Economic – Technological Development Area
Tianjin, PRC
Fax: +86 22 66252777
Email: ir@asymchem.com.cn

Starting from 1 September 2023, Ms. Lu Xia, the Investor Relations Executive Director of the Company, is the primary contact person of the investor relations regarding the capital markets.

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

Having considered the multiple channels of communication and shareholders engagement in the general meetings held during the year, the Company is satisfied that the shareholders' communication policy has been properly implemented during 2025 and is effective.

XXIV. ANNUAL GENERAL MEETING

The forthcoming AGM of the Company will be held on Wednesday, 10 June 2026. A notice convening the AGM will be published on the Company's website and website of the Hong Kong Stock Exchange or dispatched to the Shareholders (if requested) in accordance with the requirements of the Hong Kong Listing Rules in due course.

Corporate communications will be accessible electronically on both the Company's website at www.asymchem.com and the HKEx's website at www.hkexnews.hk. Shareholders will receive Actionable Corporate Communications either via email, using the address they provided, or in printed form.

If a shareholder prefers to receive printed communications, they may send an email to asymchem.ecom@computershare.com.hk, specifying their name, address, and language preference (English or Chinese) for printed materials. Any instructions to receive future communications in printed form will remain valid for one year from the date of the shareholder's initial request.

XXV. CLOSURE OF REGISTER OF MEMBERS

In order to determine the rights of H Shareholders to attend and vote at the AGM of the Company to be held on Wednesday, 10 June 2026, the register of members of H Shares of the Company will be closed from Friday, 5 June 2026 to Wednesday, 10 June 2026 (both days inclusive), during which period no transfer of H Shares of the Company will be registered. Members whose names appear on the register of members of the Company on Wednesday, 10 June 2026 will be entitled to attend and vote at the AGM. In order to be eligible for attending the AGM, all completed transfer forms accomplished by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 4 June 2026.

XXVI. AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY

In view of (i) the changes of the registered capital of the Company as a result of the repurchase and cancellation of restricted A shares of the Company, details of which were set out in the announcements of the Company dated 31 January 2024, 29 February 2024, 16 August 2024, 18 February 2025 and 27 February 2025, and (ii) the updates on requirements and interpretation of applicable PRC laws, administrative regulations and normative documents (including Guidelines on the Articles of Association of Listed Companies (2025 Revision) 《(上市公司章程指引(2025年修訂))》), while taking into account the Company's actual circumstances, the Board proposed to make certain consequential amendments to the articles of association of the Company (collectively, the **"Proposed Amendments to the Articles of Association in 2025"**), among other internal rules and policies on 18 March 2025 and 18 July 2025. The Proposed Amendments to the Articles of Association in 2025 were approved at the first extraordinary general meeting of 2025, the first A Shares class meeting of 2025 and, the first H Shares class meeting of 2025 on 3 April 2025, and the second extraordinary general meeting of 2025, the third A Shares class meeting of 2025 and, the third H Shares class meeting of 2025 on 6 August 2025 as special resolutions respectively. As a result, the amended and restated articles of association of the Company became effective on 3 April 2025 and 6 August 2025 respectively. For further details, please refer to the relevant announcements of the Company dated 18 March 2025, 3 April 2025, 18 July 2025, and 6 August 2025 and the circulars of the Company dated 18 March 2025 and 21 July 2025 respectively.

CORPORATE GOVERNANCE REPORT

In view of the changes of the registered capital of the Company as a result of (i) repurchase and cancellation of part of restricted A shares granted under the 2025 A Share Scheme, and (ii) issue and allotment of new Shares to the trustee pursuant to the H Share Restricted Share Scheme, details of which were set out in the announcements of the Company dated 19 December 2025 and 13 March 2026; and Next Day Disclosure Return dated 26 January 2026, respectively, the Board proposed to make certain consequential amendments to the articles of association of the Company (collectively, the **“Proposed Amendments to the Articles of Association in 2026”**). The Proposed Amendments to the Articles of Association in 2026 are to be approved at the first extraordinary general meeting of 2026, the first A Shares class meeting of 2026 and, the first H Shares class meeting of 2026 to be held on 17 April 2026 as a special resolution. For further details, please refer to the relevant announcements of the Company dated 19 December 2025, 13 March 2026 and 26 March 2026, and the circular of the Company dated 26 March 2026.

XXVII. DIVIDEND POLICY

The Company has adopted a dividend policy pursuant to code provision F.1.1 of the CG Code. The Company will implement a reasonable dividend policy based on the Company’s operating conditions and market environment, and fully consider the interests of Shareholders.

In considering the declaration of dividends, the Board will take into account various factors, including but not limited to, the Group’s results of operations, cash flows and financial condition, operating and capital expenditure requirements, distributable profits, market conditions, the Company’s business strategies and forecasts, cash requirements and availability.

INDEPENDENT AUDITOR'S REPORT



Ernst & Young
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To the shareholders of Asymchem Laboratories (Tianjin) Co., Ltd.

(Incorporated in the People's Republic of China with limited liability)

OPINION

We have audited the consolidated financial statements of Asymchem Laboratories (Tianjin) Co., Ltd. (the "Company") and its subsidiaries (the "Group") set out on pages 123 to 214, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 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 Hong Kong Standards on Auditing ("HKSA") as issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

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

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS (continued)

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
<i>Revenue recognition of sales of goods</i>	
<p>The Group's revenue for the year ended 31 December 2025 amounted to RMB6,670 million, of which sales of goods accounted for 74% of the Group's revenue. Sale of goods is a performance obligation satisfied at a point in time and, accordingly, revenue is recognised when the control of the goods is transferred to the customer.</p> <p>Revenue, especially revenue from the sale of goods, is one of the key performance indicators of the Group. Therefore, revenue from the sale of goods is considered a key audit matter.</p> <p>The disclosures of revenue from the sale of goods are included in notes 2.3, 4 and 5 to the financial statements.</p>	<p>The audit procedures we performed include:</p> <p>(1) We obtained an understanding of and performed the assessment on the revenue recognition policy adopted by the management, based on the review of sales contracts;</p> <p>(2) We obtained an understanding, evaluated the design, and tested the operating effectiveness of the internal controls related to the revenue recognition and cash receipt process;</p> <p>(3) We performed the test of details on a sample basis. We examined sales contracts and orders, invoices, delivery notes, bills of lading, delivery receipts related to product sales. For export sales, we sampled customs declarations and shipping orders, checked the status of customs declarations on the customs website to verify their authenticity, and logged on to the official websites of the shipping companies/airlines listed on the bills of lading/airway bills to verify and reconcile the bills of lading information;</p>

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS (continued)

Key audit matter	How our audit addressed the key audit matter
<i>Revenue recognition of sales of goods</i>	
	<p>(4) We performed analytical review procedures, including analysed and corroborated the fluctuation of selling prices and the gross margin in different periods;</p> <p>(5) We circulated and obtained confirmations on key items and representative samples of customers on sales revenue and trade and bills receivables. For the non-replies, we carried out alternative tests by checking the original documents such as sales contracts, sales orders, invoices, warehouse release lists, shipping documents and acknowledgement receipts;</p> <p>(6) We performed cut-off testing for product sales; and</p> <p>(7) We reviewed the disclosures of revenue in financial statements.</p>

OTHER INFORMATION INCLUDED IN THIS ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in this 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.

INDEPENDENT AUDITOR'S REPORT

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 HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

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

As part of an audit in accordance with HKSAAs, 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.

INDEPENDENT AUDITOR'S REPORT

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

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.

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

30 March 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
REVENUE	5	6,670,181	5,804,657
Cost of sales		(3,896,385)	(3,422,947)
Gross profit		2,773,796	2,381,710
Other income and gains	5	392,346	480,715
Selling and distribution expenses		(210,442)	(243,391)
Administrative expenses		(801,875)	(861,422)
Research and development expenses		(593,261)	(614,490)
Impairment losses on financial and contract assets, net		(72,614)	(11,668)
Other expenses		(225,696)	(74,428)
Finance costs	7	(12,751)	(9,505)
Share of profits of associates		36,882	24,860
PROFIT BEFORE TAX	6	1,286,385	1,072,381
Income tax expense	10	(159,743)	(136,625)
PROFIT FOR THE YEAR		1,126,642	935,756
Attributable to:			
Owners of the parent		1,132,570	948,950
Non-controlling interests		(5,928)	(13,194)
		1,126,642	935,756
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic (expressed in RMB per share)	12	3.16	2.69
Diluted (expressed in RMB per share)	12	3.16	2.69

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2025

	2025 RMB'000	2024 RMB'000
PROFIT FOR THE YEAR	1,126,642	935,756
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	(6,120)	4,256
Other comprehensive income that cannot be reclassified to profit or loss in subsequent periods:		
Equity investments at fair value through other comprehensive income:		
Changes in fair value	-	(415)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	(6,120)	3,841
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	1,120,522	939,597
Attributable to:		
Owners of the parent	1,126,450	952,791
Non-controlling interests	(5,928)	(13,194)
	1,120,522	939,597

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	6,441,721	5,939,832
Right-of-use assets	14(a)	669,608	699,765
Goodwill	15	146,183	146,183
Other intangible assets	16	25,000	27,490
Deferred tax assets	26	275,619	248,353
Investments in associates	17	573,469	536,587
Prepayments, other receivables and other assets	20	446,007	482,409
Financial assets at fair value through profit or loss	22	193,523	157,762
Total non-current assets		8,771,130	8,238,381
CURRENT ASSETS			
Inventories	18	1,470,882	1,193,346
Trade and bills receivables	19	1,977,465	1,836,887
Contract assets	21	83,165	101,470
Prepayments, other receivables and other assets	20	523,270	586,795
Tax recoverable		13,999	1,928
Financial assets at fair value through profit or loss	22	1,116,584	1,539,809
Amounts due from a related party	35	21	532
Cash and bank balances	23	6,320,950	5,789,408
Total current assets		11,506,336	11,050,175
CURRENT LIABILITIES			
Trade payables	24	584,388	449,516
Other payables and accruals	25	1,247,315	1,166,097
Financial liabilities at fair value through profit or loss		9,836	–
Lease liabilities	14(b)	52,711	42,225
Tax payable		69,472	50,177
Amounts due to related parties	35	4,765	1,330
Total current liabilities		1,968,487	1,709,345
NET CURRENT ASSETS		9,537,849	9,340,830
TOTAL ASSETS LESS CURRENT LIABILITIES		18,308,979	17,579,211

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
NON-CURRENT LIABILITIES			
Deferred income		294,734	298,622
Lease liabilities	14(b)	256,473	282,529
Deferred tax liabilities	26	111,604	134,703
Provision	27	28	785
Total non-current liabilities		662,839	716,639
Net assets		17,646,140	16,862,572
EQUITY			
Equity attributable to owners of the parent			
Share capital	28	360,561	367,716
Treasury shares	29	(838,449)	(1,232,758)
Reserves	30	18,112,987	17,710,426
		17,635,099	16,845,384
Non-controlling interests		11,041	17,188
Total equity		17,646,140	16,862,572

The consolidated financial statements were approved and authorised for issue by the board of directors of the Company on 30 March 2026 and were signed on its behalf by:

Dr. Hao Hong

Chairperson of the Board

Da Zhang

Chief Financial Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2025

	Attributable to owners of the parent										
	Share capital	Treasury shares	Capital reserve	Statutory surplus reserve	Fair value reserve of financial assets at fair value through other comprehensive income	Exchange fluctuation reserve	Reserve funds	Retained profits	Total	Non-controlling interests	Total equity
	RMB'000 (note 28)	RMB'000 (note 29)	RMB'000 (note 30)	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024	369,472	(494,010)	9,612,482	208,970	415	22,466	-	7,759,922	17,479,717	30,262	17,509,979
Profit for the year	-	-	-	-	-	-	-	948,950	948,950	(13,194)	935,756
Other comprehensive income for the year:											
Changes in fair value of equity investments at fair value through other comprehensive income, net of tax	-	-	-	-	2,585	-	-	-	2,585	-	2,585
Exchange differences related to foreign operations	-	-	-	-	-	4,256	-	-	4,256	-	4,256
Total comprehensive income for the year	-	-	-	-	2,585	4,256	-	948,950	955,791	(13,194)	942,597
Final 2023 dividend declared	-	-	-	-	-	-	-	(633,866)	(633,866)	-	(633,866)
Issue of ESOP	-	-	-	-	-	-	-	-	-	-	-
Forfeiture of restricted A shares	(2)	206	(213)	-	-	-	-	-	(9)	-	(9)
Vesting of restricted shares	-	35,921	-	-	-	-	-	-	35,921	-	35,921
Equity-settled share option arrangements	-	-	15,294	-	-	-	-	-	15,294	120	15,414
Repurchase of A shares	-	(999,856)	-	-	-	-	-	-	(999,856)	-	(999,856)
Cancellation of repurchased restricted A shares	(1,754)	224,981	(231,292)	-	-	-	-	-	(8,065)	-	(8,065)
Transfer from retained profits	-	-	-	-	-	-	457	-	457	-	457
Transfer of fair value reserve upon the disposal of equity investments at fair value through other comprehensive income	-	-	-	-	(3,000)	-	-	3,000	-	-	-
At 31 December 2024	367,716	(1,232,758)	9,396,271*	208,970*	-	26,722*	457*	8,078,006*	16,845,384	17,188	16,862,572

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2025

	Attributable to owners of the parent											
	Share capital	Treasury shares	Capital reserve	Fair value reserve of financial assets at fair value			Exchange fluctuation reserve	Reserve funds	Retained profits	Total	Non-controlling interests	Total equity
				Statutory surplus reserve	through other comprehensive income							
				RMB'000	RMB'000	RMB'000						
(note 28)	(note 29)	(note 30)	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		
At 1 January 2025	367,716	(1,232,758)	9,396,271*	208,970*	-	26,722*	457	8,078,006*	16,845,384	17,188	16,862,572	
Profit for the year	-	-	-	-	-	-	-	1,132,570	1,132,570	(5,928)	1,126,642	
Other comprehensive income for the year:												
Exchange differences related to foreign operations	-	-	-	-	-	(6,120)	-	-	(6,120)	-	(6,120)	
Total comprehensive income for the year	-	-	-	-	-	(6,120)	-	1,132,570	1,126,450	(5,928)	1,120,522	
Final 2024 dividend declared	-	287	-	-	-	-	-	(395,030)	(394,743)	-	(394,743)	
Restricted A shares granted	-	195,191	(195,191)	-	-	-	-	-	-	-	-	
Forfeiture of restricted A shares	(33)	1,236	(1,239)	-	-	-	-	-	(36)	-	(36)	
Equity-settled share option arrangements	-	-	8,488	-	-	-	-	-	8,488	(219)	8,269	
Sale of treasury shares	-	203,604	(91,940)	-	-	-	-	-	111,664	-	111,664	
Forfeiture of ESOP	-	(522,381)	522,381	-	-	-	-	-	-	-	-	
Repurchase of H Shares	-	(62,592)	-	-	-	-	-	-	(62,592)	-	(62,592)	
Cancellation of repurchased A shares	(7,122)	578,964	(571,842)	-	-	-	-	-	-	-	-	
Transfer from retained profits	-	-	-	-	-	-	484	-	484	-	484	
At 31 December 2025	360,561	(838,449)	9,066,928*	208,970*	-	20,602*	941*	8,815,546*	17,635,099	11,041	17,646,140	

* These reserve accounts comprise the consolidated reserves of RMB18,112,987,000 (2024: RMB17,710,426,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax:		1,286,385	1,072,381
Adjustments for:			
Finance costs	7	12,751	9,505
Share of profits of associates		(36,882)	(24,860)
Interest income	5	(99,382)	(249,020)
Investment gain		(52,173)	(58,669)
Fair value gain on financial assets at fair value though profit or loss		(35,761)	(39,573)
Fair value loss on financial assets at fair value though profit or loss		13,797	–
Loss on disposal of items of property, plant and equipment		11,602	6,044
Gain on disposal of right-of-use assets		–	(72)
Loss on disposal of a subsidiary		–	967
Depreciation of property, plant and equipment	13	502,374	461,752
Depreciation of right-of-use assets	14	67,879	55,194
Amortisation of other intangible assets	16	4,535	9,184
Losses on impairment of trade receivables and contract assets, net		72,614	11,668
Loss on impairment of other intangible assets		–	17,830
Loss on impairment of inventories		58,211	47,064
Equity-settled share option expense	31	8,268	15,414
		1,814,219	1,334,809
Placement of restricted deposits		(71,520)	(39,284)
Increase in inventories		(335,746)	(295,063)
(Increase)/decrease in trade receivables		(206,961)	182,941
Decrease/(increase) in contract assets		16,835	(26,188)
Decrease/(increase) in prepayments, deposits and other receivables		120,050	(50,915)
Increase/(decrease) in trade payables		138,307	(3,428)
Increase in other payables and accruals		135,287	286,175
Cash generated from operations		1,610,471	1,389,047
Tax paid		(202,885)	(134,710)
Net cash flows from operating activities		1,407,586	1,254,337

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		111,203	67,689
Purchases of items of property, plant and equipment and other intangible assets		(1,270,362)	(1,130,008)
Proceeds from disposal of items of property, plant and equipment		39	512
Acquisition of a subsidiary		–	(6,901)
Purchases of investments at fair value through profit or loss		(7,056,485)	(6,690,523)
Proceeds from disposal of equity investments designated at fair value through other comprehensive income		–	33,000
Proceeds from disposal of investments at fair value through profit or loss		7,527,922	7,093,423
Proceeds from disposal of investments in associates		–	3,684
Increase in investments in associates		–	(240,000)
Dividends received from associates		–	11,737
Placement of fixed deposits		(4,469,963)	(3,452,426)
Proceeds from fixed deposits upon maturity		4,524,447	3,132,009
Placement of cash deposits		–	(6,529)
Net cash flows used in investing activities		(633,199)	(1,184,333)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of employee stock options		175,848	–
Repurchase of shares		(174,427)	(1,238,411)
Proceeds from sales of treasury shares		111,663	–
Principal portion of lease payments		(62,850)	(38,332)
Dividends paid to shareholders		(395,066)	(641,939)
Interest paid		–	(9,505)
Net cash flows used in financing activities		(344,832)	(1,928,187)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		429,555	(1,858,183)
Cash and cash equivalents at beginning of year		3,009,209	4,771,611
Effect of foreign exchange rate changes, net		(35,431)	95,781
CASH AND CASH EQUIVALENTS AT END OF YEAR		3,403,333	3,009,209
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and cash equivalents as stated in the statement of financial position	24	6,320,950	5,789,408
Less: Time deposits with original maturity of more than three months	24	(2,277,333)	(2,718,529)
Pledged for letters of credit and others		(640,284)	(61,670)
Cash and cash equivalents as stated in the statement of cash flows	24	3,403,333	3,009,209

NOTES TO FINANCIAL STATEMENTS

31 December 2025

1. CORPORATE AND GROUP INFORMATION

Asymchem Laboratories (Tianjin) Co., Ltd. is a limited liability company incorporated in Tianjin, the People's Republic of China (the "PRC"). The registered office of the Company is located at No. 6 Dongting 3rd Street, Economic-Technological Development Area, Tianjin, the PRC.

The Group is a world-leading, technology-driven provider of one-stop Contract Development Manufacture Organization (hereinafter referred to as "CDMO") solutions throughout the drug development and manufacturing process. The Group provides small molecule CDMO solutions and emerging services.

The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 10 December 2021.

The directors of the Company consider the controlling shareholders of the Company are Asymchem Laboratories, Incorporated ("ALAB"), and Dr. Hao Hong and Dr. Ye Song, who are spouses and also controlling shareholders of ALAB. Through ALAB and their direct holdings, they held and controlled 35.89% of the equity shares of the Company.

Information about subsidiaries

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

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Asymchem Life Science (Tianjin) Co., Ltd. (note a)	PRC Chinese mainland 30 December 2005	RMB70,000	100	–	Development and drug product manufacturing
Tianjin Asymchem Pharmaceuticals Co., Ltd. (note a)	PRC Chinese mainland 19 July 2010	RMB224,830	97	3	Development and drug product manufacturing
Tianjin Asymchem Biotechnology Co., Ltd. (note a)	PRC Chinese mainland 29 July 2013	RMB1,000	100	–	Pharmaceutical analysis and testing
Jilin Asymchem Laboratories Co., Ltd.(note a)	PRC Chinese mainland 17 August 2007	RMB291,490	100	–	Development and drug product manufacturing

NOTES TO FINANCIAL STATEMENTS

31 December 2025

1. CORPORATE AND GROUP INFORMATION (continued)

Information about subsidiaries (continued)

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

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Liaoning Asymchem Laboratories Co., Ltd. (note a)	PRC Chinese mainland 2 December 2013	RMB9,200	100	–	Manufacture, sale and development of medicine raw materials and relevant products
Asymchem Inc. (note b)	United States 12 October 2010	Not applicable	100	–	Sale of drug products
Jilin Asymchem Pharmaceuticals Co., Ltd. (note a)	PRC Chinese mainland 29 September 2017	RMB300,000	100	–	Pharmaceutical and chemical manufacturing
Tianjin Clin-nov Medical Technology Co., Ltd. (note a)	PRC Chinese mainland 10 August 2017	RMB42,580	100	–	Wholesaling and retailing drugs
Shanghai Asymchem Biotechnology Co., Ltd. (note a)	PRC Chinese mainland 28 January 2019	RMB250,880	–	100	Pharmaceutical science and technology
Asymchem Limited (note c)	United Kingdom 13 February 2017	EUR0.001	100	–	Sale, import and export trade
Asymchem Laboratories (Jilin) Co., Ltd. (note a)	PRC Chinese mainland 25 May 2020	RMB300,000	100	–	Pharmaceutical and chemical manufacturing
Tianjin GoalGen Biotechnology Co., Ltd. (note a)	PRC Chinese mainland 28 November 2007	RMB10,000	–	100	Pharmaceutical research and manufacturing

NOTES TO FINANCIAL STATEMENTS

31 December 2025

1. CORPORATE AND GROUP INFORMATION (continued)

Information about subsidiaries (continued)

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

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Asymchem Boston Corporation (note b)	United States 14 December 2020	Not applicable	100	–	Pharmaceutical research and wholesale
Asymchem Life Science (Jiangsu) Co., Ltd. (note a)	PRC Chinese mainland 18 March 2021	RMB100,000	100	–	Drug import and export
Shanghai Asymchem Biological Pharmaceutical Co., Ltd. (note a)	PRC Chinese mainland 22 March 2022	RMB100,000	–	100	Pharmaceutical manufacturing
Tianjin Asymchem Medical Science & Technology Co., Ltd. (note a)	PRC Chinese mainland 9 August 2021	RMB30,000	100	–	Research and experimental development
Shanghai Asymchem Biological Co., Ltd. (note a)	PRC Chinese mainland 29 January 2022	RMB10,000	–	100	Research and experimental development
Asymchem Pharmacy (Jiangsu) Co., Ltd. (note a)	PRC Chinese mainland 7 September 2021	RMB300,000	100	–	Pharmaceutical manufacturing
Tianjin Asymchem Biotechnology Co., Ltd. (note a)	PRC Chinese mainland 29 July 2013	RMB1,000	100	–	Pharmaceutical and chemical manufacturing

Notes:

- (a) The English names of the companies registered in the PRC represent the best efforts made by management of the Company in directly translating the Chinese names of these companies as no English names have been registered.
- (b) The entities are registered as a limited liability companies under United States law.
- (c) The entity is registered as a limited liability company under United Kingdom law.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

1. CORPORATE AND GROUP INFORMATION (continued)

Information about subsidiaries (continued)

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards, which comprise all standards and interpretations approved by the International Accounting Standards Board (the “IASB”), the interpretations approved by the International Accounting Standards Committee and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for derivative financial instruments, wealth management products and equity investments which have been measured at fair value. These consolidated financial statements are presented in Renminbi (“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 Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2025. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has, directly or indirectly, 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.

2. ACCOUNTING POLICIES (continued)

2.1 BASIS OF PREPARATION (continued)

Basis of consolidation (continued)

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 exchange fluctuation 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.

2.2 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>
<i>Annual Improvements to IFRS Accounting Standards</i>	<i>Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7¹</i>

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

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

³ No mandatory effective date yet determined but available for adoption

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2. ACCOUNTING POLICIES (continued)

2.2 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS (continued)

Further information about those IFRS Accounting Standards that are expected to be applicable to the Group is described below.

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.

IFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS Accounting Standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10 *Consolidated Financial Statements*, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with IFRS Accounting Standards. IFRS 19 was amended in April 2025 to include IFRS Accounting Standards in the eligibility criteria for applying the standard. The standard was further amended in October 2025 to (i) remove disclosure objectives from IFRS 19; (ii) reduce the disclosure requirements relating to supplier finance arrangements and a specific class of financial liabilities; and (iii) replace disclosure requirements relating to management-defined performance measures with a cross-reference to IFRS 18 for entities that use these measures. Earlier application is permitted. As the Company is a listed company, it is not eligible to elect to apply IFRS 19 and its amendments. Some of the Company's subsidiaries are considering the application of IFRS 19 and its amendments in their specified financial statements.

2. ACCOUNTING POLICIES (continued)

2.2 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS (continued)

Amendments to IFRS 9 and IFRS 7 *Amendments to the Classification and Measurement of Financial Instruments* clarify the date on which a financial asset or financial liability is derecognised and introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight. Earlier application of either all the amendments at the same time or only the amendments related to the classification of financial assets is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IFRS 9 and IFRS 7 *Contracts Referencing Nature-dependent Electricity* clarify the application of the "own-use" requirements for in-scope contracts and amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts. The amendments also include additional disclosures that enable users of financial statements to understand the effects these contracts have on an entity's financial performance and future cash flows. The amendments relating to the own-use exception shall be applied retrospectively. Prior periods are not required to be restated and can only be restated without the use of hindsight. The amendments relating to the hedge accounting shall be applied prospectively to new hedging relationships designated on or after the date of the initial application. Earlier application is permitted. The amendments to IFRS 9 and IFRS 7 shall be applied at the same time. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 was removed by the IASB. However, the amendments are available for adoption now.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2. ACCOUNTING POLICIES (continued)

2.2 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS (continued)

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. Earlier application is permitted. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application. The amendments are not expected to have any significant impact on the Group's financial statements.

Annual Improvements to IFRS Accounting Standards set out amendments to IFRS 1, IFRS 7 (and the accompanying *Guidance on implementing IFRS 7*), IFRS 9, IFRS 10 and IAS 7. Details of the amendments that are expected to be applicable to the Group are as follows:

- *IFRS 7 Financial Instruments: Disclosures*: The amendments have updated certain wording in paragraph B38 of IFRS 7 and paragraphs IG1, IG14 and IG20B of the *Guidance on implementing IFRS 7* for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the *Guidance on implementing IFRS 7* does not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- *IFRS 9 Financial Instruments*: The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to apply paragraph 3.3.3 of IFRS 9 and recognise any resulting gain or loss in profit or loss. However, the amendments do not address how a lessee distinguishes between a lease modification as defined in IFRS 16 and an extinguishment of a lease liability in accordance with IFRS 9. In addition, the amendments have updated certain wording in paragraph 5.1.3 of IFRS 9 and Appendix A of IFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

2. ACCOUNTING POLICIES (continued)

2.2 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS (continued)

- *IFRS 10 Consolidated Financial Statements*: The amendments clarify that the relationship described in paragraph B74 of IFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of IFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- *IAS 7 Statement of Cash Flows*: The amendments replace the term "cost method" with "at cost" in paragraph 37 of IAS 7 following the prior deletion of the definition of "cost method". Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial statements.

2.3 MATERIAL ACCOUNTING POLICIES

Investments in associates

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

The Group's investments in associates are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist. The Group's share of the post-acquisition results and other comprehensive income of associates is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's investments in the associates, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates is included as part of the Group's investments in associates.

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

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2. ACCOUNTING POLICIES (continued)

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

2. ACCOUNTING POLICIES (continued)

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Business combinations and goodwill (continued)

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2. ACCOUNTING POLICIES (continued)

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Fair value measurement (continued)

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.

Impairment of non-financial assets

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

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

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 the statement of 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 the statement of profit or loss in the period in which it arises.

2. ACCOUNTING POLICIES (continued)

2.3 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;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2. ACCOUNTING POLICIES (continued)

2.3 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.

Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of 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.

Valuations are performed frequently enough to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Changes in the values of property, plant and equipment are dealt with as movements in the asset revaluation reserve. If the total of this reserve is insufficient to cover a deficit, on an individual asset basis, the excess of the deficit is charged to the statement of profit or loss. Any subsequent revaluation surplus is credited to the statement of profit or loss to the extent of the deficit previously charged. An annual transfer from the asset revaluation reserve to retained profits is made for the difference between the depreciation based on the revalued carrying amount of an asset and the depreciation based on the asset's original cost. On disposal of a revalued asset, the relevant portion of the asset revaluation reserve realised in respect of previous valuations is transferred to retained profits as a movement in reserves.

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 estimated useful lives and residual value of property, plant and equipment are as follows:

Category	Estimated useful life	Estimated residual value
Buildings	10-20 years	1%-3%
Manufacturing and R&D equipment	5-10 years	1%
Office equipment	3-5 years	1%
Motor vehicles	5-10 years	1%
Leasehold improvements	19 months-10 years	0%
Others	3 years	0%

2. ACCOUNTING POLICIES (continued)

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation (continued)

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 the statement of 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.

Other intangible assets (other than goodwill)

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

The estimated useful lives and residual value of other intangible assets are as follows:

Category	Estimated useful life	Estimated residual value
Software and others	10 years	0%
Customer relationship	10 years	0%
Patents and licences	5 years	0%

- (i) Software and others have an amortisation period of ten years based on the estimated useful lives.
- (ii) Customer relationship has an amortisation period of ten years based on estimated beneficial period considering industry experience, the customer retention rate and others.
- (iii) Patents and licences have an amortisation period of five years based on the period covered by their licenses.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2. ACCOUNTING POLICIES (continued)

2.3 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 any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities 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:

Buildings	2 to 10 years
Land use rights	50 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.

(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.

2. ACCOUNTING POLICIES (continued)

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Leases (continued)

Group as a lessee (continued)

(b) Lease liabilities (continued)

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

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (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).

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.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, 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 trade and bills receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade and bills receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost, 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.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2. ACCOUNTING POLICIES (continued)

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)

Initial recognition and measurement (continued)

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. 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

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

Financial assets at amortised cost (debt instruments)

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

Financial assets at fair value through profit or loss

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

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through profit or loss. Dividends on the equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows.

2. ACCOUNTING POLICIES (continued)

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)

Subsequent measurement (continued)

Financial assets at fair value through profit or loss (continued)

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

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.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2. ACCOUNTING POLICIES (continued)

2.3 MATERIAL ACCOUNTING POLICIES (continued)

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.

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 more than 90 days 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.

2. ACCOUNTING POLICIES (continued)

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

General approach (continued)

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 and bills receivables and contract assets which apply the simplified approach as detailed below.

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

Simplified approach

For trade and bills receivables and contract assets 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 payables as appropriate.

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

The Group's financial liabilities include trade payables, lease liabilities, other payables and accruals.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2. ACCOUNTING POLICIES (continued)

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Financial liabilities (continued)

Subsequent measurement

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

Financial liabilities at amortised cost (trade and other payables)

After initial recognition, trade 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 the statement of 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 the statement of profit or loss.

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 the statement of 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.

Treasury shares

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

Inventories

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

2. ACCOUNTING POLICIES (continued)

2.3 MATERIAL ACCOUNTING POLICIES (continued)

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.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

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.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2. ACCOUNTING POLICIES (continued)

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Income tax (continued)

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, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are 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, associates and joint ventures, 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.

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.

2. ACCOUNTING POLICIES (continued)

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Income tax (continued)

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.

Revenue recognition

Revenue from contracts with customers

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

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

The Group has satisfied a performance obligation and recognises revenue over time, if one of the following criteria is met:

- (a) The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.
- (b) The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
- (c) The Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If none of the above conditions is met, the Group recognises revenue at the point in time when the customer obtains control of the distinct good or service.

If control of the service transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at the point in time when the customer obtains control of the service.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2. ACCOUNTING POLICIES (continued)

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Contracts with multiple performance obligation (including allocation of transaction price)

For contracts that contain more than one performance obligation, the Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis. The stand-alone selling price of the distinct good or service underlying each performance obligation is determined at contract inception. It represents the price at which the Group would sell a promised good or service separately to a customer. If a stand-alone selling price is not directly observable, the Group estimates it using appropriate techniques such that the transaction price ultimately allocated to any performance obligation reflects the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customer.

The selection of the method to measure progress towards completion requires judgement and is based on the nature of the products or services to be provided. Depending on which better depicts the transfer of value to the customer, the Group generally measures its progress using the cost-to-cost method (input method). The Group uses the known cost measure of progress when it best depicts the transfer of value to the customer which occurs as the Group incurs costs on its contract, generally related to fixed fee service contracts. Under the cost-to-cost measure of progress, the extent of progress towards completion is measured based on the ratio of costs incurred to date to the total estimated costs at completion of the performance obligation. Revenue is recorded proportionally as costs are incurred.

As a practical expedient, if the Group has a right to consideration in an amount that corresponds directly with the value of the Group's performance completed to date, the Group recognises revenue in the amount to which the Group has the right to invoice.

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.

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

Contract assets

If the Group performs by transferring goods or services to a customer before being unconditionally entitled to the consideration under the contract terms, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets. They are reclassified to trade receivables when the right to the consideration becomes unconditional.

2. ACCOUNTING POLICIES (continued)

2.3 MATERIAL ACCOUNTING POLICIES (continued)

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).

Contract costs

Other than the costs which are capitalised as inventories, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

- (a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify;
- (b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- (c) The costs are expected to be recovered.

The capitalised contract costs are amortised and charged to the statement of profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Other contract costs are expensed as incurred.

Share-based payments

The Company operates several restricted A 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 consolidated 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 the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2. ACCOUNTING POLICIES (continued)

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Share-based payments (continued)

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 earnings per share.

Other employee benefits

Pension scheme

The employees of the Group's subsidiary which operates in the Chinese mainland are required to participate in a central pension scheme operated by the local municipal government. This subsidiary is required to contribute 16% to 20% of its payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

2. ACCOUNTING POLICIES (continued)

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Events after the reporting period

If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognises in its financial statements. The Group will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its financial statements, but will disclose the nature of the non-adjusting events and an estimate of their financial effects, or a statement that such an estimate cannot be made, if applicable.

Foreign currencies

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

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

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2. ACCOUNTING POLICIES (continued)

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Foreign currencies (continued)

The functional currencies of certain overseas subsidiaries and associates are currencies other than 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 exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interest. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in the statement of 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 weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, 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:

Measurement of progress toward complete satisfaction of rendering services

The Group uses the input method to measure the progress toward satisfaction of the performance obligations, and specifically, the proportion of actual costs incurred relative to the estimated total costs. Actual costs incurred include direct and indirect costs in the process of rendering services from the Group to customers. The Group believes that contract prices are based on costs. Therefore, the proportion of actual costs incurred relative to the total expected costs can reflect the progress toward satisfaction of the services rendered. Since the duration of services are relatively long that they may cover more than one accounting period, the Group will review and revise the budget as the contracts carries forward, and adjust revenue accordingly.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Judgements (continued)

Contractual cash flow characteristics

The classification of financial assets at initial recognition depends on the contractual cash flow characteristics of the financial assets. When it is necessary to judge whether the contractual cash flow is only the payment of the principal and the interest based on the outstanding principal, including the assessment of the correction of the time value of money, it is necessary to judge whether there is a significant difference compared with the benchmark cash flows. For financial assets with advanced payment characteristics, it is necessary to judge whether the fair value of the advanced payment characteristics is minimal.

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.

Provision for expected credit losses on trade and bills receivables and contract assets

The Group uses a provision matrix to calculate ECLs for trade and bills receivables and contract assets. The provision rates are based on 90 days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade and bills receivables and contract assets are disclosed in note 19 and 21 to the consolidated financial statements.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

Impairment of non-financial assets (other than goodwill)

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

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2025 was RMB146,183,000 (2024: RMB146,183,000). Further details are given in note 15.

Fair value of unlisted equity investments

The unlisted equity investments have been valued based on a market-based valuation technique as detailed in note 37 to the financial statements. The valuation requires the Group to determine the comparable public companies (peers) and select the price multiple. In addition, the Group makes estimates about the discount for illiquidity and size differences. The Group classifies the fair value of these investments as Level 3. The fair value of the unlisted equity investments at 31 December 2025 was RMB193,523,000 (2024: RMB157,762,000). Further details are included in note 22 to the financial statements.

Deferred tax assets

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.

The carrying amount of deferred tax assets relating to recognised tax losses as at 31 December 2025 was RMB299,736,000 (2024: RMB276,386,000). The amounts of unrecognised tax losses and unrecognised temporary difference as at 31 December 2025 were RMB1,028,625,000 (2024: RMB506,245,000). Further details are contained in note 26 to the consolidated financial statements.

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 (such as the subsidiary’s stand-alone credit rating).

4. OPERATING SEGMENT INFORMATION

Operating segments are identified on the basis of internal reporting about components of the Group that are regularly reviewed by the Group’s executive committee and the Company’s board of directors for the purpose of resource allocation and performance assessment.

Operating segment

During the year, there is only one operating segment as the Group’s operations relate to contract development and manufacturing which focuses on innovation and commercial application of global pharmaceutical technology.

Geographical information

(a) Revenue from external customers

	2025	2024
	RMB’000	RMB’000
Chinese mainland	1,749,302	1,519,908
Overseas	4,920,879	4,284,749
Total revenue	6,670,181	5,804,657

The revenue information above is based on the locations of the customers.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

4. OPERATING SEGMENT INFORMATION (continued)

Geographical information (continued)

(b) *Non-current assets*

	2025 RMB'000	2024 RMB'000
Chinese mainland	8,034,324	7,543,073
United States	39,491	54,218
United Kingdom	228,173	234,976
Total non-current assets	8,301,988	7,832,267

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

Information about a major customer

No revenue derived from a single customer, including a group of entities which are known to be under common control with that customer was exceeding 10% of the Group revenue for the year ended 31 December 2025.

5. REVENUE, OTHER INCOME AND GAINS

Small molecule CDMO business:

The Group provides small molecule CDMO solutions for all stages, including pre-clinical, clinical and commercial stages. The Group provides process development and optimization, analytical services and scale-up services for small molecule drug products throughout the pre-clinical and clinical stage, and provides ton-scale manufacturing services for registered starting materials (RSMs), advanced intermediates, and active pharmaceutical ingredients (“APIs”) with high quality in commercial stage CDMO solutions.

The revenue generated from clinical stage and pre-clinical stage CDMO solutions is derived from the transfer of goods and the provision of services under Full-time-equivalent (or “FTE”) and Fee-for-service (or “FFS”) arrangements. The Group recognises revenue on over time and at a point in time bases for services under FTE and FFS arrangements, respectively. The revenue generated from commercial stage CDMO solutions is mainly derived from the transfer of goods and provision of services, which is recognised at a point in time.

5. REVENUE, OTHER INCOME AND GAINS (continued)

Emerging services:

The revenue generated from emerging services is mainly derived from the transfer of goods and services, including (i) pre-formulation and formulation development, (ii) Chemical Macromolecule CDMO solutions for polypeptides, oligonucleotides, glycans, toxins-linkers and other macromolecules, (iii) biosynthesis solutions, (iv) biologics CDMO solutions for monoclonal antibodies (“mAbs”) and antibody-drug conjugates (“ADCs”), (v) contract research organisation (or “CRO”) solutions and (vi) messenger RNA (“mRNA”) solutions. For CRO solutions, the Group’s performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date, and the Group recognises revenue over time. While for other revenue from emerging services, the Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis if the contracts have multiple deliverable units, except for the allocation of discounts and variable consideration, and the Group recognises revenue at a point in time since it did not meet the conditions of the revenue recognition over time. Therefore, the Group recognises revenue over time and at a point in time for services of CRO solutions and other revenue from emerging services arrangements, respectively.

Others:

Others mainly include the sales of raw materials and sales of scrap materials.

An analysis of revenue is as follows:

	2025 RMB'000	2024 RMB'000
Revenue from contracts with customers		
Transfer of goods and services	6,663,781	5,797,102
Others	6,400	7,555
Total	6,670,181	5,804,657

In 2025, revenue from sale of goods amounted to RMB4,962,233,000 (2024: RMB4,568,527,000).

NOTES TO FINANCIAL STATEMENTS

31 December 2025

5. REVENUE, OTHER INCOME AND GAINS (continued)

Revenue from contracts with customers

(a) *Disaggregated revenue information*

	2025 RMB'000	2024 RMB'000
Types of goods or services		
Small molecule CDMO business	4,734,651	4,570,728
Emerging services	1,929,130	1,226,374
Others	6,400	7,555
Total	6,670,181	5,804,657
Geographical markets		
Mainland China	1,749,302	1,519,908
Overseas	4,920,879	4,284,749
Total	6,670,181	5,804,657
Timing of revenue recognition		
Goods and services transferred at a point in time		
– Small molecule CDMO business	4,601,839	4,469,018
– Emerging services	1,646,985	1,003,386
– Others	6,400	7,555
Subtotal	6,255,224	5,479,959
Services transferred over time		
– Small molecule CDMO business	132,812	101,710
– Emerging services	282,145	222,988
Subtotal	414,957	324,698
Total	6,670,181	5,804,657

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:	269,941	221,204
Total	269,941	221,204

5. REVENUE, OTHER INCOME AND GAINS (continued)

Revenue from contracts with customers (continued)

(b) Performance obligation

Information about the Group's performance obligation is summarised below:

Sale of goods

The performance obligation is to deliver eligible products to its customers. The Group considers the performance obligations were satisfied upon delivery or obtaining customers' acceptance of such products and payment is generally due within 30 to 90 days from delivery.

Rendering services

The performance obligation of rendering services is to provide services related to pharmaceutical business to its customers, the Group considers the performance obligations were satisfied either over-time or at a point in time for services under FTE and FFS arrangements, respectively.

	Notes	2025 RMB'000	2024 RMB'000
<u>Other income</u>			
Government grants*		85,106	39,289
Bank interest income		202,967	210,401
Foreign exchange gain		16,186	131,945
Others		153	839
Total other income		304,412	382,474
<u>Gains</u>			
Gain on wealth management products		52,173	59,635
Loss on disposal of a associate		–	(967)
Gain on financial assets at fair value through profit or loss		35,761	39,573
Total gains		87,934	98,241
Total other income and gains		392,346	480,715

* Government grants of RMB39,289,000 and RMB85,106,000 were recorded during the years ended 31 December 2024 and 2025, as incentive measures to promote the high-quality industrial development and encourage research and development activities of the Group in the PRC, of which the amounts of government grants related to assets are RMB20,470,000 and RMB42,051,000 respectively, and the other amounts are related to income. There were no unfulfilled conditions and other contingencies attached to the receipts of those grants. There is no assurance that the Group will continue to receive such grants in the future.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

6. PROFIT BEFORE TAX

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

	Notes	2025 RMB'000	2024 RMB'000
Cost of sales*		3,896,385	3,422,947
Depreciation of property, plant and equipment*	13	502,374	461,752
Depreciation of right-of-use assets*	14(a)	67,879	55,194
Amortisation of other intangible assets*	16	4,535	9,184
Research and development costs:			
Current year expenditure		593,261	614,490
Lease payments not included in the measurement of lease liabilities	14(c)	98,988	39,450
Auditor's remuneration		5,780	5,900
Employee benefit expense* (excluding directors' and chief executive's remuneration (note 8)):			
Wages and salaries		1,925,961	1,772,936
Share-based payment expense		8,268	15,414
Pension scheme contributions**		212,473	195,112
Bank interest income	5	(202,967)	(210,401)
Fair value gain on financial assets at fair value through profit or loss		(35,761)	(39,573)
Fair value loss on financial assets at fair value through profit or loss		13,797	-
Loss on disposal of items of property, plant and equipment and other intangible assets		11,602	6,044
Gain on disposal of right-of-use assets		-	(72)
Impairment losses on inventories		58,211	47,064
Impairment losses on items of property, plant and equipment and other intangible assets		-	17,830
Impairment losses on financial and contract assets, net		72,614	11,668
Foreign exchange differences, net		123,799	(130,433)

* Depreciation of property, plant and equipment, depreciation of right-of-use assets, amortisation of other intangible assets and employee benefit expense for the year are mainly included in "Cost of sales" in the consolidated statement of profit or loss.

** There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

7. FINANCE COSTS

	2025 RMB'000	2024 RMB'000
Interest on lease liabilities	12,751	9,505
Total	12,751	9,505

NOTES TO FINANCIAL STATEMENTS

31 December 2025

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors', chief executive's and supervisors' 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:

	2025 RMB'000	2024 RMB'000
Fees	451	450
Other emoluments:		
Salaries, allowances and benefits in kind	14,278	14,498
Performance related bonuses	8,327	5,971
Equity-settled share option expense	5,217	3,513
Pension scheme contributions	1,213	1,158
	29,035	25,140
Total fees and other emoluments	29,486	25,590

During the year, certain directors were granted share options, in respect of their services to the Group, under the share option scheme of the Company, further details of which are set out in note 31 to the financial statements. The fair values of such options, which have been recognised in the statement of profit or loss over the vesting period, were 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.

(a) Independent non-executive directors

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

	2025 RMB'000	2024 RMB'000
Dr. Sun Xuejiao	150	150
Dr. Hou Xinyi*	150	125
Mr. Lee, Kar Chung Felix**	88	150
Mr. Xie Weikai***	63	–
Mr. Wang Qingsong****	–	25
Total	451	450

* Dr. Hou Xinyi was elected as an independent non-executive director of the Company in February 2024.

** Mr. Lee, Kar Chung Felix retired as an independent non-executive director of the Company in August 2025.

*** Mr. Xie Weikai was elected as an independent non-executive director of the Company in August 2025.

**** Mr. Wang Qingsong retired as an independent non-executive director of the Company in February 2024.

There were no other emoluments payable to the independent non-executive directors during the year (2024: Nil).

NOTES TO FINANCIAL STATEMENTS

31 December 2025

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

(b) Executive directors and the chief executive

	Salaries, allowances and benefits		Performance Related	Equity-settled share option	Pension Scheme	Total
	Fees	in kind	bonuses	expense	contributions	remuneration
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
2025						
Executive directors:						
Mr. Hao Hong (Chief executive)	-	3,899	3,000	-	453	7,352
Dr. Ye Song	-	707	-	-	270	977
Ms. Yang Rui	-	3,572	1,818	810	125	6,325
Mr. Hong Liang	-	2,012	949	1,080	120	4,161
Ms. Zhang Ting	-	1,002	700	713	120	2,535
Mr. Zhang Da	-	3,086	1,860	2,614	125	7,685
Total	-	14,278	8,327	5,217	1,213	29,035

	Salaries, allowances and benefits		Performance Related	Equity-settled share option	Pension Scheme	Total
	Fees	in kind	bonuses	expense	contributions	remuneration
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
2024						
Executive directors:						
Mr. Hao Hong (Chief executive)	-	3,529	2,000	-	221	5,750
Dr. Ye Song	-	713	-	-	133	846
Ms. Yang Rui	-	3,490	1,859	958	115	6,422
Mr. Hong Liang	-	1,965	501	958	115	3,539
Ms. Zhang Ting	-	963	600	319	115	1,997
Mr. Zhang Da	-	2,978	860	1,278	115	5,231
Total	-	13,638	5,820	3,513	814	23,785

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

(c) Supervisors

Pursuant to a resolution of the shareholders' meeting in July 2025, the Company resolved to dissolve the board of supervisors.

	Salaries, allowances and benefits in kind RMB'000	Performance Related bonuses RMB'000	Pension Scheme contributions RMB'000	Total remuneration RMB'000
2025				
Supervisors:	–	–	–	–
Total	–	–	–	–

	Salaries, allowances and benefits in kind RMB'000	Performance Related bonuses RMB'000	Pension Scheme contributions RMB'000	Total remuneration RMB'000
2024				
Supervisors:				
Ms. Zhi Xinxin	320	60	163	543
Ms. Di Shanshan	174	25	69	268
Ms. Hou Jingyi	366	66	112	544
Total	860	151	344	1,355

NOTES TO FINANCIAL STATEMENTS

31 December 2025

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included three directors (2024: three directors), details of whose remuneration are set out in note 8 above. The remaining two (2024: two) highest paid employees are neither a director nor chief executive of the Company. Details of the remuneration for the year of the five highest paid employees are as follows:

	2025 RMB'000	2024 RMB'000
Salaries, allowances and benefits in kind	14,302	15,963
Performance related bonuses	12,972	8,635
Equity-settled share option expense	6,310	4,025
Pension scheme contributions	1,385	1,297
Total	34,969	29,920

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2025	2024
Nil to HK\$5,000,000	–	1
HK\$5,000,001 to HK\$8,000,000	2	1
HK\$8,000,001 to HK\$11,000,000	–	–
Total	2	2

10. INCOME TAX EXPENSE

The provision for the Chinese mainland current income tax is based on a statutory rate of 25% of the assessable profits of the Group as determined in accordance with the PRC Corporate Income Tax Law which was approved and became effective on 1 January 2008, except for certain subsidiaries of the Group in the Chinese mainland, that were accredited as “High and New Technology Enterprises” and “Western Development Policy” and entitled to a preferential rate of 15% in 2025.

Taxes on profits assessable elsewhere have been calculated at the tax rates prevailing in the jurisdictions in which the Group operates. The group entities incorporated in United States were subject to the federal corporate tax at a rate of 21% for the years ended 31 December 2024 and 2025. The group entities incorporated in the United Kingdom were subject to tax at a rate of 19% for the years ended 31 December 2024 and 2025.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

10. INCOME TAX EXPENSE (continued)

	2025 RMB'000	2024 RMB'000
Current	210,108	154,246
Deferred (note 26)	(50,365)	(17,621)
Total tax charge for the year	159,743	136,625
	2025 RMB'000	2024 RMB'000
Profit before tax	1,286,385	1,072,381
Tax at the statutory tax rate (Note (a))	321,596	160,857
Effect of different tax rates of subsidiaries	(139,981)	(7,024)
Adjustments in respect of current tax of previous periods	5,635	2,339
Profit attributable to associates	1,207	1,204
Effect of tax rate changes on opening deferred income tax balances	(15,686)	4,210
Deductible temporary differences and tax losses not recognised	75,915	56,332
Impact of tax incentives and reduction including additionally deducted for qualified research and development costs	(93,184)	(90,996)
Expenses not deductible for tax	1,131	8,519
Other	3,110	1,184
Tax charge at the Group's effective rate	159,743	136,625

- (a) The Group applied the statutory income tax rate of 25% in calculating the Group's income tax expense for the year ended 31 December 2025 as the Company is no longer entitled to the preferential tax rate of 15% which is applicable to High and New Technology Enterprises, due to the fact that the proportion of the Company's revenue from high and new technology industries is lower than the required threshold.

Pillar Two income taxes

The Group is within the scope of the Pillar Two model rules. The Group has applied the mandatory exception to recognising and disclosing information about deferred tax assets and liabilities arising from Pillar Two income taxes, and will account for the Pillar Two income taxes as current tax when incurred. Pillar Two legislation has been enacted or substantively enacted but not yet in effect as at 31 December 2025 in certain jurisdictions in which the Group operates.

11. DIVIDENDS

	2025 RMB'000	2024 RMB'000
Proposed final – RMB1.30 (2024: RMB1.10) per ordinary share	467,641	395,030

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent of RMB1,125,974,000 (2024: RMB946,451,000) which has been adjusted for cash dividend of restricted shares, and the weighted average number of ordinary shares of 356,576,000 (2024: 352,106,000) outstanding during the year.

The calculation of the diluted earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares outstanding during the year, as used in the basic earnings per share calculation, and the weighted average number of restricted ordinary shares with a contingent non-market performance condition assumed to have been released upon vesting of all dilutive potential ordinary shares.

The calculations of basic and diluted earnings per share are based on:

	2025 RMB'000	2024 RMB'000
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the diluted earnings per share calculation	1,132,570	948,950
Less: Cash dividends attributable to the shareholders of restricted shares expected to be unlocked in the future	(6,596)	(2,499)
Profit attributable to ordinary equity holders of the parent used in the basic earnings per share calculation	1,125,974	946,451
Number of shares		
	2025 '000	2024 '000
Shares		
Weighted average number of ordinary shares outstanding during the year used in the basic earnings per share calculation	356,576*	352,106
Effect of dilution – weighted average number of ordinary shares: Restricted A shares	519	2
Weighted average number of ordinary shares in issue during the year used in the diluted earnings per share calculation	357,095	352,108

The high cash dividend distribution plan for this year and the restricted A shares have an anti-diluting effect and were ignored in the calculation of diluted earnings per share. Therefore, the diluted earnings per share and basic earnings per share are the same.

* The weighted average number of shares was after taking into account the effect of treasury shares held.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

13. PROPERTY, PLANT AND EQUIPMENT

31 December 2025	Buildings	Leasehold improvements	Manufacturing and R&D equipment	Office equipment	Motor vehicles	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2025							
Cost	2,463,864	166,403	3,230,332	126,670	23,244	1,866,781	7,877,294
Accumulated depreciation and impairment	(557,107)	(67,304)	(1,192,797)	(100,296)	(19,958)	-	(1,937,462)
Net carrying amount	1,906,757	99,099	2,037,535	26,374	3,286	1,866,781	5,939,832
At 1 January 2025, net of accumulated depreciation and impairment	1,906,757	99,099	2,037,535	26,374	3,286	1,866,781	5,939,832
Additions	435	130	36,175	2,172	-	973,823	1,012,735
Disposals	(4,338)	-	(5,322)	(93)	(3)	-	(9,756)
Depreciation provided during the year	(133,091)	(23,938)	(328,720)	(14,757)	(1,868)	-	(502,374)
Transfers	219,790	43,134	730,799	20,443	95	(1,014,261)	-
Exchange rate impact	-	-	95	287	-	902	1,284
At 31 December 2025, net of accumulated depreciation and impairment	1,989,553	118,425	2,470,562	34,426	1,510	1,827,245	6,441,721
At 31 December 2025							
Cost	2,676,209	209,667	3,927,623	148,725	22,847	1,827,245	8,812,316
Accumulated depreciation and impairment	(686,656)	(91,242)	(1,457,061)	(114,299)	(21,337)	-	(2,370,595)
Net carrying amount	1,989,553	118,425	2,470,562	34,426	1,510	1,827,245	6,441,721

NOTES TO FINANCIAL STATEMENTS

31 December 2025

13. PROPERTY, PLANT AND EQUIPMENT (continued)

	Buildings	Leasehold improvements	Manufacturing and R&D equipment	Office equipment	Motor vehicles	Construction in progress	Total
31 December 2024	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024							
Cost	2,060,084	166,073	3,183,783	116,184	25,384	1,330,742	6,882,250
Accumulated depreciation and impairment	(401,509)	(43,685)	(966,921)	(83,897)	(20,157)	-	(1,516,169)
Net carrying amount	1,658,575	122,388	2,216,862	32,287	5,227	1,330,742	5,366,081
At 1 January 2024, net of accumulated depreciation and impairment	1,658,575	122,388	2,216,862	32,287	5,227	1,330,742	5,366,081
Additions	2,420	330	53,263	11,562	119	975,746	1,043,440
Disposals	(3,500)	-	(4,760)	(86)	(22)	-	(8,368)
Reclassification	55,008	-	(55,008)	-	-	-	-
Depreciation provided during the year	(121,694)	(23,619)	(297,004)	(17,397)	(2,038)	-	(461,752)
Transfers	315,948	-	124,182	-	-	(440,130)	-
Exchange rate impact	-	-	-	8	-	423	431
At 31 December 2024, net of accumulated depreciation and impairment	1,906,757	99,099	2,037,535	26,374	3,286	1,866,781	5,939,832
At 31 December 2024							
Cost	2,463,864	166,403	3,230,332	126,670	23,244	1,866,781	7,877,294
Accumulated depreciation and impairment	(557,107)	(67,304)	(1,192,797)	(100,296)	(19,958)	-	(1,937,462)
Net carrying amount	1,906,757	99,099	2,037,535	26,374	3,286	1,866,781	5,939,832

14. LEASES

The Group as a lessee

The Group has lease contracts for various items of buildings used in its operations. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 50 years, and no ongoing payments will be made under the terms of these land leases. Leases of buildings generally have lease terms between 2 and 10 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group. There are several lease contracts that include extension and termination options, which are further discussed below.

(a) *Right-of-use assets*

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Leasehold land RMB'000	Buildings RMB'000	Total RMB'000
As at 1 January 2024	412,046	114,421	526,467
Additions	–	228,162	228,162
Depreciation charge	(9,370)	(45,824)	(55,194)
Derecognition	–	(25)	(25)
Exchange rate impact	–	355	355
As at 31 December 2024 and 1 January 2025	402,676	297,089	699,765
Additions	3,507	7,653	11,160
Depreciation charge	(9,382)	(58,497)	(67,879)
Lease modification	–	19,322	19,322
Exchange rate impact	–	7,240	7,240
As at 31 December 2025	396,801	272,807	669,608

(b) *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 1 January	324,754	135,021
Additions	7,653	228,162
Accretion of interest recognised during the year	12,751	9,505
Payments	(62,743)	(46,562)
Exchange realignment	7,448	–
Terminations	–	(1,372)
Lease modification	19,321	–
Carrying amount at 31 December	309,184	324,754
Analysed into:		
Current portion	52,711	42,225
Non-current portion	256,473	282,529

The maturity analysis of lease liabilities is disclosed in note 38 to the financial statements.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

14. LEASES (continued)

The Group as a lessee (continued)

(c) *The amounts recognised in profit or loss in relation to leases are as follows:*

	2025 RMB'000	2024 RMB'000
Interest on lease liabilities	12,751	9,505
Depreciation charge of right-of-use assets	67,879	54,839
Expense relating to short-term leases	98,988	39,450
Total amount recognised in profit or loss	179,618	103,794

(d) *Extension and termination options*

The Group has several lease contracts that include extension and termination options. However, the Group did not expect to exercise such options as at 31 December 2025.

(e) *Variable lease payments*

The Group has lease contracts for buildings that contain variable payments based on tax payments generated from buildings. The following summary provides information on the Group's variable lease payments, including the magnitude in relation to fixed payments:

If the tax payments generated by entity which has the leased building does not reach the amount agreed in the contract, the rental fee for the rent-free period will be charged at RMB0.50 per square meter per day.

No amounts of the fixed and variable lease payments recognized in profit or loss for the current year for these leases (2024: Nil).

(f) The total cash outflow for leases are disclosed in notes 32(c) and 38, respectively, to the financial statements.

15. GOODWILL

	RMB'000
At 1 January 2024 and 31 December 2024:	
Cost	146,183
Accumulated impairment	–
Net carrying amount	146,183
At 31 December 2025:	
Cost	146,183
Accumulated impairment	–
Net carrying amount	146,183

Impairment testing of goodwill

Tianjin Clin-nov Medical Technology Development Co., Ltd. (“Clin-nov Medical”), acquired Tianjin GoalGen Biotechnology Co., Ltd. and Beijing Improve-Quality Technology Co., Ltd. in September 2020 and December 2022, respectively, and each company independently generated cash flow from the point of acquisition to July 2023. In August 2023, Clin-nov Medical integrated the business and management resources of the subsidiaries, and adjusted the organisational structure. The integrated Clin-nov Medical consists of clinical research service business segment, clinical system application service segment, clinical data management and statistical service segment and operation guarantee segment. After the integration, Clin-nov Medical and Beijing Improve-Quality Technology Co., Ltd. were assigned to the clinical research service asset group and clinical data management and statistical service asset group respectively. Among them, the operation guarantee sector belongs to the headquarters asset and cannot generate cash flow independently, while the other three sectors generate cash flow independently.

Goodwill acquired through business combinations is allocated to the following CGUs for impairment testing:

- Clinical research service cash-generating unit.
- Clinical data management and statistical service cash-generating unit.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

15. GOODWILL (continued)

Impairment testing of goodwill (continued)

Clinical research service CGU

The Clinical research service asset group is mainly composed of the clinical research service business and the shared headquarters assets of Cli-nov Medical and Tianjin GoalGen Biotechnology Co. Cash inflows generated by the clinical research services asset group are substantially independent of cash inflows generated by other assets or asset groups. The recoverable amount of the clinical research service CGU has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management and future stabilization periods. The pre-tax discount rate applied to the cash flow projections is 15.74%.

Clinical data management and statistical service CGU

The recoverable amount of the statistical analysis service CGU has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The pre-tax discount rate applied to the cash flow projections is 15.00%.

The carrying amount of goodwill allocated to each of the CGUs is as follows:

	Clinical research CRO service CGU		Statistical analysis service CGU		Total	
	2025	2024	2025	2024	2025	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Carrying amount of goodwill	43,186	43,186	102,997	102,997	146,183	146,183

Assumptions were used in the value in use calculation of the Clinical research service CGU and Statistical analysis service CGU for 31 December 2025 and 2024. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Average revenue growth rate for the forecast period – The growth rate is based on projections of industry-related growth, determined on the basis of no more than the average long-term growth rate of the relevant industry, taking into account the business unit's historical operating conditions prior to the budget year.

Pre-tax discount rate – The pre-tax discount rate used is determined using the capital asset pricing model with reference to the beta coefficient and debt ratio of certain publicly listed companies in the technology industry.

The values assigned to the key assumptions about market developments and discount rates are consistent with external sources of information.

The Group performed sensitivity analysis and there's no reasonably possible change in the key assumptions of the cash flow projections would cause its carrying amount exceed its recoverable amount.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

16. OTHER INTANGIBLE ASSETS

	Customer relationship RMB'000	Patents and licences RMB'000	software and others RMB'000	Total RMB'000
31 December 2025				
Cost at 1 January 2025, net of accumulated amortisation	7,300	112	20,078	27,490
Additions	–	36	2,048	2,084
Disposals	–	–	(39)	(39)
Amortisation provided during the year	(1,043)	(28)	(3,464)	(4,535)
At 31 December 2025	6,257	120	18,623	25,000
At 31 December 2025				
Cost	35,900	1,422	52,679	90,001
Accumulated amortisation	(11,813)	(1,302)	(34,056)	(47,171)
Accumulated impairment	(17,830)	–	–	(17,830)
Net carrying amount	6,257	120	18,623	25,000
31 December 2024				
Cost at 1 January 2024, net of accumulated amortisation	28,720	146	24,702	53,568
Additions	–	–	1,222	1,222
Disposals	–	–	(286)	(286)
Amortisation provided during the year	(3,590)	(34)	(5,560)	(9,184)
Impairment during the year	(17,830)	–	–	(17,830)
At 31 December 2024	7,300	112	20,078	27,490
At 31 December 2024				
Cost	35,900	1,386	50,675	87,961
Accumulated amortisation	(10,770)	(1,274)	(30,597)	(42,641)
Accumulated impairment	(17,830)	–	–	(17,830)
Net carrying amount	7,300	112	20,078	27,490

NOTES TO FINANCIAL STATEMENTS

31 December 2025

17. INVESTMENTS IN ASSOCIATES

	2025 RMB'000	2024 RMB'000
Share of net assets		
– Tianjin Haihe Asymchem Biomedical Industry Innovation Investment Fund (Limited Partnership) (“Haihe Asymchem”)	285,119	258,820
– Tianjin Yugen Medtech Co., Ltd. (“Yugen Medtech”)	33,467	38,297
– Tianjin Haihe Asymchem Medical and Health Industry Investment Fund Partnership Enterprise (Limited Partnership) (“Haihe Asymchem Medical and Health Fund”)	254,883	239,470
Total	573,469	536,587

Name	Particulars of issued shares held	Place of incorporation/ registration and business	Percentage of ownership interest attributable to the Group	Principal activities
Haihe Asymchem	Ordinary shares	the PRC	26.40	Corporate investment
Yugen Medtech	Ordinary shares	the PRC	29.03	Medical research and development
Haihe Asymchem Medical and Health Fund	Ordinary shares	the PRC	39.79	Corporate investment

The following table illustrates the aggregate financial information of the Group’s associates that are not individually material:

	2025 RMB'000	2024 RMB'000
Share of the associates’ profits and losses for the year	36,882	24,860
Dividends received	–	(11,737)
Aggregate carrying amount of the Group’s investments in the associates	573,469	536,587

NOTES TO FINANCIAL STATEMENTS

31 December 2025

18. INVENTORIES

	2025 RMB'000	2024 RMB'000
Raw materials	366,329	286,988
Work in progress	991,648	760,001
Finished goods	112,905	146,357
Total	1,470,882	1,193,346

19. TRADE AND BILLS RECEIVABLES

	2025 RMB'000	2024 RMB'000
Trade and bills receivables	2,147,128	1,939,914
Impairment	(169,663)	(103,027)
Total	1,977,465	1,836,887

The Group's trading terms with its customers are mainly on credit. The ordinary credit period is up to 30-90 days. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

Details of the concentration of credit risk arising from the customers are set out in note 38 to the consolidated financial statements.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2025 RMB'000	2024 RMB'000
Within 1 year	1,875,971	1,759,490
1 to 2 years	71,270	74,247
2 to 3 years	30,191	3,150
Over 3 years	33	-
Total	1,977,465	1,836,887

NOTES TO FINANCIAL STATEMENTS

31 December 2025

19. TRADE AND BILLS RECEIVABLES (continued)

The movements in the loss allowance for impairment of trade receivables are as follows:

	2025 RMB'000	2024 RMB'000
At beginning of year	103,027	105,823
Impairment losses recognised	68,998	(122)
Disposal of subsidiaries	–	(333)
Amount written off as uncollectible	(2,362)	(2,341)
At end of year	169,663	103,027

	2025			
	Carrying amount		Impairment losses	
	RMB'000	Rate%	RMB'000	Rate%
Provision on a separate basis	5,186	0.24	5,186	100.00
Provision according to credit risk characteristics	2,141,942	99.76	164,477	7.68
Total	2,147,128	100.00	169,663	7.90

	2024			
	Carrying amount		Impairment losses	
	RMB'000	Rate%	RMB'000	Rate%
Provision on a separate basis	5,185	0.27	5,185	100.00
Provision according to credit risk characteristics	1,934,729	99.73	97,842	5.06
Total	1,939,914	100.00	103,027	5.31

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

NOTES TO FINANCIAL STATEMENTS

31 December 2025

19. TRADE AND BILLS RECEIVABLES (continued)

As at 31 December 2025

	Within 1 year	Over 1 year but Within 2 years	Over 2 years but within 3 years	Over 3 years	Total
Expected credit loss rate	2.81%	36.64%	66.92%	100.00%	7.68%
Gross carrying amount (RMB'000)	1,930,267	112,489	91,260	7,926	2,141,942
Expected credit losses (RMB'000)	54,264	41,218	61,069	7,926	164,477

As at 31 December 2024

	Within 1 year	Over 1 year but Within 2 years	Over 2 years but within 3 years	Over 3 years	Total
Expected credit loss rate	2.23%	33.75%	60.88%	100.00%	5.06%
Gross carrying amount (RMB'000)	1,799,672	112,077	8,053	14,927	1,934,729
Expected credit losses (RMB'000)	40,182	37,830	4,903	14,927	97,842

20. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2025 RMB'000	2024 RMB'000
Prepayments	529,749	363,776
Other tax recoverable	159,797	216,077
Deposits	35,458	35,571
Certificates of deposits	255,085	461,908
Other receivables	9,616	10,138
Subtotal	989,705	1,087,470
Impairment allowance	(20,428)	(18,266)
	969,277	1,069,204
Current portion	523,270	586,795
Non-current portion	446,007	482,409

NOTES TO FINANCIAL STATEMENTS

31 December 2025

20. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS (continued)

An ageing analysis of the current portion of prepayments, deposits and other receivables as at the end of the reporting period, based on the invoice date and net of provisions, is as follows:

	2025 RMB'000	2024 RMB'000
Within 1 year	492,012	556,244
1 to 2 years	22,380	19,183
2 to 3 years	5,666	8,346
Over 3 years	3,212	3,022
Total	523,270	586,795

The changes in the impairment allowance of other receivables based on 12-month and the entire life expectancy expected credit losses are as follows:

	Stage 1 12-month ECLs RMB'000	Stage 2 Lifetime ECLs RMB'000	Stage 3 Lifetime ECLs RMB'000	Total RMB'000
At 1 January 2025	18,266	-	-	18,266
Provision for impairment losses for this year	9,283	-	-	9,283
Reversal of impairment losses	(7,121)	-	-	(7,121)
At 31 December 2025	20,428	-	-	20,428

	Stage 1 12-month ECLs RMB'000	Stage 2 Lifetime ECLs RMB'000	Stage 3 Lifetime ECLs RMB'000	Total RMB'000
At 1 January 2024	12,003	-	-	12,003
Provision for impairment losses for this year	26,317	-	-	26,317
Reversal of impairment losses	(20,054)	-	-	(20,054)
At 31 December 2024	18,266	-	-	18,266

NOTES TO FINANCIAL STATEMENTS

31 December 2025

20. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS (continued)

The movements in provision for impairment of other receivables are as follows:

	2025 RMB'000	2024 RMB'000
At beginning of year	18,266	12,003
Impairment losses recognised	2,162	6,263
At end of year	20,428	18,266

The Group has applied the general approach to providing impairment for ECLs prescribed by IFRS 9, which permits either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition.

An impairment analysis is performed at the end of the reporting period to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

21. CONTRACT ASSETS

	2025 RMB'000	2024 RMB'000
Contract assets arising from technical services	96,207	113,042
Impairment	(13,042)	(11,572)
Total	83,165	101,470

The performance obligation of rendering services is to provide services related to pharmaceutical business to its customers and the Group considers the performance obligations were satisfied over time under FTE and FFS arrangements respectively. The contract assets are primarily related to the Company's right to the consideration for the work completed and not billed. The increase in contract assets in 2025 was the result of the increase in the ongoing sales of services at the end of the year.

The expected timing of recovery or settlement is generally within one year.

The movements in the loss allowance for impairment of contract assets are as follows:

	2025 RMB'000	2024 RMB'000
At beginning of year	(11,572)	(6,025)
Impairment losses recognised	(1,470)	(5,547)
At end of year	(13,042)	(11,572)

NOTES TO FINANCIAL STATEMENTS

31 December 2025

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets

	2025 RMB'000	2024 RMB'000
Wealth management products	1,116,584	1,539,809
Other unlisted investments, at fair value	193,523	157,762
Current portion	1,116,584	1,539,809
Non-current portion	193,523	157,762

The above financial assets were wealth management products and two unlisted investments in investment fund in the Chinese Mainland. They were classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

23. CASH AND CASH BALANCES

	2025 RMB'000	2024 RMB'000
Cash and bank balances	6,320,950	5,789,408
Less: Time deposits with original maturity of more than three months	(2,277,333)	(2,718,529)
Pledged for letters of credit and others	(174)	(7,646)
Restricted deposits	(640,110)	(54,024)
Cash and cash equivalents	3,403,333	3,009,209

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.

Cash at banks and time deposits earn interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default and no expected credit loss was expected to incur.

The carrying amounts of cash and cash equivalents approximate to their fair values.

	2025 RMB'000	2024 RMB'000
Denominated in RMB	1,211,112	1,427,499
Denominated in USD	2,164,293	1,562,958
Denominated in EUR	7,718	-
Denominated in GBP	1,386	9,596
Denominated in HK\$	12,225	6,822
Denominated in JPY	5,508	1,270
Denominated in SGD	1,091	1,064
Cash and cash equivalents	3,403,333	3,009,209

NOTES TO FINANCIAL STATEMENTS

31 December 2025

24. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2025	2024
	RMB'000	RMB'000
Within 1 year	426,364	358,342
1 to 2 years	102,330	56,497
Over 2 years	55,694	34,677
Total	584,388	449,516

The trade payables are non-interest-bearing and have an average term of three months.

The trade payables are measured at amortised cost, and the carrying amounts are reasonably approximate to fair values.

25. OTHER PAYABLES AND ACCRUALS

	Notes	2025	2024
		RMB'000	RMB'000
Current portion			
Payroll and welfare payable		369,395	316,723
Other tax payables		63,699	64,759
Contract liabilities	(a)	251,470	269,941
Repurchase obligation of Restricted shares	(c)	214,527	150,474
Other payables	(b)	348,224	364,200
Total		1,247,315	1,166,097
Non-current portion			
Deferred income		294,734	298,622

Notes:

(a) Details of contract liabilities are as follows:

	31 December	31 December
	2025	2024
	RMB'000	RMB'000
Advances received from customers -Transfer of goods and services	251,470	269,941

Contract liabilities include advances received to deliver products and services.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

25. OTHER PAYABLES AND ACCRUALS (continued)

- (b) Other payables are non-interest-bearing and have an average term of three months.

Other payables are measured at amortised cost, and the carrying amounts reasonably approximate to fair values.

- (c) The payable represents the repurchase obligations associated with the restricted shares issued to employees. Pursuant to the shareholders resolutions on 8 January 2022, 23 September 2021 and 28 April 2023 for incentive schemes, the Group shall repurchase the restricted A shares at an agreed price if the profitability of the Group or performance of granted eligible employees is not fulfilled, or if the eligible employees leave the Group. Given the vesting of the tranche relating to profitability of the Group and that the performance of eligible employees had not occurred at the end of the reporting period, the consideration received for the restricted share repurchase is then accounted for as a deposit received. Details are disclosed in note 31 to the consolidated financial statements.

26. DEFERRED TAX

The movements in deferred tax liabilities and assets during the year are as follows:

Deferred tax liabilities

	Depreciation allowance in excess of related depreciation	Fair value adjustments arising from assets at fair value through other comprehensive income	Fair value adjustments arising from acquisitions of subsidiaries	Taxable temporary differences corresponding to the ROU	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Gross deferred tax liabilities at 31 December 2023 and 1 January 2024	255,223	8,997	4,308	19,552	288,080
Deferred tax charged/(credited) to the statement of profit or loss during the year (note 10)	(23,148)	5,882	(3,213)	(1,440)	(21,919)
Gross deferred tax liabilities at 31 December 2024 and 1 January 2025	232,075	14,879	1,095	18,112	266,161
Deferred tax charged/(credited) to the statement of profit or loss during the year (note 10)	(16,706)	18,458	(261)	30,923	32,414
Gross deferred tax liabilities at 31 December 2025	215,369	33,337	834	49,035	298,575

NOTES TO FINANCIAL STATEMENTS

31 December 2025

26. DEFERRED TAX (continued)

Deferred tax assets

	Provision for impairment of assets RMB'000	Elimination of unrealised profits RMB'000	Losses available for offsetting against future taxable profits RMB'000	Deferred income RMB'000	Lease RMB'000	Others RMB'000	Total RMB'000
Gross deferred tax assets at 31 December 2023 and 1 January 2024	22,962	14,821	282,767	28,011	22,525	12,917	384,003
Deferred tax credited/ (charged) to the statement of profit or loss during the year (note 10)	2,134	1,612	(6,381)	5,866	(1,626)	(5,797)	(4,192)
Gross deferred tax assets at 31 December 2024 and 1 January 2025	25,096	16,433	276,386	33,877	20,899	7,120	379,811
Deferred tax credited/ (charged) to the statement of profit or loss during the year (note 10)	10,585	2,590	23,350	5,757	30,630	9,867	82,779
Gross deferred tax assets at 31 December 2025	35,681	19,023	299,736	39,634	51,529	16,987	462,590

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	2025 RMB'000	2024 RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	275,619	248,353
Net deferred tax liabilities recognised in the consolidated statement of financial position	111,604	134,703

Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

26. DEFERRED TAX (continued)

Deferred tax assets (continued)

	2025 RMB'000	2024 RMB'000
Tax losses	948,649	493,086
Deductible temporary differences	79,976	13,159
Total	1,028,625	506,245

The Group has tax losses of approximately RMB606,162,000 (2024: RMB312,987,000) arising in the Chinese mainland that will expire in one to ten years for offsetting against future taxable profits. The Group has tax losses arising in UK US and others of approximately RMB342,487,000 (2024: RMB180,099,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. There are deductible temporary differences approximately RMB79,976,000 (2024: RMB13,159,000). Deferred tax assets have not been recognised in respect of these losses as they have arisen in the subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

27. PROVISION

The Group provides one-year warranties to its customers on certain of its industrial products and warranties ranging from one to five years to its customers for services for general repairs of defects occurring during the warranty period. The amount of the provision for the warranties is estimated based on past experience of the level of repairs and returns. The estimation basis is reviewed on an ongoing basis and revised where appropriate.

	Warranties RMB'000
At 1 January 2025	785
Additional provision	28
Amounts utilised during the year	(785)
At 31 December 2025	28
Portion classified as current liabilities	—
Non-current portion	28

NOTES TO FINANCIAL STATEMENTS

31 December 2025

28. SHARE CAPITAL

Shares

	2025 RMB'000	2024 RMB'000
Issued and fully paid:		
360,560,720 (2024: 367,716,423) ordinary shares	360,561	367,716

The ordinary shares of the Company do not have a par value.

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	Share capital RMB'000
At 1 January 2024	369,471,533	369,472
Forfeiture of restricted A shares	(2,100)	(2)
Cancellation of repurchased restricted A shares	(1,753,010)	(1,754)
At 1 January 2025	367,716,423	367,716
Forfeiture of restricted A shares (Note (a))	(33,000)	(33)
Cancellation of repurchased A shares (Note (b))	(7,122,703)	(7,122)
At 31 December 2025	360,560,720	360,561

Notes:

- (a) On 19 December 2025, the board of directors of the Company has considered and approved the "Proposal on the Repurchase and Cancellation of Part of the Restricted Shares under the 2025 A Share Scheme", pursuant to which a total of 33,000 restricted A Shares granted but not yet unlocked under (i) the initial grant of the 2025 A Share Scheme held by seven incentive participants who have resigned and (ii) the reserved grant of the 2025 A Share Scheme held by one incentive participant who has resigned will be repurchased and cancelled.
- (b) Pursuant to the repurchase plan as approved by the Shareholders on 29 February 2024, the Company repurchased part of the A Shares with self-owned funds through centralized price bidding (the "A Share Repurchase") which will be used to implement the employee share ownership plan or the share incentive scheme of the Company and cancellation and reduction of the registered capital. As of 18 February 2025, the aforementioned A Share Repurchase had been completed. The implementation period for the A Share Repurchase was from 7 March 2024 to 18 February 2025. The repurchase prices ranged from a minimum of RMB71.65 to a maximum of RMB102.00 per Share. The Company had successfully accumulatively repurchased 12,300,701 A Shares. Among the 12,300,701 A Shares repurchased, following the review and confirmation by the Shenzhen Branch of the China Securities Depository and Clearing Co., Ltd., the cancellation of the Company's repurchased 7,122,703 A Shares was completed on 26 February 2025.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

29. TREASURY SHARES

	RMB'000
At 31 December 2024 and 1 January 2025	1,232,758
Final 2024 dividend declared and paid	(287)
Restricted A shares granted	(195,191)
Forfeiture of restricted A shares	(1,236)
Sale of treasury shares	(203,604)
Forfeiture of ESOP	522,381
Repurchase of H Shares	62,592
Cancellation of repurchased A shares	(578,964)
At 31 December 2025	838,449

30. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on pages 127 to 128 of the financial statements.

Capital reserve

The capital reserve represents the aggregate amount of share-based payment and share issue expense. Details of the movements are set out in the consolidated statement of changes in equity.

Statutory surplus reserve

In accordance with the Company Law of the People's Republic of China, the subsidiaries in the PRC are required to allocate 10% of the statutory after tax profits to the statutory surplus reserve until the cumulative total of the reserve reaches 50% of the subsidiaries' registered capital. Subject to approval from the relevant PRC authorities, the statutory surplus reserve may be used to offset any accumulated losses or increase the registered capital of the subsidiaries. The statutory surplus reserve is not available for dividend distribution to shareholders of the PRC subsidiaries.

Exchange fluctuation reserve

The exchange fluctuation reserve represents exchange differences arising from the translation of the consolidated financial statements of foreign operations whose functional currencies are different from the Group's presentation currency.

31. SHARE-BASED PAYMENTS

2025 Restricted A-share incentive schemes

The Group adopted share incentive schemes (the “Restricted A-share Incentive Schemes”) for the purpose of further refining the corporate governance structure of the Group, facilitating the establishment of the restricted incentive mechanism, fully motivating the directors and key personnel of the Group, as well as balancing the interests of the shareholders, the Group and management for the long-term development of the Group.

The Restricted A-share Incentive Scheme 2025 was approved by the shareholders of the Company. On 3 April 2025, the relevant resolutions were considered and passed at the first extraordinary general meeting of 2025, pursuant to which the date of grant for the Restricted Share Incentive Scheme 2025 of the Company was set on 3 April 2025. On 24 April 2025 (the date of grant), pursuant to the Restricted A-share Incentive Scheme 2025, 4,896,000 A-shares were granted to 648 eligible participants of the Restricted A-share Incentive Scheme 2025 (the share incentive participants) at a grant price of RMB37.52 per share. The share incentive participants include executive directors and the members of senior management of the Company and core technical and management personnel of the Company and its subsidiaries.

The restricted A-share shall be locked up immediately upon grant. All of the restricted A-shares granted to the A-shares incentive participants shall be subject to various lock-up periods of 1 year, 2 years, 3 years and 4 years, immediately from the date of grant. the restricted A-share held by the A-shares incentive participants shall be unlocked in four tranches in the proportions of 25%, 25%, 25% and 25% of the total number of the restricted A-shares granted upon the expiry of each lock-up period. Should the market conditions not be met, the additional lock-up period shall be prolonged by 3 months accordingly. Where the performance target at company level has been achieved, share incentive participants are only entitled to unlock the restricted A-shares upon achieving the benchmarks of “Pass” or above in their performance target for the preceding year according to the Company’s administrative measures in respect of the remuneration and performance appraisal.

Details of the corresponding unlock rate for different performance levels are summarised as follows:

Performance	Outstanding	Outstanding	Pass
Unlocking coefficient	1.0	0.8	0.6

NOTES TO FINANCIAL STATEMENTS

31 December 2025

31. SHARE-BASED PAYMENTS (continued)

H Share Restricted Share Scheme

On 3 April 2025, the relevant resolutions of H Share Restricted Share Scheme were considered and passed at the Company's the first extraordinary general meeting of 2025, the first A Shares class meeting and the first H Shares class meeting. The specific objectives of the H Share Restricted Share Scheme are to establish and enhance the Company's long-term incentive mechanism, attract and retain exceptional talent; to fully engage the enthusiasm of the Company's key management, technology and business personnel, and to effectively align the interests of the Shareholders, the Company, and the key management, technology and business personnel, fostering a collective focus on the Company's long-term development.

The performance assessment indicators include the operating income growth rate and net profit growth rate. Such indicators are based on the Company's current development progress, future strategic planning, the overall development of the industry and other factors.

A Selected Participant to whom an Incentive Share shall be granted under the H Share Restricted Share Scheme is required to pay RMB1.00 per Incentive Share to the Company, being the nominal value of the H Shares.

As of 31 December 2025, an aggregate of 1,465,000 restricted H Shares were granted to eligible Participants under the H Share Restricted Share Scheme.

A-share Employee Stock Ownership Plan

On 18 November 2022, the relevant resolutions of A-share Employee Stock Ownership Plan 2022 (or "ESOP 2022") were considered and passed at the Company's 32nd meeting of the 4th session of the board of directors. On 17 December 2022, the ESOP 2022 was approved by the shareholders of the Company, pursuant to which the date of grant for the ESOP 2022 of the Company was set on 28 April 2023.

From September to November 2022, the Company repurchased a total of 5,229,266 A shares through centralised auction transactions to implement the ESOP 2022. The Company granted 4,429,800 restricted A-shares to 588 eligible participants at a grant price of RMB35 per share (the closing price of the share on the grant date was RMB126.45 per share).

31. SHARE-BASED PAYMENTS (continued)

A-share Employee Stock Ownership Plan (continued)

The ESOP 2022 shall be locked up immediately upon grant. All of shares of the ESOP 2022 granted to the A-shares incentive participants shall be subject to various lock-up periods of 1 year, 2 years and 3 years, immediately from the date of grant. the restricted A-shares held by the A-shares incentive participants shall be unlocked in three tranches in the proportions of 40%, 30% and 30% of the total number of shares of the ESOP 2022 granted upon the expiry of each lock-up period. Should the market conditions not be met, the additional lock-up period shall be prolonged by 3 months accordingly. Where the performance target at company level has been achieved, share incentive participants are only entitled to unlock the restricted A-shares upon achieving the benchmarks of “Pass” or above in their performance target for the preceding year according to the Company’s administrative measures in respect of the remuneration and performance appraisal.

	Number of RSU&ESOP	Weighted average grant date fair value per RSU&ESOP RMB
Outstanding as of 1 January 2024	6,615,620	31.15
Granted during the year	(3,102,960)	33.24
Vested during the year	(430,710)	81.84
Cancelled during the year	(1,753,010)	128.34
Outstanding as of 31 December 2024	1,328,940	33.20
Granted during the year	6,029,700	48.98
Vested during the year	-	-
Cancelled during the year	(1,363,620)	33.77
Outstanding as of 31 December 2025	5,995,020	48.95

The fair value of each RSU and ESOP on the grant date is determined by reference to the fair value of the underlying ordinary shares on the date of grant. The effect of a lock-up discount for selling restriction over a period after all vesting conditions are fulfilled was reflected in the fair value on the grant date.

During the years ended 31 December 2025 and 2024, the Group has recognised amounts of RMB8,268,000 and RMB15,414,000 as expenses, respectively.

In 2025, the Group failed to meet the vesting conditions, resulting in the failure to unlock the shares of the third ESOP 2022, which is the “void” of share-based payment. Therefore, the Group should reverse the previously recognised equity incentive expenses related to the third ESOP, so that the cumulative recognition of equity incentive expenses related to the third ESOP in 2025 was nil.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

32. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB7,653,000 (2024: RMB228,162,000), in respect of lease arrangements for building.

(b) Changes in liabilities arising from financing activities

2025

	Lease liabilities RMB'000
At 1 January 2025	324,754
Changes from financing cash flows	(62,743)
New leases	7,653
Interest expense (note 7)	12,751
Exchange realignment	7,448
Lease modification	19,321
At 31 December 2025	309,184

2024

	Interest-bearing bank borrowings RMB'000	Lease liabilities RMB'000
At 1 January 2024	12,228	135,021
Changes from financing cash flows	–	(46,562)
New leases	–	228,162
Interest expense (note 7)	–	9,505
Terminations	(12,228)	(1,372)
At 31 December 2024	–	324,754

(c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	2025 RMB'000	2024 RMB'000
Within operating activities	98,988	39,450
Within financing activities	62,743	46,562
Total	161,731	86,012

33. PLEDGE OF ASSETS

Details of the Group's assets pledged for the Group's bank loans in notes 23 to the consolidated financial statements.

34. COMMITMENTS

(a) The Group had the following capital commitments at the end of the reporting period:

	2025	2024
	RMB'000	RMB'000
Contracted, but not provided for:		
Buildings	166,115	144,515
Plant and machinery	421,127	270,166
Investments in financial assets at fair value through profit or loss	10,000	60,000
Total	597,242	474,681

35. RELATED PARTY TRANSACTIONS

(a) Names and relationships of related parties:

Name	Relationship
上海凱萊英檢測技術有限公司 Shanghai Asymchem Laboratories Testing Technology Co., Ltd ("Shanghai Asymchem Technology")	Subsidiary of an associate of the Group
有濟(天津)醫藥科技有限公司 Youji (Tianjin) Pharmaceutical Technology Co., Ltd	Subsidiary of an associate of the Group
天津有濟醫藥科技發展有限公司 Yugen Medtech	Associate
天津海河凱萊英生物醫藥產業創新投資基金(有限合夥) Tianjin Haihe Asymchem Biomedical Industry Innovation Investment Fund (Limited Partnership) ("Haihe Asymchem")	Associate
天津海河凱萊英醫療健康產業投資基金合夥企業(有限合夥) Tianjin Haihe Asymchem Medical and Health Industry Investment Fund Partnership Enterprise (Limited Partnership) ("Haihe Asymchem Medical and Health Fund")	Associate

NOTES TO FINANCIAL STATEMENTS

31 December 2025

35. RELATED PARTY TRANSACTIONS (continued)

(b) Outstanding balances with related parties:

(i) *Amount due from a related party included in trade receivables and contract assets*

	2025 RMB'000	2024 RMB'000
Youji (Tianjin) Pharmaceutical Technology Co., Ltd	21	532

(ii) *Amounts due to related parties included in trade payables*

	2025 RMB'000	2024 RMB'000
Youji (Tianjin) Pharmaceutical Technology Co., Ltd	4,592	1,330
Shanghai Asymchem Technology	173	–
Total	4,765	1,330

The amount due to related parties is unsecured, interest-free and repayable on demand.

(c) Transactions with related parties:

(i) *Sales to a related party*

	2025 RMB'000	2024 RMB'000
Youji (Tianjin) Pharmaceutical Technology Co., Ltd	324	529

(ii) *Purchases from related parties*

	2025 RMB'000	2024 RMB'000
Youji (Tianjin) Pharmaceutical Technology Co., Ltd	7,750	6,818
Shanghai Asymchem Technology	163	31
Total	7,913	6,849

The purchases from related parties were made according to the published prices and conditions similar to those offered to the independent third party customers of the suppliers.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

35. RELATED PARTY TRANSACTIONS (continued)

(c) Transactions with related parties: (continued)

(iii) *Other transactions with related parties*

	2025 RMB'000	2024 RMB'000
Co-investments with a related party		
Haihe Asymchem Medical and Health Fund (*)	–	240,000
Total	–	240,000

* Asymchem Life Science (Tianjin) Co., Ltd. ("Asymchem Life Science"), a wholly-owned subsidiary of the Group, invested RMB300,000,000 as a limited partner in Haihe Asymchem Medical and Health Fund. Asymchem Life Science hold 39.79% of the total capital of Haihe Asymchem Medical and Health Fund.

(d) Compensation of key management personnel of the Group:

	2025 RMB'000	2024 RMB'000
Short term employee benefits	40,646	39,990
Pension scheme contributions	2,446	2,383
Equity-settled share incentive scheme	12,600	8,178
Total	55,692	50,551

Further details of directors' and the chief executive's emoluments are included in note 8 to the consolidated financial statements.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

36. 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:

2025

Financial assets

	Financial assets at fair value through profit or loss		Total RMB'000
	Mandatorily designated as such RMB'000	Financial assets at amortised cost RMB'000	
Equity investments at fair value through other comprehensive income	–	–	–
Trade and bills receivables	–	1,977,465	1,977,465
Financial assets included in prepayments, other receivables and other assets	–	300,159	300,159
Financial assets at fair value through profit or loss	1,310,107	–	1,310,107
Cash and cash equivalents	–	6,320,950	6,320,950
Total	1,310,107	8,598,574	9,908,681

Financial liabilities

	Financial liabilities at amortised cost RMB'000
Trade payables	584,388
Financial liabilities included in other payables and accruals	348,224
Lease liabilities	309,184
Total	1,241,796

NOTES TO FINANCIAL STATEMENTS

31 December 2025

36. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows: (continued)

2024

Financial assets

	Financial assets at fair value through profit or loss		
	Mandatorily designated as such RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000
Equity investments at fair value through other comprehensive income	–	–	–
Trade and bills receivables	–	1,836,887	1,836,887
Financial assets included in prepayments, other receivables and other assets	–	507,617	507,617
Financial assets at fair value through profit or loss	1,697,571	–	1,697,571
Cash and cash equivalents	–	5,789,408	5,789,408
Total	1,697,571	8,133,912	9,831,483

Financial liabilities

	Financial liabilities at amortised cost RMB'000
Trade payables	449,516
Financial liabilities included in other payables and accruals	364,200
Lease liabilities	324,754
Total	1,138,470

NOTES TO FINANCIAL STATEMENTS

31 December 2025

37. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
Financial assets				
Financial assets at fair value through profit or loss	1,116,584	1,539,809	1,116,584	1,539,809
An unlisted investment fund	193,523	157,762	193,523	157,762
	1,310,107	1,697,571	1,310,107	1,697,571
Financial liabilities				
Financial liabilities at fair value through profit or loss	9,836	–	9,836	–
Total	9,836	–	9,836	–

Management has assessed that the fair values of cash and cash equivalents, trade receivables, financial assets included in prepayments, deposits and other receivables, trade payables, financial liabilities included in other payables and accruals and interest-bearing bank borrowings are approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer and the audit committee. At the reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The Group invests in unlisted non-principal-protected wealth management products issued by banks in the Chinese mainland. The Group has estimated the fair values of these unlisted investments by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

37. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

For the unlisted investment fund measured at fair value through profit or loss, management assessed the fair value based on the net asset value of the investment fund. Since the underlying unlisted equity portfolio was diversified and each underlying equity investment was immaterial to the Group, no fair value disclosure has been made for the underlying equity investments in the investment fund. Management has estimated the potential effect of using reasonably possible alternatives to be immaterial.

The carrying amounts of all the Group's financial instruments are equal to or reasonably approximate to fair values.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 31 December 2025

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Financial assets at fair value through profit or loss	–	1,116,584	–	1,116,584
An unlisted investment fund	–	–	193,523	193,523
Total	–	1,116,584	193,523	1,310,107

NOTES TO FINANCIAL STATEMENTS

31 December 2025

37. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy (continued)

Assets measured at fair value: (continued)

As at 31 December 2024

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Financial assets at fair value through profit or loss	–	1,539,809	–	1,539,809
An unlisted investment fund	–	–	157,762	157,762
Total	–	1,539,809	157,762	1,697,571

The Group did not have any financial liabilities measured at fair value as at 31 December 2025 and 2024.

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (2024: Nil).

The movements in fair value measurements within Level 3 during the year are as follows:

	2025 RMB'000	2024 RMB'000
Equity investments at fair value through profit or loss		
At 1 January	157,762	130,476
Changes in fair value	35,761	286
Purchases	–	27,000
At 31 December	193,523	157,762

	2025 RMB'000	2024 RMB'000
Equity investments at fair value through other comprehensive income		
At 1 January	–	30,488
Changes in fair value	–	2,512
Purchases	–	–
Disposals	–	(33,000)
At 31 December	–	–

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group’s principal financial instruments, other than derivatives, comprise lease liabilities, interest-bearing bank borrowing, and cash and short term deposits. 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 trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group’s financial instruments are interest rate risk, 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. The Group’s accounting policies in relation to derivatives are set out in note 2.3 to the financial statements.

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units and investing and financing activities by investment holding units in currencies other than the units’ functional currencies. The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the major foreign currency exchange rate, with all other variables held constant, of the Group’s profit for the year due to differences arising on settlement or translation of monetary assets and liabilities and the Group’s equity due to the changes of exchange fluctuation reserves of certain overseas subsidiaries of which the functional currencies are currencies other than RMB.

	Increase/ (decrease) in basis points	Increase/ (decrease) in profit for the year RMB’000	Increase/ (decrease) in equity RMB’000
2025			
If USD strengthens against RMB	10%	390,024	390,024
If USD weakens against RMB	(10%)	(390,024)	(390,024)
If HK\$ strengthens against RMB	10%	67,849	67,849
If HK\$ weakens against RMB	(10%)	(67,849)	(67,849)
2024			
If USD strengthens against RMB	10%	255,086	255,086
If USD weakens against RMB	(10%)	(255,086)	(255,086)
If HK\$ strengthens against RMB	10%	114,356	114,356
If HK\$ weakens against RMB	(10%)	(114,356)	(114,356)

NOTES TO FINANCIAL STATEMENTS

31 December 2025

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the Head of Credit Control.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December. The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2025

	12-month	Lifetime ECLs			Total
	ECLs	ECLs			
	Stage 1	Stage 2	Stage 3	Simplified	
	RMB'000	RMB'000	RMB'000	approach	RMB'000
				RMB'000	
Contract assets*	–	–	–	96,207	96,207
Trade receivables*	–	–	–	2,147,128	2,147,128
Financial assets included in prepayments, other receivables and other assets	300,159	–	–	–	300,159
Cash and cash equivalents – Not yet past due	6,320,950	–	–	–	6,320,950
Total	6,621,109	–	–	2,243,335	8,864,444

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

Maximum exposure and year-end staging (continued)

As at 31 December 2024

	12-month	Lifetime ECLs			Total
	ECLs				
	Stage 1	Stage 2	Stage 3	Simplified	
	RMB'000	RMB'000	RMB'000	approach	RMB'000
				RMB'000	
Contract assets*	–	–	–	113,042	113,042
Trade receivables*	–	–	–	1,939,914	1,939,914
Financial assets included in prepayments, other receivables and other assets	507,617	–	–	–	507,617
Cash and cash equivalents					
– Not yet past due	5,789,408	–	–	–	5,789,408
Total	6,297,025	–	–	2,052,956	8,349,981

* For trade receivables and contract assets to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in notes 19 and 21 to the financial statements.

The credit risk of the Group's other financial assets, which comprise cash and cash balances and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 19 to the consolidated financial statements.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customer/counterparty, by geographical region and by industry sector. At the end of the reporting period, the Group had certain concentrations of credit risk as 12.16% (2024: 13.55%) and 38.72% (2024: 36.02%) of the Group's trade receivables and contract assets were due from the Group's largest combined balance of accounts receivable and contract assets and the top five customers, respectively.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations.

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:

2025

	On demand RMB'000	Less than 1 year RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Lease liabilities	–	65,017	175,006	125,953	365,976
Restricted share repurchase	214,527	–	–	–	214,527
Financial liabilities included in other payables and accruals	348,224	–	–	–	348,224
Trade payables	584,388	–	–	–	584,388
Derivative financial instruments	9,836	–	–	–	9,836
Total	1,156,975	65,017	175,006	125,953	1,522,951

2024

	On demand RMB'000	Less than 1 year RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Interest-bearing bank borrowings	–	–	–	–	–
Lease liabilities	–	59,639	181,974	142,307	383,920
Restricted share repurchase	150,474	–	–	–	150,474
Financial liabilities included in other payables and accruals	364,200	–	–	–	364,200
Trade payables	449,516	–	–	–	449,516
Total	964,190	59,639	181,974	142,307	1,348,110

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. 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 31 December 2025 and 31 December 2024.

39. EVENTS AFTER THE REPORTING PERIOD

Proposed profit distribution of 2025

On 30 March 2026, the board of directors of the Company held a meeting to consider and approve the 2025 profit distribution plan, and proposed to distribute a cash dividend of RMB1.30 (including tax) per share to all shareholders based on the total share capital with profit distribution rights on the equity registration date when the distribution plan is implemented in the future.

The proposed 2025 profit distribution plan is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

40. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2025 RMB'000	2024 RMB'000
NON-CURRENT ASSETS		
Property, plant and equipment	323,976	432,484
Right-of-use assets	33,114	37,836
Other intangible assets	7,787	9,456
Investments in subsidiaries	2,257,780	2,152,111
Investments in associates	318,587	297,117
Prepayments, deposits and other receivables	2,363	3,989
Financial assets at fair value through profit or loss	69,152	67,595
Deferred tax assets	69,920	19,030
Total non-current assets	3,082,679	3,019,618
CURRENT ASSETS		
Inventories	94,869	118,792
Trade and bills receivables	372,311	385,519
Prepayments, deposits and other receivables	5,190,377	2,767,569
Financial assets at fair value through profit or loss	690,296	1,062,098
Cash and cash balances	2,065,160	2,694,810
Total current assets	8,413,013	7,028,788
CURRENT LIABILITIES		
Trade payables	1,265	194,599
Other payables and accruals	1,561,518	1,043,681
Lease liabilities	11,808	8,793
Tax payable	1,095	1,095
Total current liabilities	1,575,686	1,248,168
NET CURRENT ASSETS	6,837,327	5,780,620
TOTAL ASSETS LESS CURRENT LIABILITIES	9,920,006	8,800,238
NON-CURRENT LIABILITIES		
Deferred income	64,319	126,909
Lease liabilities	15,120	23,880
Total non-current liabilities	79,439	150,789
Net assets	9,840,567	8,649,449
EQUITY		
Share capital	360,561	367,716
Treasury shares	(838,449)	(1,232,758)
Other reserves	10,318,455	9,514,491
Total equity	9,840,567	8,649,449

NOTES TO FINANCIAL STATEMENTS

31 December 2025

40. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Note:

A summary of the Company's reserves is as follows:

	Attributable to owners of the parent							
	Share capital RMB'000	Restricted shares under share-based payment RMB'000	Capital reserve RMB'000	Statutory surplus reserve RMB'000	Fair value	Retained profits RMB'000	Total RMB'000	Total equity RMB'000
					reserve of			
					financial assets at fair value through OCI RMB'000			
At 1 January 2024	369,472	(494,010)	8,787,541	208,970	415	1,142,925	10,015,313	10,015,313
Profit for the year	-	-	-	-	-	222,013	222,013	222,013
Change in fair value of equity investments at fair value through other comprehensive income, net of tax	-	-	-	-	2,585	-	2,585	2,585
Total comprehensive income for the year	-	-	-	-	2,585	222,013	224,598	224,598
Final 2023 dividend declared and paid	-	-	-	-	-	(633,866)	(633,866)	(633,866)
Issue of ESOP	-	-	-	-	-	-	-	-
Forfeiture of restricted A Shares	(2)	206	(213)	-	-	-	(9)	(9)
Vesting of restricted shares	-	35,921	-	-	-	-	35,921	35,921
Equity-settled share option arrangements	-	-	15,413	-	-	-	15,413	15,413
Repurchase of A Shares	-	(999,856)	-	-	-	-	(999,856)	(999,856)
Cancellation of repurchased restricted A shares	(1,754)	224,981	(231,292)	-	-	-	(8,065)	(8,065)
Transfer of fair value reserve upon the disposal of equity investments at fair value through other comprehensive income	-	-	-	-	(3,000)	3,000	-	-
At 31 December 2024	367,716	(1,232,758)	8,571,449	208,970	-	734,072	8,649,449	8,649,449

NOTES TO FINANCIAL STATEMENTS

31 December 2025

40. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Note: (continued)

A summary of the Company's reserves is as follows: (continued)

	Attributable to owners of the parent								
	Share capital	Restricted shares under share-based payment	Capital reserve	Statutory surplus reserve	Fair value reserve of financial assets		Retained profits	Total	Total equity
					at fair value				
					through OCI	profits			
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		
At 1 January 2025	367,716	(1,232,758)	8,571,449	208,970	-	734,072	8,649,449	8,649,449	
Profit for the year	-	-	-	-	-	1,528,556	1,528,556	1,528,556	
Change in fair value of equity investments at fair value through other comprehensive income, net of tax	-	-	-	-	-	-	-	-	
Total comprehensive income for the year	-	-	-	-	-	1,528,556	1,528,556	1,528,556	
Final 2024 dividend declared and paid	-	287	-	-	-	(395,030)	(394,743)	(394,743)	
Restricted A shares granted	-	195,191	(195,191)	-	-	-	-	-	
Forfeiture of restricted A shares	(33)	1,236	(1,239)	-	-	-	(36)	(36)	
Equity-settled share option arrangements	-	-	8,269	-	-	-	8,269	8,269	
Sale of treasury shares	-	203,604	(91,940)	-	-	-	111,664	111,664	
Forfeiture of ESOP	-	(522,381)	522,381	-	-	-	-	-	
Repurchase of H Shares	-	(62,592)	-	-	-	-	(62,592)	(62,592)	
Cancellation of repurchased A shares	(7,122)	578,964	(571,842)	-	-	-	-	-	
At 31 December 2025	360,561	(838,449)	8,241,887	208,970	-	1,867,598	9,840,567	9,840,567	

41. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 30 March 2026.

DEFINITIONS AND GLOSSARIES

In this annual report, unless the context otherwise requires, the following terms have the following meanings. These terms and their definitions may not correspond to any industry standard definition and may not be directly comparable to similarly titled terms adopted by other companies operating in the same industries as the Company.

“2020 Restricted A Share Incentive Scheme”	the 2020 Restricted A Share Incentive Scheme of the Company adopted at the Shareholders’ meeting held on 9 July 2020
“2022 ESOP”	the 2022 Employee Share Ownership Plan of the Company adopted at the fifth extraordinary general meeting of 2022
“2025 A Share Scheme”	the 2025 A Share Restricted Share Incentive Scheme of the Company adopted at the first extraordinary general meeting of 2025, the first A Shares class meeting and the first H Shares class meeting on 3 April 2025
“2025 Profit Distribution Plan”	profit distribution plan for the year ended 31 December 2025
“H Share Restricted Share Scheme”	the H Share Restricted Share Scheme of the Company adopted at the first extraordinary general meeting of 2025, the first A Shares class meeting and the first H Shares class meeting on 3 April 2025
“Actionable Corporate Communications”	any corporate communication that seeks instructions from the Company’s shareholders on how they wish to exercise their rights or make an election as the Company’s shareholders
“ADC”	antibody-drug conjugates
“AGM” or “Annual General Meeting”	the Annual General Meeting of the Company to be held on 10 June 2026
“AI”	Artificial Intelligence
“ALAB”	Asymchem Laboratories, Incorporated, a limited liability company incorporated in the United States on 27 November 1995, which is a controlling shareholder of the Company
“AOC”	antibody-oligonucleotide conjugates
“APC”	antibody-peptide conjugate
“ApDC”	aptamer drug conjugates
“API”	active pharmaceutical ingredient

DEFINITIONS AND GLOSSARIES

“Articles of Association”	the articles of association of the Company, as amended from time to time
“Asymchem Biotechnology Development”	Shanghai Asymchem Biotechnology Development Co., Ltd. (上海凱萊英生物技術發展有限公司), a limited liability company incorporated in the PRC
“AsymCore”	AsymCore Management Consulting Partnership (Limited Partnership) (凱萊同心(天津)企業管理諮詢合夥企業(有限合夥)), a limited partnership incorporated in the PRC
“Asymchem Life Science”	Asymchem Life Science (Tianjin) Co., Ltd. (凱萊英生命科學技術(天津)有限公司)
“A Share(s)”	ordinary share(s) in the share capital of our Company, with a nominal value of RMB1.00 per Share, which are listed for trading on the Shenzhen Stock Exchange and traded in Renminbi
“Audit Committee”	the audit committee of the Board
“BD”	business development
“BFS”	blow-fill-seal
“BLA”	Biologics License Applications, a request made to the U.S. FDA for permission to introduce, or deliver for introduction, of a biological product into interstate commerce in the United States
“Board”	the board of Directors of the Company
“Board of Supervisors”	The board of Supervisors of the Company
“CAGR”	compound annual growth rate
“CDMO”	Contract Development Manufacturing Organization, a company that mainly provides CMC, drug development and drug manufacturing services in the pharmaceutical industry
“CEO” or “Chief Executive Officer”	the chief executive officer of the Company
“CFO” or “Chief Financial Officer”	the chief financial officer of the Company
“cGMP”	current good manufacturing practice

DEFINITIONS AND GLOSSARIES

“CG Code”	the Corporate Governance Code as set out in Appendix C1 to the Hong Kong Listing Rules
“Chairperson”	the chairperson of the Board
“China” or the “PRC”	the People’s Republic of China, but for the purpose of this annual report and for geographical reference only, references herein to “China” and the “PRC” do not apply to Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Clin-nov Medical”	Tianjin Clin-nov Medical Technology Development Co., Ltd. (天津凱諾醫藥科技發展有限公司) (formerly known as Tianjin Asymchem Medical Technology Development Co., Ltd. (天津凱萊英醫藥科技有限公司) with the name changed in August 2020), a wholly-owned subsidiary of the Company
“CMC”	Chemistry, Manufacturing and Controls, an important and detailed section detailing the characteristics of a therapeutic and its manufacturing and quality testing process in a dossier used to support clinical studies and marketing applications
“Company,” “our Company,” “the Company,” “Asymchem,” or “Asymchem Laboratories (Tianjin) Co., Ltd. (凱萊英醫藥集團(天津)股份有限公司)”	Asymchem Laboratories (Tianjin) Co., Ltd. (凱萊英醫藥集團(天津)股份有限公司), was established under the laws of the PRC as an enterprise legal person on October 8, 1998, the A Shares of which are listed on the Shenzhen Stock Exchange and the H Shares of which are listed on the Hong Kong Stock Exchange
“Corresponding Period”	for the year ended 31 December 2024
“CRO”	contract research organization
“CSRC”	China Securities Regulatory Commission
“Director(s)”	the director(s) of the Company
“DOE”	design of experiments
“EA”	Environmental Assessment
“EHS”	environmental, health, and safety
“ESG”	environmental, social and governance

DEFINITIONS AND GLOSSARIES

“FDA”	the United States Food and Drug Administration
“FVPL”	Fair value through profit or loss
“Global Offering”	the Hong Kong public offering and the international offering of the Shares
“GLP-1”	glucagon-like peptide-1 agonists are a class of medications utilized in the treatment of type 2 diabetes and obesity
“GMP”	good manufacturing practice
“Group,” “our Group,” “we,” “us,” or “our”	our Company and its subsidiaries
“Haihe Asymchem Fund”	Tianjin Haihe Asymchem Biopharmaceutical Industry Innovation Investment Fund (Limited Partnership) (天津海河凱萊英生物醫藥產業創新投資基金(有限合夥))
“Haihe Asymchem Medical and Health Fund”	Tianjin Haihe Asymchem Medical and Health Industry Investment Fund Partnership Enterprise (Limited Partnership) (天津海河凱萊英醫療健康產業投資基金合夥企業(有限合夥))
“HK\$” or “HKD”	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange, as amended or supplemented from time to time
“Hong Kong Stock Exchange” or “HKEX”	The Stock Exchange of Hong Kong Limited
“IND”	investigational new drug or investigational new drug application, also known as clinical trial application in China or clinical trial notification
“Jihang Tianjin”	Jihang (Tianjin) Enterprise Management Consulting Partnership (Limited Partnership) (濟航(天津)企業管理諮詢合夥企業(有限合夥))
“Listing Date”	the date, namely 10 December 2021, on which the H Shares were listed and from which dealings in the H Shares were permitted to commence on the Hong Kong Stock Exchange
“mAbs”	monoclonal antibodies

DEFINITIONS AND GLOSSARIES

“MNC”	multinational corporation
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Hong Kong Listing Rules
“mRNA”	messenger RNA
“NDA”	new drug application
“NMPA”	National Medical Products Administration (國家藥品監督管理局) and its predecessor, the China Food and Drug Administration (國家食品藥品監督管理局)
“Nomination Committee”	the nomination committee of the Board
“OEB5”	Occupational Exposure Band 5
“PAI”	pre-approval inspection
“PMDA”	Pharmaceuticals and Medical Devices Agency, Japanese agency for drug and medical device technical review
“POC”	peptide-oligonucleotide conjugate
“PPQ”	process performance qualification
“Prospectus”	the prospectus of the Company dated November 30, 2021
“PSD-3”	pharmaceutical spray dryer
“QA”	quality assurance
“R&D”	research and development
“Remuneration and Examination Committee”	the remuneration and examination committee of the Board
“Reporting Period”	for the year ended 31 December 2025
“RMB” or “Renminbi”	the lawful currency of the PRC
“RSM China”	RSM China (Special General Partnership)

DEFINITIONS AND GLOSSARIES

“RSU”	Restricted Share Unit
“Shanghai Asymchem”	Shanghai Asymchem Biotechnology Co., Ltd. (上海凱萊英生物技術有限公司), a wholly-owned subsidiary of the Company
“Shares”	ordinary shares in the share capital of our Company with a nominal value of RMB1.00 each
“Shareholder(s)”	holder(s) of Shares(s)
“SPD Bank”	Shanghai Pudong Development Bank
“Strategy Committee”	the strategy committee of the Board
“SZSE”	the Shenzhen Stock Exchange
“Teda”	Tianjin Economic-Technological Development Area
“Tianjin Tianhao”	Tianjin Tianhao Management Consulting Partnership (Limited Partnership) (天津天浩管理諮詢合夥企業(有限合夥))
“United Kingdom” or “U.K.”	the United Kingdom of Great Britain and Northern Ireland, commonly known as the United Kingdom (UK) or Britain, its territories, its possessions, and all areas subject to its jurisdiction
“United States” or “U.S.”	the United States of America, its territories, its possessions, and all areas subject to its jurisdiction
“US\$” or “USD”	United States dollars, the lawful currency of the United States
“U.S. FDA” or “FDA”	U.S. Food and Drug Administration
“Yugen Medtech”	Tianjin Yugen Medtech Co., Ltd. (天津有濟醫藥科技發展有限公司)

In this annual report, unless otherwise indicated, the terms “affiliate”, “associate”, “associated corporation”, “connected person”, “controlling shareholder”, “subsidiary” and “substantial Shareholder” shall have the meanings given to such terms in the Hong Kong Listing Rules.

Unless otherwise defined herein, capitalized terms used in this annual report shall have the same meanings as those defined in the Prospectus.

This annual report is conducted in English. In case of any divergence of interpretations, the original English version shall prevail.