乐普生物
LEPU BIOPHARMA

樂普生物科技股份有限公司
LEPU BIOPHARMA CO., LTD.

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

Stock Code: 2157

2025
Annual Report

CONTENTS

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Dr. Pu Zhongjie (蒲忠傑) *(Chairman)*
Dr. Sui Ziye (隋滋野) *(Chief Executive Officer)*

NON-EXECUTIVE DIRECTORS

Ms. Pu Jue (蒲珏)
Ms. Qin Yiran (秦怡然) *(appointed with effect from June 27, 2025)*
Mr. Yang Hongbing (楊紅冰) *(retired with effect from June 27, 2025)*

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Zhou Demin (周德敏)
Mr. Yang Haifeng (楊海峰)
Mr. Fengmao Hua (華風茂)

SUPERVISORS

Mr. Xu Yang (徐揚)
Ms. Zhao Lixuan (趙力萱)
Mr. Yang Ming (楊明) *(resigned with effect upon the approval of the appointment of a new supervisor by the Shareholders)*

AUDIT COMMITTEE

Mr. Fengmao Hua (華風茂) *(Chairman)*
Mr. Yang Haifeng (楊海峰)
Ms. Pu Jue (蒲珏)

REMUNERATION AND APPRAISAL COMMITTEE

Mr. Yang Haifeng (楊海峰) *(Chairman)*
Mr. Fengmao Hua (華風茂)
Dr. Pu Zhongjie (蒲忠傑)

JOINT COMPANY SECRETARIES

Ms. Li Yunyi (李昀軼)
Ms. Lai Siu Kuen (黎少娟) *(FCG, HKFCG)*

AUTHORISED REPRESENTATIVES

Dr. Pu Zhongjie (蒲忠傑)
Ms. Lai Siu Kuen (黎少娟) *(FCIS, HKFCG)*

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NOMINATION COMMITTEE

Mr. Zhou Demin (周德敏) *(Chairman)*
Mr. Yang Haifeng (楊海峰)
Ms. Pu Jue (蒲珏) *(appointed with effect from June 27, 2025)*
Dr. Pu Zhongjie (蒲忠傑) *(retired with effect from June 27, 2025)*

STRATEGY COMMITTEE

Dr. Pu Zhongjie (蒲忠傑) *(Chairman)*
Dr. Sui Ziye (隋滋野)
Mr. Zhou Demin (周德敏)

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Agricultural Bank of China Shanghai Branch Minhang Sub-branch
No. 68 South Shuiqing Road
Minhang District
Shanghai
China

China Merchants Bank Shanghai Minhang Sub-branch
No. 365, Xinsong Road
Minhang District
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HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

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STOCK CODE

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COMPANY WEBSITE

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CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors, I would like to first express my sincere gratitude to all Shareholders for their continued trust and support.

Lepu Biopharma is innovation-driven and dedicated to discovering, developing, and commercializing first-in-class and best-in-class drug candidates in anti-tumor targeted therapy and oncology immunotherapy. Since its establishment, the Company has continued to promote the technological upgrade of innovative ADCs in China, establishing an advanced and systematic ADC development platform, and fulfilling the unmet clinical needs in the field of oncology with more groundbreaking innovative drugs.

In 2025, the Company achieved strong pickup in revenue and achieved its first annual profit. The Company continued to consolidate its product pipeline, with our FIC EGFR-targeted ADC obtaining approval in China and more drugs entering the pivotal stage. At the same time, the Company actively expanded its portfolio of combination therapy, advanced treatment lines, and gradually realized the value of innovation, thereby officially entering a critical phase of high-quality development. We are hereby pleased to present the Company's annual report for the year ended December 31, 2025 to review and share our operating results for the year with our Shareholders.

I. Sales/BD dual-driven, resulting in a revenue of RMB935 million in 2025, which represented a sharp turnaround from loss to profit

Domestic commercialization: The sales revenue of PUYOUHENG (Pucotenlimab Injection) and MEIYOUHENG (Becotatug Vedotin Injection) amounted to RMB501 million, marking an increase of 66.8% as compared with the previous year.

BD: The revenue recorded was RMB424 million, primarily from the out-licensing of MRG007 and out-licensing of TCE assets.

II. FIC EGFR-targeted ADC MEIYOUHENG (Becotatug Vedotin Injection) obtained approval, more drugs entered the pivotal stage

- MRG003 (MEIYOUHENG), an EGFR-targeted ADC
  - **NPC:** In October 2025, MEIYOUHENG obtained marketing approval from the NMPA for R/M NPC, becoming the first approved EGFR-targeted ADC in China with significant market first-mover advantage. Meanwhile, we are currently conducting the Phase III clinical trial for the combination therapy of becotatug vedotin with pucotenlimab for R/M NPC.
  - **HNSCC:** The Company is conducting a Phase III clinical study on HNSCC indication monotherapy. Meanwhile, the Company is conducting a Phase II trial for combination therapy of MRG003 with pucotenlimab in solid tumors and has moved to first-line treatment. The Company is also conducting the Phase II clinical trial targeting LA-HNSCC in Europe. Furthermore, we obtained the IND approval from CDE for the combination therapy of becotatug vedotin with pucotenlimab targeting preoperative patients with LA-HNSCC.

- **CMG901 (AZD0901), a CLDN18.2-targeting ADC**

  In February 2023, AstraZeneca was granted the exclusive global license for the research, development, registration, production, and commercialization of CMG901 (AZD0901). Currently, AstraZeneca is actively conducting two Phase III clinical trials of CMG901: one as a monotherapy for advanced/metastatic gastric or gastroesophageal junction adenocarcinoma, and another as a combination therapy with capecitabine, with or without rilvegostomig for the first-line treatment of Claudin18.2-positive and HER2-negative advanced/metastatic gastric, gastroesophageal junction or esophageal adenocarcinoma. Subject to the License Agreement, the first patient dosing in the combination trial has triggered a US$45 million milestone payment, which has been made by AstraZeneca.

- **MRG004A, TF-targeted ADC**

  MRG004A demonstrated positive efficacy signal in pancreatic cancer (PC) indications. The Company is advancing a Phase III clinical trial of MRG004A for the treatment of pancreatic ductal adenocarcinoma (PDAC). The Phase Ib clinical data for PC indications is encouraging, and the relevant results have been presented at the ESCO Congress 2025.

- **CG0070, oncolytic virus**

  CG0070 is an oncolytic adenovirus for the treatment of BCG unresponsive bladder cancer patients and is currently in the Phase III clinical study conducted by our U.S. partner, CG Oncology, in the United States. The Company in-licensed CG0070 from CG Oncology and was granted the rights to develop, manufacture and commercialize it in Greater China including Mainland China, Hong Kong, and Macau. At present, the Company has initiated patient enrollment for the domestic pivotal clinical trial. In addition, CG0070 was granted BTD by the CDE in 2025.

III. Unleashing the potential of innovative pipelines

- **MRG001, a CD20-targeted ADC**

  The Company is conducting a Phase II clinical study evaluating MRG001 in combination with BTK inhibitors for the treatment of DLBCL patients, and has obtained positive interim clinical data, which was announced at the 67th American Society of Hematology (ASH) Annual Meeting.

- **MRG006A, a GPC3-targeted ADC**

  MRG006A is a novel GPC-3 ADC candidate with the topoisomerase I inhibitor, with global first-in-class potential, which has been developed based on our Hi-TOPi ADC platform. We are currently conducting the Phase II clinical trial for HCC in China. MRG006A obtained IND approval from the CDE for the first-line treatment of HCC in combination therapy with pucotenlimab and Avastin, providing a new therapeutic option for HCC patients. Moreover, MRG006A received IND clearance from the FDA, and the drug was granted FTD and ODD designations by the FDA.

- **MRG007, a CDH17-targeted ADC**

  MRG007 demonstrated robust anti-tumor activity in pre-clinical models of gastrointestinal cancer. The Company and Arrivent are concurrently conducting a Phase I MRCT for the treatment of unresectable locally advanced or metastatic solid tumors in China and the U.S. The pre-clinical data for MRG007, presented at the 2025 AACR Annual Meeting, showed promising clinical potential for the treatment of gastrointestinal cancers.

  In January 2025, the Company entered into an exclusive out-license agreement with ArriVent whereby the Company granted ArriVent an exclusive global license to develop, manufacture and commercialize MRG007 outside of the Greater China. The Company will be eligible to receive up to US$1.2 billion in aggregate, including upfront payment and development, registration and sales milestone payments, as well as tiered royalties on net sales.

IV. Innovation platform continues iterative upgrade

The Company's proprietary Hi-TOPi ADC platform and T cell engager platform have become mature and proven. In addition to the existing pipeline products, the Company is also actively promoting the R&D of multi-specific antibody IO and multi-specific antibody ADC candidates through its proprietary R&D platforms, among which, the pre-clinical study data of a novel EGFR/5T4 bispecific ADC drug and a novel anti-PD-1/IL-2 fusion protein candidate will be officially presented at the AACR Congress 2026.

FUTURE OUTLOOK

In 2026, the Company officially entered its ninth year of development and ushered in the best period of development since its establishment. After years of in-depth cultivation and solid accumulation in R&D innovation, pipeline layout, team building, technology platform and commercialization capabilities, the Company is entering a new phase of growth, steadily stepping into a period of value harvesting, and embarking on an innovation-driven new chapter of development.

Looking ahead to the new year and standing at a new starting point, the Company will build upon its solid foundation and capitalize on the trend: on the one hand, the Company will spare no effort in promoting the rapid increase in volume of existing commercialized products, accelerate the market penetration of MEIYOUHENG, and consolidate and expand its leading position in the domestic market; on the other hand, through the clinical promotion and indication expansion of the core pipelines, as well as the deepening of the global BD cooperation and international layout, the Company will enter a new stage of sustained growth with robust development momentum.

Lepu Biopharma Co., Ltd.
Dr. Pu Zhongjie
Chairman and Executive Director

April 22, 2026

OVERVIEW

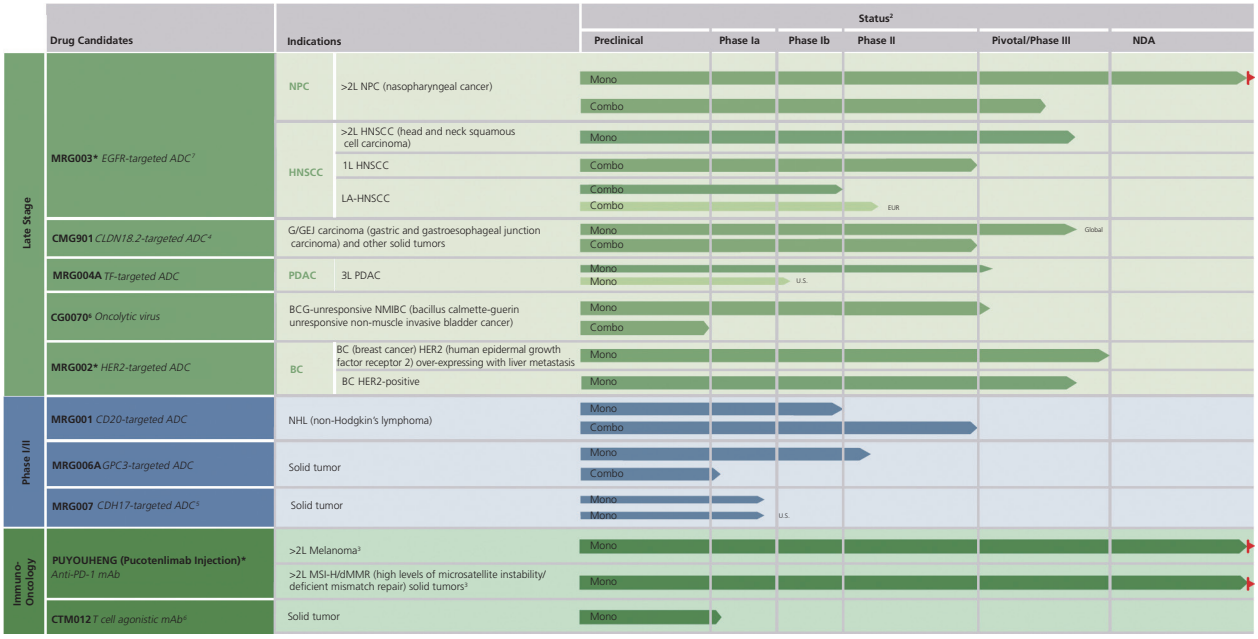
We are an innovation-driven biopharmaceutical company focusing on oncology therapeutics, in particular, targeted therapy and oncology immunotherapy, with a strong China foundation and global vision. Since our establishment, we have been dedicated to developing innovative ADCs through our comprehensive and advanced ADC technology development platform and we aim to develop optimal and innovative drugs to better serve the unmet medical needs of cancer patients. We have an integrated end-to-end capability across drug discovery, clinical development, CMC and GMP-compliant manufacturing, encompassing all critical functions of the biopharmaceutical value chain. We are committed to continuously developing a market-differentiating pipeline by fully integrating our independent innovation capabilities and strategic collaborations. Concurrently, we are dedicated to exploring synergistic therapeutic approaches on the basis of the continuous enrichment of our product pipeline. We have established and are progressively expanding our internal manufacturing capabilities, driven by the business needs stemming from the commercialization of our ADC candidates.

We have strategically designed our pipeline with a range of oncology products. As of the date of this report, we have (i) two clinical/commercialization-stage drug candidate; (ii) eight clinical-stage drug candidates, including one co-developed through a joint venture; and (iii) five clinical-stage combination therapies of our candidates. Two of our drug candidates have obtained marketing approval with respect to their targeted indications, with clinical trials for other indications ongoing. Among the eight clinical-stage drug candidates, six are targeted therapeutics and two are immunotherapeutics, which are an oncolytic virus drug and T cell agonistic antibody. MEIYOUHENG (Becotatug Vedotin Injection), which obtained marketing approval from NMPA in China, was granted BTD, ODD and FTD on NPC from the FDA. The combination therapy of MEIYOUHENG (Becotatug Vedotin Injection) with pucotenlimab was granted BTD by CDE. MRG002 was granted ODD on GC/GEJ from the FDA. CMG901 was granted FTD and ODD in GC/GEJ from the FDA, and obtained BTD from CDE. MRG004A was granted ODD and FTD by the FDA for the treatment of PC, and BTD by the CDE. MRG006A was granted ODD and FTD by the FDA for the treatment of HCC. CG0070 was granted BTD from the CDE and FDA. In addition, MEIYOUHENG (Becotatug Vedotin Injection) and MRG006A have obtained IND clearance from the FDA. We continuously strive to build and advance novel technology platforms as the Company's innovative engines, while driving the continuous advancement of a pipeline of novel and innovative molecules.

We aim to commercialize our pipeline products in China through dedicated sales and marketing forces, while attaining international market reach through strategic partnerships. As of the end of the Reporting Period, the Company has achieved significant milestones in the monetisation of our R&D capabilities through domestic commercialization and BD activities: PUYOUHENG (Pucotenlimab Injection) has completed the full commercialization process and is currently under a rapid sales growth. Building on this momentum, we aim to optimize the commercialization strategy for MEIYOUHENG (Becotatug Vedotin Injection) (FIC EGFR-ADC) to drive more efficient market penetration and growth. In addition, two other products, CMG901 and MRG007 have also been licensed out through our BD activities. Notably, CMG901's global rights have been licensed to AstraZeneca, and MRG007's rights for regions outside Greater China have been licensed to ArriVent. These accomplishments have established a solid foundation for the Company's future commercialization of drug candidates and global cooperations. The Company has established end-to-end commercialization capabilities in the domestic market, while positioning itself as a global biotech company with growing engagement in international R&D and strategic partnerships.

PRODUCT PIPELINE

The following chart illustrates our pipeline and summarizes the development status of our clinical-stage and pre-clinical drug candidates:



Notes:

1. * denotes the Core Products.

2. Unless otherwise stated, the progress shown under the "Status" column refers to the clinical development progress of the relevant drug candidate and combination therapy in China.

3. In 2022, we obtained from the NMPA conditional marketing approval for PUYOUHENG (Pucotenlimab Injection) on MSI-H/dMMR and inoperable or metastatic melanoma, respectively. We are conducting confirmatory Phase lll clinical studies on the first-line MSI-H/dMMR metastatic colorectal cancer and the first-line stage IV (M1c) melanoma respectively.

4. In February 2023, KYM has entered into a global exclusive out-license agreement with AstraZeneca to grant an exclusive global license for research, development, registration, manufacturing and commercialization of CMG901 to AstraZeneca. For details, please refer to the Company's announcements dated February 23, 2023 and April 15, 2024.

5. On January 22, 2025, the Company has entered into an exclusive license agreement with ArriVent to grant an exclusive license to develop and commercialize MRG007, globally excluding the Greater China Region. For details, please refer to the Company's announcement dated January 22, 2025.

6. On August 1, 2025, the Company has entered into the Intellectual Property Assignment and Licence Agreement with Excalipoint. Pursuant to this agreement, the global rights of CTM012 has been licensed to Excalipoint and the Company holds a 10% equity interest in Excalipoint. For details, please refer to the Company's announcements dated August 1, 2025 and December 18, 2025.

7. In October 2025, the Company obtained marketing approval for MEIYOUHENG (Becotatug Vedotin Injection) on R/M NPC from the NMPA.

BUSINESS REVIEW

Domestic commercialization & licensing transaction

During the Reporting Period, the Group recognized substantial revenue growth, recording a total revenue of approximately RMB934.9 million, which was approximately 2.5 times of its revenue in 2024 at RMB367.8 million.

For domestic commercialization, the Group recorded a revenue of approximately RMB501.0 million for the sales of PUYOUHENG (Pucotenlimab Injection) and MEIYOUHENG (Becotatug Vedotin Injection), marking a significant increase of 66.8% from the sales recorded in 2024 (2024: RMB300.3 million). Meanwhile, MEIYOUHENG, the newly launched product that obtained NMPA approval in October 2025, contributed preliminary revenue during the reporting period, further enriching the Group's commercial product portfolio and laying a solid foundation for substantial growth.

For licensing activities, the Group has recognized approximately RMB424.2 million in revenue (2024: RMB22.0 million), primarily from the out-licensing of MRG007 and out-licensing of TCE assets. We remain committed to advancing our global licensing strategy and actively carry out out-licensing collaborations. In January 2025, the Company entered into an exclusive licensing agreement with ArriVent, pursuant to which the Company has granted ArriVent exclusive rights to develop, manufacture and commercialize MRG007 outside of Greater China. Under the terms of the agreement, the Company is eligible to receive up to US$1.2 billion in total upfront payment, development, regulatory and sales milestones payments, on top of tiered royalties on net sales. In addition, on August 1, 2025, the Company entered into a licensing transaction with Excalipoint for the license-out and/or transfer of certain intellectual property rights relating to two pre-clinical assets developed by the Group's proprietary T cell engager-TOPAbody platform. The Company is eligible to receive an aggregate upfront cash payment of US$10 million plus 10% of the enlarged issued capital of Excalipoint Cayman (to be issued to the Company's wholly-owned subsidiary), aggregate development and commercial milestone payments of up to US$847.5 million in cash, and sales royalties at a tiered rate. These transactions demonstrate the Company's growing expertise in global partnership strategies, as it continues to accumulate experience in seeking strategic partners worldwide to advance its pipeline assets across international markets.

In 2025, most notably, our FIC EGFR-targeted ADC MEIYOUHENG has obtained marketing approval in China. Meanwhile, more of our drug candidates have entered the pivotal clinical stage, and treatment line advancement was achieved through the development and optimization of combination therapy regimens. A description of the progress made and the latest status in respect of the Group's drug candidates for 2025 and up to the date of this report is as follows:

MEIYOUHENG (Becotatug Vedotin Injection)

MEIYOUHENG (Becotatug Vedotin Injection) is an ADC comprised of an EGFR-targeted mAb conjugated with the potent microtubulin disrupting payload MMAE via a vc linker. It binds specifically with high affinity to human EGFR on the surface of tumor cells, releases the potent payload upon internalization and lysosomal protease cleavage of the linker, and results in tumor cell death. In October 2025, becotatug vedotin received marketing approval from the NMPA for R/M NPC, making it the first EGFR-targeted ADC approved in China.

- **NPC**: The encouraging data of the pivotal Phase IIb clinical study for the treatment of R/M NPC was read out as LBA for oral presentation at the ASCO Congress 2025. As of June 30, 2024, becotatug vedotin demonstrated a significant improvement in PFS compared to chemotherapy, with median PFS of 5.82 months and 2.83 months respectively, and the risk of disease progression/death was reduced by 37%. Additionally, ORR was 30.2% in the becotatug vedotin group, as compared with 11.5% in the chemotherapy group. As of December 31, 2024, a favourable trend of OS has been noticeably observed in the becotatug vedotin group, with mOS of 17.08 months, as compared with 11.99 months in each of the two groups, while mOS is not mature.

  We are also conducting the Phase III clinical trial for combination therapy of MEIYOUHENG (Becotatug Vedotin Injection) with pucotenlimab for R/M NPC. The Phase II clinical trial of the combination therapy of becotatug vedotin with pucotenlimab, as of April 27, 2025, demonstrated significant and sustained clinical benefits in patients previously failing IO and platinum-based chemotherapy, with the cORR reaching 73.3%, cDCR reaching 93.3% and mPFS of 10.9 months; the mOS has not been reached, and the 12-month and 18-month overall survival rates were 92.8% and 82.5%, respectively. These findings were presented at the 2025 ESMO Congress. Becotatug vedotin in combination with pucotenlimab was granted BTD by CDE in September 2025 for R/M NPC patients who failed at least one prior platinum-based therapy and PD/L1 inhibitor therapy, with the potential to deliver an efficacious treatment option for this underserved patient population.

- **HNSCC**: As of December 31, 2025, we are conducting a randomized, open-label, multicenter Phase III clinical study on HNSCC.

  In terms of combination therapy with becotatug vedotin and pucotenlimab, we are currently conducting the Phase II clinical trial on HNSCC, which has moved to first-line treatment, and the encouraging data in phase II clinical trial were presented at the ESMO Congress 2025. As of February 28, 2025, the 2.0 mg/kg dose cohort achieved a CR rate of 4.8%, ORR of 47.6% and DCR of 95.2%. For the 2.3 mg/kg dose cohort, the ORR and DCR were 60% and 100%, respectively. The median PFS was 5.2 months for the 2.0 mg/kg dose cohort and immature for the 2.3 mg/kg dose cohort. We are also conducting the Phase II clinical trial targeting LA-HNSCC in Europe. Furthermore, we obtained IND approval from the CDE for the combination therapy of becotatug vedotin with pucotenlimab in China, which is intended to evaluate the efficacy and safety of this regimen in preoperative patients with LA-HNSCC prior to surgical intervention.

CMG901

CMG901 is a CLDN18.2-targeting ADC comprising a CLDN18.2-specific antibody, a cleavable linker and a toxic payload, MMAE. It is the first CLDN18.2 targeting ADC to have received IND clearance both in China and the U.S. CLDN18.2 is selectively and widely expressed in GC, PC and other solid tumors, which makes it an ideal tumor target for therapeutic development. It is being co-developed by us and Keymed through a joint venture, KYM. In February 2023, AstraZeneca was granted the exclusive global license for the research, development, registration, production, and commercialization of CMG901 (AZD0901). As of the date of this report, AstraZeneca has initiated multiple clinical studies on CMG901 (AZD0901) for the treatment of advanced solid tumors, with indications including GC, PC, and biliary tract cancer.

As of the date of this report, in addition to the above-mentioned clinical trials, AstraZeneca has also conducted multiple clinical studies regarding sonesitatug vedotin (CMG901/AZD0901) for the treatment of advanced solid tumors, targeting indications including gastric cancer, pancreatic cancer and biliary tract cancer (only trials at the highest clinical phase are presented for the same indications):

(a) A multi-center, open-label, sponsor-blinded, randomized Phase III clinical study to compare AZD0901 monotherapy with investigator-choice regimen in adult subjects with advanced/metastatic gastric cancer or gastroesophageal junction adenocarcinoma with Claudin 18.2-expression who had previously received second or later-line treatment (CLARITY Gastric 01).

(b) A multi-center, randomized, controlled Phase III clinical trial of Sonesitatug vedotin (AZD0901) in combination with capecitabine, with or without Rilvegostomig, as a first-line treatment for Claudin18.2-positive, HER2-negative advanced/metastatic gastric cancer, gastroesophageal junction cancer or esophageal adenocarcinoma (CLARITY-Gastric 02). In February 2026, the first patient in this clinical trial was dosed, which triggered a milestone payment of US$45 million in total. AstraZeneca has made the corresponding milestone payment.

(c) An open-label, multi-drug, multi-center Phase II study to evaluate the safety, tolerability, pharmacokinetics and preliminary anti-tumor activity of a novel drug or a combination therapy as a perioperative treatment of subjects with locally advanced, resectable gastroesophageal junction adenocarcinoma (GEMINI-PeriOp GC).

(d) A Phase II, open-label, multi-center clinical study to evaluate the safety, tolerability, efficacy, pharmacokinetics and immunogenicity of AZD0901 monotherapy and in combination with anti-tumor drugs for the treatment of subjects with Claudin 18.2-expressing advanced solid tumors (including gastric cancer/gastroesophageal junction adenocarcinoma, pancreatic cancer, biliary tract cancer) (CLARITY-PanTumour01).

– **Warning under Rule 18A.08(3) of the Listing Rules**: There is no assurance that CMG901 will ultimately be successfully developed and marketed by the Company. Shareholders and our potential investors are advised to exercise caution when dealing in the Shares.

MRG004A

MRG004A is a novel TF-targeted site-specifically conjugated ADC. We have completed the Phase I clinical study on solid tumors in China. In August 2025, we initiated the pivotal Phase III clinical trial of MRG004A, with the first patient enrollment completed in January 2026; it also received BTD designation from the CDE in the same month. The encouraging Phase Ib expansion data on PC were presented at the ESMO Congress 2025. As of February 10, 2025, for patients who had previously received 1L treatment, the ORR and DCR were 40.0% and 80.0%, respectively, with corresponding mPFS and mOS of 5.8 months and 13.2 months. For those with prior ≥2L treatment, the ORR and DCR reached 18.5% and 70.4%, respectively, while the mPFS and mOS stood at 2.7 months and 5.8 months. MRG004A is expected to offer a brand-new treatment option to patients with pancreatic cancer.

- **Warning under Rule 18A.08(3) of the Listing Rules**: There is no assurance that the MRG004A will ultimately be successfully developed and marketed by the Company. Shareholders and our potential investors are advised to exercise caution when dealing in the Shares.

CG0070

CG0070 is an oncolytic adenovirus for the treatment of BCG-unresponsive bladder cancer patients and is currently in a MRCT Phase III clinical study conducted by our U.S. partner, CG Oncology. The latest encouraging data observed have been orally presented as LBA at the 26th SUO Annual Meeting. As of September 1, 2025, 75.5% of patients achieved CR at any time after receiving treatment with CG0070 as monotherapy. CG0070 demonstrated HG-EFS at 3-, 6-, and 9-month of 95.7%, 84.6% and 80.4%, respectively, in HR BCG-unresponsive Ta/T1 Disease.

We in-licensed CG0070 from CG Oncology and were granted the rights to develop, manufacture and commercialize it in Mainland China, Hong Kong and Macau. As of December 31, 2025 we have completed the Phase I clinical trial in China and have initiated patient enrollment for the domestic pivotal clinical trial. For the combination therapy of CG0070 with PUYOUHENG (Pucotenlimab Injection), we received an IND approval from the NMPA for its Phase I trial in the treatment of patients with BCG-unresponsive NMIBC.

In addition, CG0070 was granted BTD by the CDE in 2025 for the treatment of BCG unresponsive bladder cancer patients, which have relapsed or are refractory to prior approved therapies, and this designation signified the innovativeness and the potential of CG0070 to fulfill the unmet medical needs.

- **Warning under Rule 18A.08(3) of the Listing Rules**: There is no assurance that CG0070 will ultimately be successfully developed and marketed by the Company. Shareholders and our potential investors are advised to exercise caution when dealing in the Shares.

MRG002

MRG002 is an innovative ADC targeting HER2, a molecular target abnormally over-expressed in many cancer types including BC, UC and GC/GEJ. Our clinical development strategy for MRG002 in China aims at realizing the efficacy potential of MRG002 in various prevalent malignancies, especially for second – or later-line systemic therapy of BC. Registrational clinical trials in the aforementioned indications are ongoing. We are constantly exploring the potential of MRG002 through its combination with immuno-oncology by conducting clinical studies which aim to target more patients in early stage and provide more options to fulfill the unmet medical needs.

- *Monotherapy*

  HER2 over-expressing BC: We have completed the pivotal Phase II clinical trial on HER2 over-expressed BC with liver metastasis in China and have observed encouraging data. As of December 31, 2025, we are conducting a Phase III clinical study on HER2-positive BC.

  - **Warning under Rule 18A.08(3) of the Listing Rules**: There is no assurance that the MRG002 will ultimately be successfully developed and marketed by the Company. Shareholders and our potential investors are advised to exercise caution when dealing in the Shares.

MRG001

MRG001 is a clinically advancing CD20-targeted ADC which addresses the medical needs of B cell NHL patients with either primary drug resistance to rituximab or acquired drug resistance to the combination therapy of rituximab and standard chemotherapies. We have completed the Phase Ib dose expansion study of MRG001 in China and have observed encouraging preliminary data on DLBCL. Meanwhile, the Phase II clinical study of MRG001 in combination with BTK inhibitors for patients with DLBCL is ongoing, with interim data presented at the 67th ASH Annual Meeting. As of August 31, 2025, the ORR and DCR among evaluable patients aged ≥18 years with ECOG PS 0-2, histologically confirmed R/R DLBCL who had received at least one prior line of therapy-80.8% of whom had received ≥2 prior lines of systemic therapy with a median of 3 lines – were 66.7% and 85.7%, respectively. The mDoR reached 10.2 months, with an mPFS of 13.1 months for this patient population, and mOS was not reached.

- **Warning under Rule 18A.08(3) of the Listing Rules**: There is no assurance that MRG001 will ultimately be successfully developed and marketed by the Company. Shareholders and our potential investors are advised to exercise caution when dealing in the Shares.

MRG006A

MRG006A is a novel topoisomerase I inhibitor-based GPC-3 ADC candidate with global first-in-class potential, which has been developed based on our Hi-TOPi ADC platform. We are conducting the Phase II clinical trial for HCC in China. Moreover, we received IND clearance for MRG006A from the FDA, and the drug was granted FTD and ODD designations by the FDA. The encouraging data from the Phase I clinical study has been observed and is planned to be presented at the ASCO Congress 2026. In pre-clinical studies, MRG006A resulted in a robust and dose-dependent tumor growth inhibition on multiple CDX models and HCC PDX models. In the meantime, MRG006A also demonstrated good tolerability in the exploratory toxicology study.

- **Warning under Rule 18A.08(3) of the Listing Rules**: There is no assurance that MRG006A will ultimately be successfully developed and marketed by the Company. Shareholders and our potential investors are advised to exercise caution when dealing in the Shares.

MRG007

MRG007 is a potential best-in-class ADC for the treatment of GI malignancies based on preclinical and IND enabling studies. We are currently conducting a Phase Ia clinical trial for the treatment of unresectable locally advanced or metastatic solid tumors. In March 2026, ArriVent, our partner completed FPI in the U.S.. From now on, we conduct the MRCT together. The pre-clinical data for MRG007, presented at the 2025 AACR Annual Meeting, showed promising clinical potential for the treatment of GI cancers.

On January 22, 2025, the Company has entered into an exclusive license agreement with ArriVent to develop and commercialize MRG007. Under the terms of the agreement, the Company has granted ArriVent exclusive rights to develop, manufacture and commercialize MRG007 outside of Greater China. The one-time upfront and near-term milestone payments amount to US$47 million and the Company is eligible to receive up to US$1.16 billion in development, regulatory and sales milestones and tiered royalties on net sales outside of Greater China. As of December 31, 2025, we have received the upfront payment.

- **Warning under Rule 18A.08(3) of the Listing Rules**: There is no assurance that MRG007 will ultimately be successfully developed and marketed by the Company. Shareholders and our potential investors are advised to exercise caution when dealing in the Shares.

PUYOUHENG (Pucotenlimab Injection)

— PUYOUHENG (Pucotenlimab Injection) is a humanized IgG4 mAb against human PD-1, which can antagonize the PD-1 signal to restore the capability of the immune cells to kill cancer cells through blocking PD-1 binding to their ligands PD-L1 and PD-L2, and which has been commercialized for treating MSI-H/dMMR and inoperable or metastatic melanoma since the second half of 2022. In April 2023, two indications were included into the 2023 CSCO Guideline, which are pucotenlimab as ≥ second-line treatment of MSI-H/dMMR colorectal cancer and solid tumors, and pucotenlimab as second-line treatment of melanoma. Moreover, Pucotenlimab for treatment of advanced and recurrent MSI-H/dMMR gynecological cancer was included into the 2023 CSGO Guideline. Pucotenlimab demonstrated robust antitumor activity in patients (pts) with MSI-H/dMMR, based on findings from the phase II study, and we presented the long-term survival results and the updated safety profile at the ASCO Annual Meeting 2025.

  - o **MSI-H/dMMR solid tumors**: We are conducting an open label, multi-center and randomized Phase III clinical trial on the first-line MSI-H/dMMR metastatic colorectal cancer as a confirmatory clinical study for the conditional marketing approval as of December 31, 2025.

  - o **Melanoma:** We are conducting an open label, multi-center and randomized Phase III clinical trial on the first-line treatment of subjects with stage IV (M1c) melanoma as a confirmatory clinical study for the conditional marketing approval as of December 31, 2025.

Innovation Platforms

We continuously strive to build up and develop novel technology platforms as innovative engines for the Company. We have developed multiple innovative linker-payload platforms for ADC drug candidates, including the Hi-TOPi ADC platform and other early-stage platforms. During the Reporting Period, our innovative ADC platforms have achieved significant progress. Leveraging these innovative platforms, we have generated two ADC candidates, which are MRG006A with global first-in-class potential and MRG007 with global best-in-class potential. Both candidates have demonstrated robust and reproducible pre-clinical efficacy with a well-tolerated safety profile, and have successfully received IND approvals in China with rapid clinical initiation. Pre-clinical data of MRG007 was presented at the AACR Annual Meeting in April 2025. Furthermore, we plan to present preclinical data of one bispecific ADC drug candidate and one novel immune-oncology fusion protein candidate at the AACR Annual Meeting in April 2026.

- **Hi-TOPi ADC platform**: The Hi-TOPi ADC platform is featured by: (i) Linker designed with optimal hydrophilicity to ensure robust developability and favorable druggability, which is highly stable in circulation and efficient in intracellular payload release; (ii) Payload, which has good potency when compared to competitors (it is not a substate for Pgp, and therefore it has a great potential of overcoming drug resistance); (iii) ADCs utilizing the novel linker-payload have demonstrated strong anti-tumor activity in PDX of multiple tumor types and also shown excellent safety profile and good tolerance in monkeys; and (iv) improved therapeutic window.

  Using the novel linker-payload platform, we have developed MRG006A, which is an ADC candidate with global first-in-class potential and is currently undergoing Phase II clinical trial in China.

- **Bispecific ADC**: By harnessing bispecific ADC technology to co-engage targets A and B, BsAb ADCs can significantly expand therapeutic reach across key indications, including lung cancer, CRC and beyond.
- **Next generation PD-1**: PD-1 × cytokine bispecific antibodies are designed to overcome both primary and acquired resistance to existing PD-1 therapies. Anchored by the PD-1-plus immuno-oncology platform, this approach has the potential to markedly improve ORR and extend OS. It spans a wide spectrum of tumor types and may offer meaningful survival benefits when combined with ADCs, translating into meaningful survival gains for patients.

- **T cell engager platform**: Our T cell engager platform – TOPAbody – is characterized by (i) simultaneous activation of both TCR signaling and the co-stimulatory pathway, intended to unlock the full potential of T cells, and (ii) restricted activity within the tumor microenvironment.

Manufacturing Facilities

We have been operating a 2,000L GMP-compliant bioreactor production line at our Beijing manufacturing plant, which mainly supports the production of clinical drug supply, offers CDMO production services and enables continuous process optimization for the approved drug. During the Reporting Period, we have recognized RMB9.6 million in revenue from the provision of CDMO services.

In addition, the manufacturing facilities in the Shanghai Biotech Park have a designed total capacity of 12,000L, and has obtained the environmental impact assessment report for the production of mAb and ADC. Going forward, we will continue to build or expand our manufacturing facilities based on our business needs arising from the commercialization of our ADC candidates.

KEY EVENTS AFTER THE REPORTING PERIOD

Development Progress of our Drug Candidates After the Reporting Period

- *CDE IND Approval of MRG006A for First-Line HCC Combination Therapy*

  In February 2026, MRG006A obtained IND approval from the CDE for the first-line treatment of HCC in combination therapy with Pucotenlimab and Avastin, providing a new therapeutic option for the patients with HCC.

- *MRG007 entered Phase Ib expansion clinical trial in the U.S.*

  In March 2026, the Company's partner, ArriVent, completed FPI in the U.S. From now on, we conduct the MRCT together.

- *CDE IND Approval for the combination therapy of MEIYOUHENG (Becotatug Vedotin Injection) for Neoadjuvant therapy for resectable LA-HNSCC Phase II Trial*

  In March 2026, we obtained the IND approval from CDE for the combination therapy of becotatug vedotin with pucotenlimab, which is the Phase II clinical trial designed to evaluate the efficacy and safety of Neoadjuvant therapy in resectable LA-HNSCC patients prior to surgery.

Continuing Connected Transactions with Lepu Medical

The Company has entered into a framework agreement with Lepu Medical in respect of the provision of CDMO technical services by the Company and/or its subsidiaries to Lepu Medical and/or its subsidiaries for their development of GLP-1 and related products on November 28, 2025. The annual cap with respect to the provision of CDMO services for the year ending December 31, 2026 is RMB18.2 million.

On even date, the Company also entered into another framework agreement with Lepu Medical in respect of the procurement of raw materials and supplementary materials for clinical trials, pharmaceutical products, biological sample test services for clinical trials, products for employee welfare and other services by the Group from Lepu Medical and/or its subsidiaries and/or associates. The annual cap for the year ending December 31, 2026 is RMB12.0 million.

For further details of the aforementioned continuing connected transaction with Lepu Medical, please refer to the announcement of the Company dated November 28, 2025.

Completion of the H Share Full Circulation

The conversion of 54,268,364 unlisted shares of the Company into H shares of the Company was completed on July 21, 2025, and listing of such converted H Shares commenced at 9:00 a.m. on July 22, 2025 on the Stock Exchange. Please refer to the Company's announcement dated July 21, 2025 for further details.

Adoption of the RSU Scheme

On December 18, 2025, the Company obtained Shareholders' approval at the 2025 second extraordinary general meeting for the RSU Scheme. The RSU Scheme is intended to attract, motivate and retain key personnel by granting restricted share units to eligible employees and Directors (excluding independent non-executive Directors) of the Group, subject to vesting conditions, performance targets and clawback provisions as set out in the scheme rules.

The Shareholders also approved a cap limiting the total number of new Shares that may be issued under the RSU Scheme and any other share incentive plans to 5% of the Company's total number of Shares (excluding Treasury Shares, if any).

For further details of the RSU Scheme, please refer to the Company's announcement dated November 28, 2025, the circular dated November 28, 2025 and poll results announcement dated December 18, 2025.

FUTURE DEVELOPMENT

The Company is an innovation-driven biopharmaceutical company focusing on oncology therapeutics, dedicated to promoting the technological advancement of innovative ADCs in China to better serve the unmet medical needs of cancer patients. Looking ahead to 2026, we plan to leverage our competitive advantages through the following development strategies:

In respect of drug R&D, we strive to enrich our differentiated marketed product portfolio targeting indications with significant medical needs by combining our independent R&D capability with strategic collaborations. We will further focus on advancing strategic research and development priorities in next generation ADC drugs and IO bi/tri specific antibodies, while accelerating the commercialization of late-stage products. Moreover, our key drug candidates are entering pivotal clinical stages. MRG004A is currently enrolling patients in Phase III clinical trials. In addition, we have initiated patient enrollment for the domestic pivotal clinical trial of CG0070. We will also work expeditiously to progress our other innovative drug candidates, including MRG006A and MRG007, to the pivotal clinical stage. Concurrently, the potential efficacy of combination therapies within our pipeline is being continuously explored, with greater clinical benefits striving to be delivered to a broader patient population.

In terms of domestic commercialization, we have successfully commercialized PUYOUHENG (Pucotenlimab Injection) through our own sales channels, which further validates our sales strategy and business model. In addition, for MEIYOUHENG (Becotatug Vedotin Injection), NMPA has granted marketing approval in China. We will continue to concentrate our resources and endeavour to drive the commercialization process, focusing on enhancing market uptake and sales performance of our approved products. We will take further actions to enhance the market accessibility of these two products, accelerating market penetration at all levels to further increase market share. By leveraging the expertise and industry connections of our commercialization team, we will seek to foster our brand's image and market knowledge of our product through various methods, such as marketing and academic activities. At the same time, we will refine our commercialization strategies in light of real-world sales performance of MEIYOUHENG (Becotatug Vedotin Injection) and focus on driving top-line revenue growth, leveraging our fully scaled-up marketing and commercialization teams. We believe that the enhancement of our efforts in terms of market outreach will translate into better market access, increased market share and increases in the sales of our commercialized product and our brand in general, thereby laying a solid market and channel foundation for the future commercialization of our drug candidates.

On the international front, we will ramp up our efforts to expand into the global market. Our ADC platform has been endorsed by multinational companies, evidenced by the successful out-licensing of CMG901's global rights to AstraZeneca and MRG007's ex-Greater China rights to ArriVent. We expect our drug candidates to have more promising business development opportunities. Going forward, we will persist in expanding our international network and exploring new business development cooperation opportunities. We remain committed to seeking more strategic partners worldwide to develop our ADC products and other innovative candidates through partnerships, licensing agreements, or joint ventures.

FINANCIAL REVIEW

Revenue

For the year ended December 31, 2025, we have achieved a significant growth in revenue, recording approximately RMB934.9 million (2024: RMB367.8 million), which is approximately 2.5 times of that in 2024 and consists of (i) RMB501.0 million from the sales of our commercialized products, including the sales of PUYOUHENG (Pucotenlimab Injection) and MEIYOUHENG (Becotatug Vedotin Injection), marking a significant increase of 66.8% from the sales recorded in 2024 (2024: RMB300.3 million); (ii) RMB424.2 million from BD activities, primarily including the out-licensing of MRG007 and the out-licensing of TCE assets; and (iii) RMB9.6 million (2024: RMB45.5 million) from the provision of CDMO services.

Cost of sales

For the year ended December 31, 2025, the Group has recorded cost of sales of RMB89.6 million (2024: RMB74.8 million), representing an increase of 19.7%, which was in line with the growth in revenue.

Selling and Marketing Expenses

For the year ended December 31, 2025, the Group has recorded selling and marketing expenses of RMB240.3 million (2024: RMB146.0 million), which was in line with the growth in domestic commercialization during the Reporting Period.

Administrative Expenses

Our administrative expenses primarily consist of (i) employee benefit expenses relating to our administrative staff; (ii) depreciation and amortization expenses, primarily representing depreciation expenses for right-of-use assets and property, plant and equipment; and (iii) others, mainly representing utilities as well as traveling and transportation expenses.

Our administrative expenses increased from RMB91.9 million for the year ended December 31, 2024 to RMB114.1 million for the year ended December 31, 2025, primarily due to (i) an increase in depreciation and property taxes following the completion and operation of Shanghai Biotech Park in 2024 and (ii) an increase in professional fees and service fees.

Research and Development Expenses

Our research and development expenses primarily consist of (i) clinical study related expenses; (ii) pre-clinical study costs; (iii) raw materials and consumables used in pre-clinical and clinical studies; (iv) employee benefit expenses (mainly including wages, salaries and bonuses and share-based payment expenses) relating to our research and development staff; (v) depreciation and amortization expenses for property, plant and equipment as well as amortization expenses for intangible assets such as intellectual properties; and (vi) other expenses. Our research and development expenses for the year ended December 31, 2025 were RMB400.7 million (2024: RMB437.7 million).

The following table sets forth the components of our research and development expenses for the years indicated.

	Year ended 31 December			
	2025		2024	
	RMB'000	**%**	RMB'000	%
Clinical study related expenses	**181,149**	**45.2**	184,604	42.2
Pre-clinical study costs	**34,391**	**8.6**	41,688	9.5
Raw material and consumables used	**41,265**	**10.3**	34,689	7.9
Employee benefit expenses	**76,945**	**19.2**	95,698	21.9
Depreciation and amortization	**56,224**	**14.0**	67,475	15.4
Others	**10,734**	**2.7**	13,543	3.1
Total	**400,708**	**100**	437,697	100

(i) Clinical study related expenses decreased by RMB3.5 million as compared to the year ended December 31, 2024;

(ii) Pre-clinical study costs decreased by approximately RMB7.3 million, primarily because certain of the Group's drug candidates progressed from the pre-clinical stage to the clinical stage, while newly initiated drug candidates remained at early stages with relatively lower associated costs;

(iii) Raw material and consumables expenses increased by approximately RMB6.6 million, mainly due to the increase in the consumption of raw materials for the CMC research of the Group's core ADC drug candidates at the NDA stage;

(iv) Employee benefit expense decreased by approximately RMB18.8 million, primarily because of the continuous process optimization for the approved drug, which led to the capitalization of related expense;

(v) Depreciation and amortization costs decreased by approximately RMB11.3 million, primarily due to the reason explained in (iv);

(vi) Other expenses for the year ended December 31, 2025 decreased by approximately RMB2.8 million as compared to the year ended December 31, 2024.

Fair Value Changes on Financial Liabilities at Fair Value through Profit or Loss

We had fair value loss on financial liabilities at fair value through profit or loss of RMB31.4 million and fair value gains on financial assets at fair value through profit or loss of RMB0.1 million for the year ended December 31, 2025. Our financial liabilities at fair value through profit or loss represent the variable part of the consideration arising from the acquisition of 40% equity interests of Taizhou Hanzhong from non-controlling interest, being a certain portion of future annual net sales revenue of relevant PD-1 products.

The following table sets forth a breakdown of our fair value changes on financial assets and financial liabilities at fair value through profit or loss for the periods indicated.

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Financial liabilities at fair value through profit or loss	**(31,361)**	5,077
Financial assets at fair value through profit or loss	**112**	–
Total	**(31,249)**	5,077

Finance Income and Finance Costs

Our finance income primarily represents our bank interest income and foreign exchange gain. Our finance costs primarily consist of interest costs on lease liabilities and borrowings.

Our finance income increased from RMB6.0 million for the year ended December 31, 2024 to RMB12.3 million for the year ended December 31, 2025, mainly due to an increase in foreign currency exchange gain. Our finance costs increased from RMB23.0 million for the year ended December 31, 2024 to RMB29.3 million for the year ended December 31, 2025, due to the completion and operation of Shanghai Biotech Park in 2024, which resulted in its loan interest no longer being capitalized.

Income Tax Expenses

For the year ended December 31, 2025, the Group's income tax expenses were RMB1.8 million (for the year ended December 31, 2024: nil).

Profit for the Reporting Period

Based on the factors described above, the Group recorded a profit of RMB258.9 million in 2025, representing a turnaround from a loss of RMB424.2 million in 2024, primarily attributable to the significant growth in revenue generated from domestic commercialization and expansion of licensing activities.

Adjusted Net Loss (Non-IFRS Measure) for the Reporting Period

To supplement our consolidated financial statements which are presented in accordance with International Financial Reporting Standards ("**IFRS**"), we also use adjusted net loss (non-IFRS measure) for the year (defined below) as an additional financial measure, which is not required by, or presented in accordance with IFRS. We believe that the presentation of this non-IFRS measure facilitates comparisons of operating performance from period to period and company to company by eliminating potential impact of non-recurring income related to our investment that is non-operating in nature. However, the use of non-IFRS measure has limitations as an analytical tool, and should not be considered in isolation from, or as a substitute for analysis of, our results of operations or financial conditions as reported under IFRS. In addition, the non-IFRS financial measure may be defined differently from similar terms used by other companies.

For the Reporting Period, we define "adjusted net loss (non-IFRS measures) for the year" as profit or loss for the year after deducting net gains on reclassification of investment in an associate using equity method to financial asset at fair value which is item that is not in the financial results for the previous financial year. For the year ended December 31, 2025, our adjusted net loss (non-IFRS measure) for the year was approximately RMB30.6 million (for the year ended December 31, 2024: approximately RMB424.2 million).

The following table sets forth the reconciliations of our non-IFRS financial measure for the years ended December 31, 2025 and 2024 to the nearest measure prepared in accordance with IFRS:

	Year ended December 31	
	2025	2024
	RMB'000	RMB'000
Profit/(Loss for the year)	**258,886**	(424,193)
Deduct:		
Net gains on reclassification of investment in an associate using equity method to financial asset at fair value	**289,442**	–
Adjusted net loss (non-IFRS measure) for the year	**(30,556)**	(424,193)

Liquidity and Financial Resources

Our primary use of cash is to fund our research and development activities and support our commercialization activities. For the year ended December 31, 2025, our net cash in operating cash flow was broadly balanced and our net cash used in operating activities was RMB12.2 million, a decrease of RMB184.2 million from RMB196.4 million as of December 31, 2024. As of December 31, 2025, our cash and cash equivalents was approximately RMB853.0 million, which was more than double of the amount as of December 31, 2024 (approximately RMB401.3 million) as a result of our rapid growth in revenue.

The main sources of the Group's liquidity are: (i) our operating activities, including domestic commercialization by our sales team, and licensing collaboration with strategic partners worldwide; (ii) equity financing; and (iii) bank borrowings.

Our bank borrowings are divided into secured loans and unsecured loans. As of December 31, 2025, the Group's bank borrowings amounted to RMB1,031.9 million (December 31, 2024: RMB794.4 million), among which unsecured and unguaranteed bank borrowings amounted to RMB831.7 million (December 31, 2024: RMB534.1 million) in total with interest at fixed and floating interest rates, among which RMB676.2 million of such borrowing will be repayable within one year.

As of December 31, 2025, the Group's secured and unguaranteed bank borrowings amounted to RMB200.1 million (December 31, 2024: RMB260.3 million) in total which bear interest at floating interest rates. Such bank borrowings are repayable by instalments and will mature in September 2027 and are secured by the Group's land use rights, buildings and facilities.

As of December 31, 2025, we had utilized RMB1,181.1 million from our banking facilities and RMB568.9 million remained unutilized under our banking facilities.

Proceeds from the 2024 Placing and the usage plan

References are made to the announcements of the Company dated May 17, 2024 and May 24, 2024. The Company placed 51,170,000 H Shares to certain placees through placing agents at the placing price of HK$4.58 per H Share under its general mandate. After deducting all applicable costs and expenses, including placing commission, legal fees and levies, the net proceeds raised amounted to approximately HK$229.75 million (equivalent to approximately RMB209.2 million). The net proceeds from the 2024 Placing will be used as to (i) approximately 70% (being HK$160.83 million or RMB146.4 million) for the research and development, clinical trials, registration filings and other workstreams of the Company's ADC product candidates; (ii) approximately 20% (being HK$45.95 million or RMB41.8 million) for the clinical trials and other workstreams of the Company's oncolytic virus product candidate CG0070; and (iii) approximately 10% (being HK$22.98 million or RMB20.9 million) to replenish the Company's working capital and for general corporate purposes.

As of December 31, 2025, approximately RMB146.4 million of the proceeds has been used for the research and development, clinical trials, registration filings and other workstreams of the Company's ADC product candidates, RMB5.3 million has been used for the clinical trials and other workstreams of CG0070 and RMB19.9 million of the proceeds has been used to replenish the Company's working capital and for general corporate purposes.

Placing of new Shares under general mandate in 2025

References are made to the announcements of the Company dated July 4, 2025, and July 11, 2025, respectively. The Company placed 93,825,000 Shares to certain placees through placing agents at the placing price of HK$5.02 per Share. Completion of the 2025 Placing took place on July 11, 2025.

Proceeds from the 2025 Placing and the usage plan

After deducting all applicable costs and expenses, including placing commission, legal fees and levies, the net proceeds raise amounted to approximately HK$462.94 million (equivalent to approximately RMB421.5 million). The net proceeds from the 2025 Placing will be used as to (i) approximately 20% (being HK$92.59 million or RMB84.3 million) for the commercialization and marketing of the Company's core product MEIYOUHENG (Becotatug Vedotin Injection); (ii) approximately 60% (being HK$277.76 million or RMB252.9 million) for advancing clinical trials of core products of the Company; and (iii) approximately 20% (being HK$92.59 million or RMB84.3 million) for the research and development of new product pipelines.

As of December 31, 2025, approximately RMB16.9 million of the proceeds has been used for advancing clinical trials of core products of the Company and RMB10.7 million of the proceeds has been used for the research and development of new product pipelines.

Gearing Ratio

The gearing ratio is calculated using the Group's liabilities divided by its assets. As of December 31, 2025, the Group's gearing ratio was 56.0% (December 31, 2024: 70.1%).

Significant Investments, Material Acquisitions and Disposals

The Group did not have any other significant investments or material acquisitions or disposals of subsidiaries, associates and joint ventures for the year ended December 31, 2025.

Future Plans for Material Investments and Capital Assets

As of December 31, 2025, the Group did not have any future plans for material investments and capital assets.

Capital Commitments

As of December 31, 2025, the Group had capital commitments for property, plant and equipment of RMB439.0 million (December 31, 2024: RMB456.8 million), reflecting the capital expenditure of our Group contracted at the end of the year but not yet incurred.

Contingent Liabilities

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

Charges on Group Assets

Save as disclosed in this report, as of December 31, 2025, the Group did not have any charges over its assets.

Foreign Exchange Exposure

Our financial statements are expressed in RMB, but certain of our Group's subsidiaries in PRC are exposed to foreign exchange risks arising from recognized financial liabilities denominated in foreign currencies. We currently do not have a foreign currency hedging policy. However, our management manages foreign exchange risks by performing regular reviews and will consider hedging significant foreign currency exposure should the need arise.

Employees and Remuneration

As of December 31, 2025, the Group had a total of 710 employees (As of December 31, 2024: 498). The total remuneration cost for 2025 was RMB242.0 million, as compared to RMB211.9 million for 2024, primarily due to an increase in the expansion of the sales team.

To maintain the quality, knowledge and skill levels of our workforce, the Group provides regular and specialized trainings tailored to the needs of our employees in different departments, including regular training sessions conducted by senior employees or third-party consultants covering various aspects of our business operations, for our employees to stay up to date with both industry developments and skills and technologies. The Group also organizes workshops from time to time to discuss specific topics.

We provide various incentives and benefits to our employees. We offer competitive remuneration packages to our employees to effectively motivate our business development team. We participate in various social security plans (including housing provident fund, pension insurance, medical insurance, maternity insurance and work-related injury insurance and unemployment insurance) for our employees in accordance with applicable PRC laws.

On December 18, 2025, we have adopted the RSU Scheme. The RSU Scheme is intended to attract, motivate and retain key personnel by granting restricted share units to eligible employees and Directors (excluding independent non-executive directors) of the Group, subject to vesting conditions, performance targets, and clawback provisions as set out in the scheme rules.

For further details of the RSU Scheme, please refer to the Company's announcement dated November 28, 2025, circular dated November 28, 2025 and poll results announcement dated December 18, 2025.

OTHER INFORMATION

Compliance with the Corporate Governance Code

The Company has adopted the principles and code provisions as set out in the Corporate Governance Code and has complied with all applicable code provisions for the year ended December 31, 2025.

Model Code for Securities Transactions

The Company has adopted the Model Code as its own code of conduct regarding securities transactions by the Directors and Supervisors. Having made specific enquiries with all Directors and Supervisors, each of them has confirmed that he/she has complied with the Model Code for the year ended December 31, 2025. No incident of non-compliance with the Model Code by the employees who are likely to be in possession of inside information of the Company was noted by the Company.

Purchase, Sale or Redemption of Listed Securities

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares) during the year ended December 31, 2025. As of December 31, 2025, the Company did not hold any of treasury shares.

Final Dividend

The Board does not recommend the payment of a final dividend for the year ended December 31, 2025 (for the year ended December 31, 2024: nil).

USE OF PROCEEDS FROM THE LISTING

On the Listing Date, the Company's shares were listed on the Stock Exchange, and on March 17, 2022, the over-allotment option granted as part of the Global Offering was partially exercised. The net proceeds received by the Group from the initial public offering of the Company (after deducting underwriting fee and relevant listing expenses and taking into account the net proceeds from the over-allotment option) amounted to approximately HK$810.42 million (equivalent to approximately RMB657.61 million).

The net proceeds from the Listing (pro-rata adjustment based on the actual net proceeds) have been and will be used in accordance with the purposes set out in the Prospectus. The following table sets forth the planned use of the net proceeds and the actual use as at December 31, 2025:

Proposed use	Percentage of total net proceeds	Allocation of net proceeds (RMB million)	Utilized amount as at December 31, 2025 (RMB million)	Utilized amount during the Reporting Period (RMB million)	Unutilized amount as at December 31, 2025 (RMB million)
a) To fund our Core Products	68.51%	450.57	444.33	31.27	6.24
• To be used for MRG003	23.00%	151.28	151.28	22.9	–
– To fund the clinical development and preparation for registration filings of MRG003	19.27%	126.75	126.75	22.82	–
– To fund the manufacturing of MRG003	3.73%	24.53	24.53	0.08	–
• To be used for MRG002	22.01%	144.74	144.74	–	–
– To fund the clinical development and preparation for registration filings of MRG002	18.65%	122.66	122.66	–	–
– To fund the manufacturing of MRG002	3.36%	22.08	22.08	–	–
• To be used for HX008	16.17%	106.30	106.30	–	–
– To fund the clinical development and preparation for registration filings of HX008	7.46%	49.06	49.06	–	–
– To fund the manufacturing of HX008	6.22%	40.89	40.89	–	–
– To fund the commercialization of HX008	2.49%	16.35	16.35	–	–
• To fund the clinical development and preparation for registration filings of LP002	1.24%	8.18	8.18	–	–
• To be used to fund the planned clinical development and other development activities of the combination therapies of HX008 and LP002 with our other products including MRG003, MRG002 and CG0070	6.09%	40.07	33.83	8.37	6.24
b) To fund our other key clinical-stage drug candidates and our key pre-clinical drug candidates	6.35%	41.7	41.7	2.44	–
• Ongoing pre-clinical studies and planned clinical trials for the pre-clinical drug candidates in our pipeline	0.62%	4.09	4.09	–	–
• To fund the clinical development and preparation for registration filings of CG0070	1.87%	12.27	12.27	1.64	–
• To fund the clinical development and preparation for registration filings of MRG001	1.87%	12.27	12.27	–	–
• To fund the clinical development and preparation for registration filings of MRG004A	1.87%	12.27	12.27	–	–
• To fund, through our contribution to KYM, the clinical development and preparation for registration filings of CMG901	0.12%	0.80	0.80	0.80	–
c) To acquire potential technologies and assets and expand our pipeline of drug candidates and to fulfill our continuous payment obligation under our acquisition of HX008 from HanX	15.79%	103.85	103.85	–	–
d) For general corporate purposes	9.35%	61.49	61.49	–	–
Total	100%	657.61	651.37	33.71	6.24

The small remaining unutilized amount of net proceeds from the Listing is expected to be used by December 31, 2026.

USE OF PROCEEDS FROM THE PLACING

Use of Proceeds from the 2024 Placing

References are made to the announcements of the Company dated May 17, 2024 and May 24, 2024, respectively.

The Company placed 51,170,000 H Shares in aggregate at the price of HK$4.58 per Share under its general mandate (the "**2024 Placing**") to not less than six placees who were professional, institutional and/or other investors. The closing price was HK$4.95 per H Share as quoted on the Stock Exchange on the date of the placing agreement. Completion of the Placing took place on May 24, 2024. Based on the nominal value of RMB1.00 per H Share, the aggregate nominal value of the Placing Shares is RMB51,170,000. The Directors considered that the 2024 Placing would strengthen the liquidity and financial position of the Group, and that the Placing was undertaken to further enlarge the Shareholders' equity base of the Company, optimize the capital structure of the Company, and support the healthy and sustainable development of the Company. For further details, please refer to the announcements of the Company dated May 17, 2024 and May 24, 2024.

After deducting all applicable costs and expenses, including placing commission, legal fees and levies, the net proceeds raised amounted to approximately HK$229.75 million (equivalent to approximately RMB209.18 million). The table below sets out the actual usage up to December 31, 2024:

Proposed use	**Percentage of total net proceeds** (Approximately)	**Allocation of net proceeds** (RMB million)	**Utilized amount as at December 31, 2025** (RMB million)	**Utilized amount during the Reporting Period** (RMB million)	**Unutilized amount as at December 31, 2025** (RMB million)
i) To be used for the R&D, clinical trials, registration filings and other workstreams of the Company's ADC product candidates	70.00%	146.43	146.37	121.80	0.06
ii) To be used for the clinical trials and other workstreams of CG0070	20.00%	41.84	5.33	5.33	36.51
iii) To replenish the Company's working capital and for general corporate purposes	10.00%	20.92	19.87	–	1.05
Total	100%	209.18	171.57	127.13	37.62

The unutilized amount of net proceeds from the Placing is expected to be used by December 31, 2026.

Use of Proceeds from the 2025 Placing

References are made to the announcements of the Company dated July 4, 2025 and July 11, 2025, respectively.

The Company placed 93,825,000 H Shares in aggregate at the price of HK$5.02 per Share under its general mandate (the "**2025 Placing**") to not less than six placees who were professional, institutional and/or other investors. The closing price was HK$5.38 per H Share as quoted on the Stock Exchange on the date of the placing agreement. Completion of the Placing took place on July 11, 2025. Based on the nominal value of RMB1.00 per H Share, the aggregate nominal value of the Placing Shares is RMB93,825,000. The Directors considered that the Placing would strengthen the liquidity and financial position of the Group, and that the 2025 Placing was undertaken to further enlarge the Shareholders' equity base of the Company, optimize the capital structure of the Company, and support the healthy and sustainable development of the Company. For further details, please refer to the announcements of the Company dated July 4, 2025 and July 11, 2025.

After deducting all applicable costs and expenses, including placing commission, legal fees and levies, the net proceeds raised amounted to approximately HK$462.94 million (equivalent to approximately RMB421.53 million). The table below sets out the actual usage up to December 31, 2025:

Proposed use	**Percentage of total net proceeds** (Approximately)	**Allocation of net proceeds** (RMB million)	**Utilized amount as at December 31, 2025** (RMB million)	**Utilized amount during the Reporting Period** (RMB million)	**Unutilized amount as at December 31, 2025** (RMB million)
i) To be used for the commercialization and marketing of the Company's core product MEIYOUHENG (Becotatug Vedotin Injection)	20.00%	84.31	–	–	84.31
ii) To be used for advancing clinical trials of core products of the Company	60.00%	252.91	16.88	16.88	236.03
iii) To be used for the research and development of new product pipelines	20.00%	84.31	10.67	10.67	73.64
Total	100%	421.53	27.55	27.55	393.98

The unutilized amount of net proceeds from the Placing is expected to be used by December 31, 2026.

DIRECTORS

Executive Directors

Dr. Pu Zhongjie (蒲忠傑) ("**Dr. Pu**") aged 63, is the founder and Controlling Shareholder of the Group, serving as an executive Director and the chairman of the Board, director and the chairman of the board of Taizhou Aoke, executive director of Lepu Beijing.

In addition to his position in the Group, Dr. Pu has consecutively held positions with Lepu Medical as its director, chief technology officer, general manager, vice chairman of the board and chairman of the board since June 1999 and is currently the chief technology officer and chairman of the board of Lepu Medical. Dr. Pu also serves as an executive director of Beijing Tiandi Harmony Technology Co., Ltd. (北京天地和協科技有限公司), a wholly owned subsidiary of Lepu Medical engaging in the medical device business since November 1999.

Further, Dr. Pu has been serving as an executive director and the general manager of Beijing Puping Tiancheng Investment Management Consulting Co., Ltd. (北京普平天成投資管理顧問有限公司), a company ultimately owned by Dr. Pu as to 100% and licensed to conduct investment consulting business. In addition, Dr. Pu has also been serving as an executive director and the general manager of Huarui Zongheng (Beijing) Technology Co., Ltd. (華瑞縱橫(北京)科技有限公司), a limited liability company incorporated in the PRC and wholly owned by Dr. Pu since November 2013, an executive director and the general manager of Beijing Houde Yimin since May 2014, an executive director and the general manager of Ningbo Houde Yimin, a company wholly owned by Beijing Houde Yimin, since March 2017, and an independent director of Beijing Jinyi Culture Development Joint Stock Company (北京金一文化發展股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002721), from June 2019 to December 2020. Prior to establishing the Group, Dr. Pu served as deputy general manager of technology department of U.S. WP Medical Technologies, Inc. from November 1998 to June 1999.

Dr. Pu obtained a bachelor's degree in mechanical engineering in metal materials from Xi'an Jiaotong University (西安交通大學) in the PRC in 1983, a master's degree in metal materials from Xi'an Jiaotong University (西安交通大學) in the PRC in 1985, and a doctoral degree in metal materials from Central Iron & Steel Research Institute (鋼鐵研究總院) in the PRC in July 1990. Dr. Pu is the father of Ms. Pu Jue, a non-executive Director.

Dr. Sui Ziye (隋滋野) ("**Dr. Sui**"), aged 46, is an executive Director and the chief executive officer of the Company, a director of Taizhou Aoke, an executive director of CtM Bio, and the general manager of Lepu Beijing. In addition, Dr. Sui also served as a director of HealSun Biopharma, a company owned by us as to 5.51% as at the Latest Practicable Date, from March 2020 to September 2023. In addition, Dr. Sui served as a non-executive director of Star Combo Pharma Limited, a company listed on the Australian Stock Exchange (stock code: S66), from June 2018 to August 2022. Dr. Sui has nearly eighteen years of managerial experience in the pharmaceutical sector.

Prior to joining the Group, Dr. Sui held several positions in Lepu Medical and its subsidiaries, including an international sales & marketing manager and a vice president of Lepu Medical from April 2007 to January 2020, a CEO of Comed BV from March 2012 to May 2015, a CEO of Beijing Lepu Hushengtang Technology Co., Ltd. (北京樂普護生堂網絡科技有限公司) from April 2015 to December 2019, an executive director of Beijing Star GK Medical Device Co., Ltd. (北京思達醫用裝置有限公司) from October 2017 to January 2020, the chairman of the board of Zhongcheng Healthcare Industrial (Hainan) Co., Ltd. (中鋮健康產業(海南)股份有限公司), previously known as Hainan Mingshengda Pharmaceutical Co., Ltd. (海南明盛達藥業有限公司), from June 2015 to January 2020 and a director of Beijing Quinovare Medical Technology Co., Ltd. (北京快舒爾醫療技術有限公司) from September 2016 to July 2020.

Dr. Sui obtained a bachelor's degree in medical science from Peking University (北京大學) in the PRC in July 2001 and a doctoral degree from University of Rochester in the U.S. in March 2007.

Non-executive Directors

Ms. Pu Jue (蒲珏) ("**Ms. Pu**"), aged 37, is a non-executive Director. In addition to her position in the Group, she leads international business development for Lepu Medical since April 2015, with successful investments including Viralytics Limited (acquired by Merck in February 2018).

As at the Latest Practicable Date, Ms. Pu serves as a director of Rgenix Inc. which develops leading immunotherapy cancer treatment agents, since October 2018 and a director of CG Oncology which develops oncolytic virus for the treatment of bladder cancer, since March 2019. As Ms. Pu is not involved in the daily management and operation of the Company as a non-executive Director, and of Rgenix Inc. and CG Oncology as an investor board representative, the directorships held by Ms. Pu would not give rise to any material competition issue under Rule 8.10 of the Listing Rules.

Ms. Pu obtained bachelor's degrees in both economics and engineering from the Wharton School of the University of Pennsylvania in the U.S. in May 2012 and a master's degree in material engineering from Stanford University in the U.S. in June 2013. Ms. Pu is the daughter of Dr. Pu.

Ms. Qin Yiran (秦怡然) ("**Ms. Qin**"), aged 35, is the investment director of Hainan Shiyu Private Equity Management Co., Ltd. (海南拾玉私募基金管理有限公司) ("Hainan Shiyu").

From July 2018 to September 2020, Ms. Qin served as business manager at Zhongguancun Science-Tech Leasing Co., Ltd. (中關村科技租賃股份有限公司) (a company listed on the Stock Exchange, stock code: 1601). After joining Hainan Shiyu in September 2020, Ms. Qin has served as an analyst and investment manager.

Ms. Qin received her doctor's degree in biology from Tsinghua University (清華大學) in the PRC in July 2018.

Independent non-executive Directors

Mr. Zhou Demin (周德敏) ("**Mr. Zhou**"), aged 59, is an independent non-executive Director. In addition to his position in the Group, Mr. Zhou served consecutively as professor, deputy dean and dean of Peking University School of Pharmaceutical Sciences from September 2008 to July 2023 and is an independent director of North China Pharmaceutical Co., Ltd. (華北製藥集團有限責任公司), a company listed on the Shanghai Stock Exchange (stock code: 600812) since May 2019. Mr. Zhou also serves as an independent director of Chengdu Kanghong Pharmaceutical Group Co., Ltd. (成都康弘藥業集團股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002773) since August 2023 and an independent non-executive director of Hangzhou Jiuyuan Genetic Biopharmaceutical Co., Ltd. (杭州九源基因生物醫藥股份有限公司), previously known as Hangzhou Jiuyuan Gene Engineering Co., Ltd. (杭州九源基因工程股份有限公司), a company listed on the Hong Kong Stock Exchange (stock code: 2566) since November 2024.

Mr. Zhou obtained a bachelor's degree in chemistry and a doctoral degree in science from Peking University Health Science Centre (北京醫科大學) in the PRC in July 1990 and June 1996 respectively.

Mr. Yang Haifeng (楊海峰) ("**Mr. Yang**"), aged 49, is an independent non-executive Director. In addition to his position in the Group, Mr. Yang is the head of managing committee of Silkroad Law Firm (錦路律師事務所) since June 2011. Prior to that, Mr. Yang served as a director of legal and risk department of CCB International Asset Management Limited (建銀國際資產管理有限公司) from July 2009 to June 2011, and a legal manager of Simmons (英國西盟斯律師事務所香港辦公室) from October 2004 to July 2009.

Mr. Yang obtained a bachelor's degree in law from Peking University (北京大學) in the PRC in July 2000 and a master's degree in law from Northwestern University in the U.S. in June 2004. Mr. Yang was admitted to practice law in the PRC in January 2019 and New York law in the U.S. in August 2007.

Mr. Fengmao Hua (華風茂) ("**Mr. Hua**"), aged 57, is an independent non-executive Director of the Company. In addition to his position at the Group, Mr. Hua serves as the chairman of the Board of China Finance Strategies Investment Holdings Limited since August 2014 and served as the chief executive officer of Chempartner Pharmatech Co., Ltd., a company listed on Shenzhen Stock Exchange (stock code: 300149) from July 2021 to October 2022. Mr. Hua has more than 16 years of experience in investment banking industry. Mr. Hua previously worked at a number of investment banking firms where he was mainly responsible for corporate finance, public offering, reorganization, merger and acquisitions as well as other financial consulting work, the details of which are set forth below:

- from July 2003 to October 2005, Mr. Hua held various positions in CLSA Capital Market Limited;
- from April 2008 to August 2014, Mr. Hua served as the managing director of investment banking department and the managing director in the private equity department in BOCOM International Holdings Company Limited;

- from July 2018 to June 2021, Mr. Hua served as an executive director and the chief financial officer of Viva Biotech Holdings, a company listed on the Stock Exchange (stock code: 1873);
- from December 2021 to June 2024, Mr. Hua served as an independent non-executive director of Sirnaomics Ltd., a company listed on the Stock Exchange (stock code: 2257);
- from December 2021 to February 2024, Mr. Hua served as an independent non-executive director of Ferretti S.p.A., a company listed on the Stock Exchange (stock code: 9638); and
- since July 2021, Mr. Hua has served as an independent non-executive director of Biocytogen Pharmaceuticals (Beijing) Co., Ltd., a company listed on the Stock Exchange (stock code: 2315).

Mr. Hua obtained his bachelor's degree in English from Shanghai International Studies University (上海外國語大學) in the PRC in July 1989. He obtained his master's degree in Business Administration from the International University of Japan in June 1997 in Japan.

SUPERVISORS

Mr. Xu Yang (徐揚) ("**Mr. Xu**"), aged 58, is a Supervisor of the Company. In addition to his position in the Group, Mr. Xu is a director of Lepu Medical since January 2014 and a founding partner of Chong Guang Law Office (北京市重光律師事務所) since May 2005. Prior to that, Mr. Xu served as (i) an independent director of NAURA Technology Group Co., Ltd. (北方華創科技集團股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002371), from September 2010 to October 2016, and (ii) an independent director of Sino-air Transportation Co., Ltd. (中外運空運發展股份有限公司), a company previously listed on the Shanghai Stock Exchange (stock code: 600270) and delisted by way of merger and absorption in December 2018, from October 2005 to April 2012.

Mr. Xu obtained a bachelor's degree in law from Peking University (北京大學) in the PRC in July 1991. Mr. Xu was admitted to practice law in the PRC in June 1994.

Mr. Yang Ming (楊明) ("**Mr. Yang**"), aged 60, is a Supervisor of the Company. Mr. Yang joined the Group in December 2020 and has been serving as a Supervisor since then. In addition to his position in the Group, Mr. Yang is the vice president of research and development department of Lepu Medical since January 2013 and had held various positions in Lepu Medical, including the manager of clinical registration department from January 2007 to December 2012, the manager of marketing department from October 2005 to December 2006, and the manager of technology quality department from June 2002 to September 2005.

Prior to that, Mr. Yang served as a technician of No. 725 Institution of China State Shipbuilding Corporation Limited (中國船舶重工集團公司第七二五研究所) until May 2002. Mr. Yang obtained a bachelor's degree in metal physics from Wuhan University (武漢大學) in the PRC in July 1988. He was qualified as a researcher of biologics material and medical device of China State Shipbuilding Corporation Limited (中國船舶重工集團公司) in March 2010. Mr. Yang has been a member of the second council of China Society for Drug Regulation (中國藥品監督管理研究會) since October 2020.

Ms. Zhao Lixuan (趙力萱) ("**Ms. Zhao**"), aged 34, is the employee representative Supervisor of the Company. Ms. Zhao has served as the investor relations director of the Company since March 2023. Prior to this, Ms. Zhao served as the senior assistant to the deputy general manager, as the investor relations manager and as the investor relations director of Lepu Medical from December 2015 to March 2023.

Ms. Zhao obtained a Bachelor of International Economics and Trade from Zhengzhou University (鄭州大學) in the PRC in July 2014 and a Master of Science (MSc) in Global Marketing from the University of York in January 2016.

The Company has entered into a service contract with Ms. Zhao and the term of office of Ms. Zhao as employee representative Supervisor will be three (3) years effective from the date of the Employees' Representative Meeting at which Ms. Zhao was elected as employee representative Supervisor. Ms. Zhao will not receive any Supervisors' remuneration from the Company during her term as employee representative Supervisor.

RESIGNING DIRECTOR AND RETIRING SUPERVISOR

Mr. Yang Hongbing resigned from his position as a non-executive Director of the Company with effect from June 27, 2025. The Board would like to express its heartfelt respect and thanks to Mr. Yang Hongbing for his great contributions to the Company during his tenure, and welcome Ms. Qin Yiran as the non-executive Director of the Company.

Mr. Yang Ming retired from his position as a supervisor of the Company with effect upon the approval of the appointment of a new supervisor by the Shareholders.

SENIOR MANAGEMENT

Dr. Sui Ziye (隋滋野) is an executive Director and chief executive officer of the Company. See "Executive Directors" in this section for the biographical details of Dr. Sui.

Ms. Li Yunyi (李昀軼) ("**Ms. Li**"), aged 46, is the chief financial officer and Board secretary of the Company. Prior to joining the Group, Ms. Li served as the deputy financial director of Lepu Medical from May 2016 to October 2020. From September 2013 to December 2015, Ms. Li served as an executive director of debt capital market of Credit Suisse Founder Securities Limited (瑞信方正證券有限責任公司). From June 2008 to August 2013, Ms. Li served consecutively as associate, senior associate, vice president of fixed income team of investment banking department of China International Capital Corporation Limited (中國國際金融有限公司), a company listed on the Stock Exchange (stock code: 03908) and Shanghai Stock Exchange (stock code: 601995). From July 2001 to May 2008, Ms. Li served as the manager of investment banking and marketing development department of China Cinda Asset Management Co., Ltd. (中國信達資產管理股份有限公司), a company listed on the Stock Exchange (stock code: 01359).

Ms. Li obtained a bachelor's degree in international finance from Beihang University (北京航空航天大學) in the PRC in July 2001 and a master's degree in applied finance from Macquarie University in November 2007.

JOINT COMPANY SECRETARIES

Ms. Li Yunyi (李昀轶) is the chief financial officer, the secretary to the Board, and the joint company secretary of the Company. See "Senior Management" above for the biographical details of Ms. Li.

Ms. Lai Siu Kuen (黎少娟) ("**Ms. Lai**") is the joint company secretary of the Company. Ms. Lai is a director of the company secretarial services of Tricor Services Limited, a global professional services firm. She has over 20 years of professional and in-house experience in the company secretarial field. She obtained a bachelor's degree in accountancy from The Hong Kong Polytechnic University in November 1997. She is a fellow of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

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

PRINCIPAL BUSINESS

We are a biopharmaceutical company focusing on anti-tumor targeted therapy and oncology immunotherapy. Since inception, we are dedicated to promoting the technological advancement of innovative ADCs in China, establishing an advanced and systematic ADC technology development platform, and developing more optimal and innovative drugs to better address the unmet significant clinical needs in oncology therapeutics.

The activities and particulars of the Company's principal subsidiaries are shown under note 37 to financial statements. An analysis of the Group's revenue and operating profit for the year by principal activities is set out in the section headed "Management Discussion and Analysis" in this annual report.

RESULTS AND BUSINESS REVIEW

The results of the Group for the year ended December 31, 2025 are set out in the section headed "Chairman's Statement" of this annual report and the consolidated statement of profit or loss and other comprehensive income of the Group on page 167 of this annual report.

A fair review of the business of the Group as required by Schedule 5 to the Companies Ordinance, including an analysis of the Group's financial performance, an indication of likely future developments in the Group's business and the Group's key relationships with its stakeholders who have a significant impact on the Group and on which the Group's success depends, is set out in the section headed "Management Discussion and Analysis" of this annual report. These discussions form part of this annual report. Events affecting the Company that have occurred since the end of the financial year is set out in the section headed "Management Discussion and Analysis – Key Events after the Reporting Period" in this annual report.

PRINCIPAL RISKS AND UNCERTAINTIES

The following list is a summary of certain principal risks and uncertainties facing the Group, some of which are beyond its control.

Risks Relating to the Research and Development, Manufacturing and Commercialization of our Drug Candidates

- Our business and financial prospects depend substantially on the success of our clinical-stage and pre-clinical-stage drug candidates. If we are unable to successfully complete clinical development, obtain regulatory approvals or achieve commercialization for our drug candidates, or if we experience significant delays or cost overruns in doing any of the foregoing, our business and competitive position could be materially and adversely affected.

- Clinical drug development involves a lengthy and expensive process with an uncertain outcome, and we may encounter unexpected difficulties executing our clinical trials. Results of earlier studies and trials may not be predictive of future trial results.

- If our drug candidates fail to demonstrate safety and efficacy to the satisfaction of regulatory authorities or do not otherwise produce positive results, we may incur additional costs or experience delays in completing, or may ultimately be unable to complete, the development and commercialization of our drug candidates.

- We face intense competition and rapid technological change and the possibility that our competitors may develop products and therapies that are similar, more advanced, or more effective than ours, or launch biosimilar products and therapies ahead of us, which may adversely affect our financial condition and our ability to successfully commercialize our drug candidates.

- We may rely on third parties to manufacture a portion of our drug candidates for clinical development and commercial sales. Our business could be harmed if those third parties fail to deliver sufficient quantities of product or fail to do so at acceptable quality levels or prices.

Risks Relating to Regulatory Approvals and Government Regulation

- All material aspects of the research, development and commercialization of pharmaceutical products are heavily regulated, and the approval process is usually lengthy, costly and unpredictable. Any failure to comply with existing or future regulations and industry standards or any adverse actions by drug approval authorities against us could negatively impact our reputation and our business, financial condition, results of operations and prospects.

- The regulatory approval processes of the NMPA, the FDA and other comparable regulatory authorities are lengthy, time-consuming and inherently unpredictable. If we are unable to obtain without undue delay any regulatory approvals for our drug candidates in our targeted markets, our business may be subject to actual or perceived harm.

- We may seek approvals from the NMPA, the FDA or other comparable regulatory authorities for an expedited review process for our drug candidates or for the use of data from registrational trials through accelerated development pathways, failure to obtain which may have a material adverse effect on our business, financial condition, results of operations and prospects.

Risks Relating to our Operations

- We have recorded net cash outflow from operating activities since our inception, and we may need to obtain additional financing to fund our operations. If we are unable to obtain such financing, we may be unable to complete the development and commercialization of our major drug candidates.

- We are exposed to credit risks related to delay in payment of our customers. We cannot assure you that we will be able to collect our trade receivables from our customers in full, or at all, in the future, despite our efforts to conduct credit assessment on them.

- We may be subject to disasters, health epidemics, acts of war, terrorism, business disruptions and other force majeure events, which may have a material adverse effect on our business, financial condition and results of operations.

- There are uncertainties regarding the interpretation and enforcement of Chinese laws, rules and regulations.

However, the above is not an exhaustive list. Investors are advised to make their own judgment or consult with their own investment advisers before making any investment.

MAJOR CUSTOMERS AND SUPPLIERS

Sales attributable to the Group's five largest customers and the largest customer accounted for 82.35% and 32.86%, respectively, of the Group's total sales for the Reporting Period.

Purchases attributable to the Group's five largest suppliers and the largest supplier accounted for 35.44% and 13.27%, respectively, of the Group's total purchases for the Reporting Period.

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

DIVIDENDS

The Directors do not recommend payment of a final dividend for the Reporting Period. There is no arrangement that a Shareholder has waived or agreed to waive any dividend.

DIVIDEND POLICY

No dividend was declared or paid by the Company or other entities comprising the Group during the Reporting Period. The Company has adopted a policy on payment of dividends, please refer to the section headed "Corporate Governance Report – Dividend Policy" of this annual report for details.

We currently expect to retain all future earnings for use in operation and expansion of our business, and do not expect to declare or pay any dividends in the foreseeable future. Any future declarations and payments of dividends will be at the absolute discretion of our Directors and subject to the Articles and the PRC Company Law, and will depend on the actual/projected financial performance of the Group, operational capital need, cash flow, future expansion plans, current and future liquidity condition, internal and external circumstances that may impact upon the Company's business or financial performance or condition, and other factors which our Directors consider relevant. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. As confirmed by the Company's PRC Legal Adviser, according to the relevant PRC laws, any future net profit that we make will have to be first applied to make up for our historically accumulated losses, after which we will be obliged to allocate 10% of the net profit to our statutory common reserve fund until such fund has reached more than 50% of our registered capital. We will therefore only be able to declare dividends after (i) all our historically accumulated losses have been made up for; and (ii) we have allocated sufficient net profit to our statutory common reserve fund as described above.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Company and the Group during the Reporting Period are set out in note 15 to financial statements.

SHARE CAPITAL

Details of the movements in the share capital of the Company during the Reporting Period are set out in note 25 to financial statements.

SHARE SCHEME

Restricted Share Unit Scheme (H Share)

On December 18, 2025, the RSU Scheme was approved and adopted to attract, reward, motivate and retain the Employee Participants which will comply with the requirements of Chapter 17 of the Listing Rules and provide the Company with more flexibility in long term planning of granting of the Share Awards to Employee Participants for their contributions or potential contributions to the Group.

Purpose of the RSU Scheme

The purpose of the Scheme is to attract new talents and retain employees whose contributions are important to the long-term growth and success of the Group, to recognise and reward Employee Participants for their past contributions to the Group, to provide Employee Participants with the opportunity to acquire proprietary interests in the Company and to encourage Employee Participants to further contribute to the Company and work towards enhancing the value of the Company and its Shares for the benefit of the Company and its Shareholders as a whole. The Scheme will provide the Company with a flexible means of retaining, incentivising, rewarding, remunerating, compensating and/or providing benefits to Employee Participants.

Participants and Basis of Determining the Eligibility

The Board shall be entitled (but shall not be bound) to make an Offer to an individual or a corporate entity (as the case may be), being an Employee Participant, as the Board may in its absolute discretion select, of a Share Award (consisting of RSUs as set forth in the applicable Offer documentation), in each case provided that the Board considers, in its sole discretion, have contributed or will contribute to the Group.

In the case of the Employee Participants, in assessing their eligibility, the Board will consider, in its sole discretion, on a case-by-case basis, the following factors, including but not limited to (i) the individual performance, time commitment, responsibilities or employment conditions according to the prevailing market practice and industry standard; (ii) the length of engagement with the Group; (iii) the individual contribution or potential contribution to the development and growth of the Group; and (iv) the amount of support, assistance, guidance, advice or efforts that has been given or will be given towards the Group's success.

Scheme Mandate Limit

The total number of Shares which may be issued in respect of all options and awards involving issue of new Shares that may be granted under the Scheme and any other share scheme(s) adopted by the Company must not in aggregate exceed 5% of the total number of Shares in issue (excluding Treasury Shares, if any) as at the Adoption Date (the "**Scheme Mandate Limit**"), unless otherwise permitted by the Listing Rules or the Company obtains the approval of its Shareholders to refresh the Scheme Mandate Limit. Share Awards which have lapsed in accordance with the terms of the Scheme without Shares being issued and options and awards lapsed in accordance with any other share scheme(s) of the Company shall not be counted for the purpose of calculating the Scheme Mandate Limit.

As at the Adoption Date, the total number of Shares in issue was 1,804,439,838 Shares. The Scheme Mandate Limit is 90,221,991 Shares (representing 5% of the total number of Shares in issue as at the Adoption Date). As of the date of this report, no RSUs have been granted under the RSU Scheme. Therefore, the total number of Shares available for issue under the RSU Scheme is the same as the Scheme Mandate Limit.

The Company may seek the approval of its Shareholders at general meeting to refresh the Scheme Mandate Limit after three years from the Adoption Date or the date of Shareholders' approval for the last refreshment (as the case may be), such that the total number of Shares which may be issued in respect of all options and awards involving issue of new Shares that may be granted under the Scheme and any other share scheme(s) of the Company under the Scheme Mandate Limit as refreshed must not exceed 5% of the Shares in issue (excluding Treasury Shares, if any) as at the date of the aforesaid approval for refreshment by the Shareholders in general meeting. Options and awards lapsed in accordance with the terms of the Scheme and any other share scheme(s) of the Company will not be regarded as utilised for the purpose of calculating the limit as refreshed. The Company shall send a circular to the Shareholders containing the number of options and awards that were already granted under the existing Scheme Mandate Limit, and the reason for the refreshment.

Any refreshment within any abovementioned three-year period must be approved by the Shareholders subject to the following provisions:

(i) any controlling shareholder(s) of the Company and their respective associates, or if there is no controlling shareholder(s) of the Company, Directors (excluding independent non-executive Directors) and the chief executives of the Company and their respective associates must abstain from voting in favor of the relevant resolution at the general meeting; and

(ii) the Company must comply with the requirements under the Listing Rules.

The Company may also seek separate approval of the Shareholders in general meeting for granting any Share Awards beyond the Scheme Mandate Limit, or if applicable, the refreshed limit as referred above, provided that the Share Awards in excess of the Scheme Mandate Limit are granted only to Employee Participants specifically identified by the Company before the aforesaid Shareholders' meeting where such approval is sought. A circular shall be sent to Shareholders containing the name of each specified Participant who may be granted such Share Awards, the number and terms of the Share Awards to be granted to each specified Employee Participant, the purpose of granting Share Awards to the specified Participants with an explanation as to how the terms of the Share Awards serve such purpose, and all other information as required under the Listing Rules. The number and terms of the Share Awards to be granted to such Participant must be fixed before Shareholders' approval.

In the circumstances described in above, the Company shall send a circular to its Shareholders containing all those terms as required under the Listing Rules. The relevant Grantee, his/her associates and all core connected persons of the Company shall abstain from voting at such general meeting, except that such person may vote against the relevant resolution at the general meeting provided that his/her intention to do so has been stated in the circular to be sent to the Shareholders in connection therewith.

Purchase Price of Share Awards

Subject to otherwise determined by the Board at its sole discretion or as required by applicable law in respect of the purchase price (if any) of any particular Share Award which shall be stated in the Offer documentation, the Grantee is required to pay RMB1.00 as purchase price to the Company to purchase each RSU underlying a Share Award granted. The purchase price is determined based on the nominal value of RMB1.00 of the Shares and is payable by the Grantee prior to the obtaining of the underlying Shares of the Share Award.

Vesting of Share Awards

Subject to the terms of the RSU Scheme, the Board may decide at its sole and absolute discretion (subject to, including but not limited to, the execution of any transfer documents or restricted share agreements, the payment of any purchase price or the provision of any transfer or sale direction by the Grantee as may be required by the Board and/or the Trustee, and in accordance with the provisions stated in the Offer documentation to the Grantee) to:

(i) direct the Trustee to transfer the number of Restricted Shares or the Shares underlying the RSUs to the Grantee which the Trustee has acquired by making purchases of existing Shares on-market and to be held pending the vesting of the relevant Share Award;

(ii) procure the Company to allot and issue the number of Restricted Shares or the Shares underlying the RSUs to the Grantee (as new Shares under the Scheme Mandate Limit) as fully paid up Shares directly; and/or

(iii) pay, or procure the payment of, an amount equivalent to the market value of the Shares underlying the RSUs to the Grantee in cash, for the purpose of satisfying the relevant Share Awards of the Grantee upon vesting.

Without prejudicing to the foregoing, whether the Shares underlying the RSUs are to be purchased from secondary markets or subscribed for is determined by the Board having regards to, among other things, the financial position of the Company, the cash position of the Company and the market price of the relevant Shares at the relevant time. The Trustee will hold any Restricted Shares or any Shares underlying the RSUs so purchased in accordance with the terms of the RSU Scheme and the provisions of the Trust Deed. Such Shares so acquired and/or subscribed for will, subject to the receipt by the Trustee of a confirmation from the Company that all vesting conditions have been fulfilled, be transferred to the Grantee.

Vesting Period

Save for the circumstance as described below, the vesting period in respect of any Share Award granted shall be no less than 12 months from (and including) the Date of Grant.

(a) Share Awards granted to an Employee Participant may be subject to a shorter vesting period in the following circumstances at the sole discretion of the Remuneration and Appraisal Committee:

(i) grants of "make-whole" Share Awards to new joiners to replace the share awards they forfeited when leaving their previous employers;

(ii) grants that are made in batches during a year for administrative or compliance reasons, which include Share Awards that should have been granted earlier if not for such administrative or compliance reasons but had to wait for a subsequent batch. In such case, the vesting period may be shorter to reflect the time from which the Share Award would have been granted;

(iii) grants with a mixed or accelerated vesting schedule such as where the Share Awards may vest evenly over a period of 12 months, or where the Share Awards may vest by several batches with the first batch to vest within 12 months of the Date of Grant and the last batch to vest 12 months after the Date of Grant;

(iv) grants with performance-based vesting conditions provided in the RSU Scheme or as specified in the Offer documentation in lieu of time-based vesting criteria; and

(v) grants with a total vesting and holding period of more than 12 months.

Performance Targets

Vesting of Share Award shall be subject to the performance targets, if any, to be satisfied by the Grantees as determined by the Remuneration and Appraisal Committee from time to time. The Remuneration and Appraisal Committee shall have the authority, after the grant of any Share Award which is performance-linked, to make fair and reasonable adjustments to the prescribed performance targets during the vesting period if there is a change in circumstances, provided that any such adjustments shall be less onerous than the prescribed performance targets and are considered fair and reasonable by the Remuneration and Appraisal Committee. The performance targets may include the attainment of program milestones and market capitalisation milestones by the Group, which may vary among the Grantees. The Remuneration and Appraisal Committee will conduct assessment from time to time by comparing the performance with the pre-set targets to determine whether such targets and the extents to which have been met. If, after the assessment, the Remuneration and Appraisal Committee determines that any prescribed performance targets have not been met, the unvested Share Award shall lapse automatically. For the avoidance of doubt, the performance targets are not applicable to independent non-executive Directors of the Company.

Life of the RSU Scheme

Subject to any early termination provisions pursuant to the RSU Scheme, the RSU Scheme shall be valid and effective for the period of ten years commencing on the Adoption Date. After the expiry of the RSU Scheme, no further Share Awards shall be offered or granted, but in all other respects the provisions of the RSU Scheme shall remain in full force and effect to the extent necessary to give effect to the settlement of any Share Awards granted prior thereto or otherwise as may be required in accordance with the provisions of the RSU Scheme.

Alteration and Termination

The Board may amend any of the provisions of the RSU Scheme (including without limitation amendments in order to comply with changes in legal or regulatory requirements and amendments in order to waive any restrictions imposed by the provisions of the RSU Scheme) at any time (but not so as to affect adversely any rights which have accrued to any Grantee at that date).

Any alterations to the terms and conditions of the Scheme which are of a material nature, or any alterations to the provisions relating to the matters set out in Rule 17.03 of the Listing Rules to the advantage of Employee Participants, must be approved by Shareholders in general meeting. Any change to the terms of Share Awards granted to a Participant, must also, to be effective, be approved by the Board, the Remuneration and Appraisal Committee, the independent non-executive Directors of the Company and/or the Shareholders in general meeting (as the case may be) if the initial grant of the Share Awards was approved by the Board, the Remuneration and Appraisal Committee, the independent non-executive Directors of the Company and/or the Shareholders (as the case may be), except where the alterations take effect automatically under the existing terms of the Scheme. The Scheme so altered must comply with the Listing Rules. Any change to the authority of the Board, the Trustee or other administrator of the Scheme in relation to any alternation to the terms of the Scheme must be approved by the Shareholders in general meeting.

The Company by special resolution in general meeting or the Board may at any time resolve to terminate the operation of the RSU Scheme prior to its expiry, and in such event no further Share Awards will be offered or granted but the provisions of the RSU Scheme shall remain in full force to the extent necessary to give effect to the settlement of any Share Awards granted prior thereto or otherwise as may be required in accordance with the provisions of the RSU Scheme. Share Awards which are granted during the life of the RSU Scheme and remain outstanding immediately prior to the termination of the operation of the RSU Scheme shall continue to be valid and eligible to vest in accordance with their terms of issue after the termination of the RSU Scheme.

For further details of the RSU Scheme, please refer to the Company's announcement dated November 28, 2025, circular dated November 28, 2025 and poll results announcement dated December 18, 2025.

BORROWINGS

Particulars of bank loans and other borrowings of the Group as of December 31, 2025 are set out in the section headed "Management Discussion and Analysis" in this annual report and note 30 to financial statements.

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 page 170 of this annual report. Details of the movement in the reserves of the Company during the Reporting Period is set out in note 26 to the consolidated financial statements on page 211 of this annual report.

As of December 31, 2025, the Group had distributable reserve accounting to approximately RMB2,086.2 million.

FINANCIAL SUMMARY AND FINANCIAL STATEMENTS

A summary of the Group's results, assets and liabilities for the last four financial years (prepared in accordance with IFRS) are set out on page 252 of this annual report. This summary does not form part of the audited consolidated financial statements.

The results of the Group for the year ended December 31, 2025 and the state of the Group's financial position as at that date are set out in the consolidated financial statements on pages 168 and 169 of this annual report.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The Directors and Supervisors who held office during the Reporting Period and up to the date of this annual report were:

Executive Directors

Dr. PU Zhongjie
Dr. SUI Ziye

Non-executive Directors

Ms. PU Jue
Ms. QIN Yiran (appointed with effect from June 27, 2025)
Mr. YANG Hongbing (retired with effect from June 27, 2025)

Independent non-executive Directors

Mr. ZHOU Demin
Mr. YANG Haifeng
Mr. Fengmao HUA

Supervisors

Mr. XU Yang
Ms. ZHAO Lixuan
Mr. YANG Ming (resigned with effect upon the approval of the appointment of a new supervisor by the Shareholders)

Details of Directors and Supervisors are set out in "Biographies of Directors, Supervisors and Senior Management" of this annual report. Save as disclosed in that section, up to the date of this annual report, there were no changes to information which are required to be disclosed by Directors and Supervisors pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules.

Dr. Fang Lei (方磊) resigned as a vice president of the Company and his other positions within the Group during the Reporting Period due to personal reasons. He has confirmed that he has no disagreement with the Board and there is no other matter relating to his resignation that needs to be brought to the attention of the shareholders of the Company or the Stock Exchange. The Company confirms that the R&D-related matters of the Group are all in an orderly manner and the departure of Dr. Fang will not have any adverse effect on the operations of the Group.

INTERESTS OF DIRECTORS AND SUPERVISORS IN TRANSACTION, ARRANGEMENT OR CONTRACT

Save as the New Procurement Framework Agreement and the New CDMO Services Framework Agreement disclosed under the section headed "Directors' Report – Connected Transactions" of this annual report, the Group has not entered into any transaction agreement or contract of significance in which the Group's Directors and Supervisors have direct or indirect material interests during the Reporting Period (other than the service contracts and employment agreements of Directors and senior management).

CONTROLLING SHAREHOLDER'S INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as the New Procurement Framework Agreement and the New CDMO Services Framework Agreement disclosed under the section headed "Directors' Report – Connected Transactions" of this annual report, the Controlling Shareholder does not have or had a material interest, either directly or indirectly, in any contract of significance, whether for the provision of services or otherwise, to the business of the Group to which the Company or any of its subsidiaries was a party during the Reporting Period (other than the service contract and employment agreement of Director and senior management).

INTERESTS OF DIRECTORS IN COMPETING BUSINESS

Save as disclosed in the section headed "Biographies of Directors, Supervisors and Senior Management" in this annual report and save for their respective interests in the Group, none of the Directors, Supervisors and the Controlling Shareholder were interested in any business which competes or is likely to compete with the businesses of the Group during the Reporting Period.

From time to time, the Company's 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 neither controlling shareholders of the Company nor members of its executive management team, the Company is of the view that their interests in such companies as directors would not render the Company incapable of carrying on its business independently from the other companies in which they may hold directorships from time to time.

EMOLUMENTS OF DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND FIVE HIGHEST PAID INDIVIDUALS

The Remuneration and Appraisal Committee determines or makes recommendation to the Board (as case may be) on the remuneration and other benefits payable to the Directors and Supervisors by the Group. The Remuneration and Appraisal Committee regularly oversees the remuneration of all Directors and Supervisors to ensure that their remuneration and compensation are at an appropriate level. The Group maintains competitive remuneration packages with reference to the industry standard and according to the business development of the Group and determines remuneration of the Directors and Supervisors based on their respective qualifications, experience and contributions, to attract and retain its Directors and Supervisors as well as to control costs.

Details of emoluments of Directors, Supervisors and the top five highest paid individuals are set out in note 39 and note 9 to financial statements. For the year ended December 31, 2025, none of the Directors has waived or agreed to waive any emoluments.

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

As at December 31, 2025, the interests and short positions of the Directors, Supervisors, and the chief executives of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporation (within the meaning of Part XV of the SFO) which were required to be entered in the register kept by the Company pursuant to section 352 of the SFO, or which were otherwise required, to be notified to the Company and the Stock Exchange pursuant to the Model Code, are set out below:

Interests of our Directors in the Shares or Underlying Shares of the Company

Long position in the Shares as at December 31, 2025

Name of Director	Class of Shares	Nature of Interest	Number of Shares or underlying Shares	Approximate percentage of shareholding [1]
Dr. Pu Zhongjie[2]	H Shares	Interests in controlled corporation	658,591,549	36.50%
Ms. Pu Jue[3]	H Shares	Interests in controlled corporation	90,000,000	4.99%

Notes:

(1) The calculation is based on the total number of 1,804,439,838 H Shares issued as of December 31, 2025.

(2) Ningbo Houde Yimin directly holds 433,239,436 H Shares as beneficial owner, and Ningbo Houde Yimin is held as to 100% by Beijing Houde Yimin, which is in turn held as to 100% by Dr. Pu Zhongjie, an executive Director and the chairman of the Board. In addition, Lepu Medical directly holds 225,352,113 H Shares as beneficial owner, and Dr. Pu Zhongjie is the actual controller of Lepu Medical. Dr. Pu Zhongjie is therefore deemed to be interested in the 433,239,436 H Shares and the 225,352,113 H Shares held by Ningbo Houde Yimin and Lepu Medical, respectively.

(3) Shanghai Lvyuan directly holds 90,000,000 H Shares as beneficial owner, and Shanghai Lvyuan is held as to 100% by Cereblue Limited, which is in turn held as to 100% by Ms. Pu Jue, one of the non-executive Directors. Ms. Pu Jue is therefore deemed to be interested in the 90,000,000 H Shares held by Shanghai Lvyuan.

Interests of our Directors in the Shares or Underlying Shares of Associated Corporations

So far as the Directors are aware, as at December 31, 2025, none of the Directors, Supervisors, or chief executives of the Company had any interests and/or short positions in the Shares, underlying Shares and debentures of the Company or its associated corporations, which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of SFO), or were required to be recorded in the register required to be kept under section 352 of the SFO or required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

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

So far as is known to the Company, as at December 31, 2025, as recorded in the register required to be kept by the Company under section 336 of the SFO, the following persons, other than a Director or chief executive of the Company, had an interest of 5% or more in the Shares or underlying Shares:

Long position in the Shares as at December 31, 2025

Name of Shareholder	Class of Shares	Nature of Interest	Number of Shares or underlying Shares	Approximate percentage of shareholding[(1)]
Miracogen HK	H Shares	Beneficial interest	117,355,106	6.50%
Miracogen Inc.[(2)]	H Shares	Interest in controlled corporation	117,355,106	6.50%
Dr. Hu Chaohong[(2)]	H Shares	Interest in controlled corporation	117,355,106	6.50%

Notes:

(1) The calculation is based on the total number of 1,804,439,838 H Shares issued as at December 31, 2025.

(2) Miracogen HK directly holds 117,355,106 H Shares as beneficial owner, and Miracogen HK is held as to 100% by Miracogen Inc., which is in turn held as to 100% by Dr. Hu Chaohong. Dr. Hu Chaohong and Miracogen Inc. are therefore deemed to be interested in the 117,355,106 H Shares held by Miracogen HK.

Save as disclosed above, as at December 31, 2025, the Company had not been notified of any persons (other than a Director or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares that were recorded in the register required to be kept under section 336 of the SFO.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the Reporting Period or at the end of the Reporting Period was the 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 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 equity or debt securities of the Company or any other body corporate, or had exercised any such right.

PERMITTED INDEMNITY

The Company has purchased appropriate liability insurance for its Directors and Supervisors which provides proper protection for the Directors and Supervisors.

CONNECTED TRANSACTIONS

We have entered into, and are expected to continue, certain transactions which will constitute non-exempt continuing connected transactions of our Company under the Listing Rules upon the Listing. Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted, waivers in relation to certain continuing connected transactions between us and certain connected persons under Chapter 14A of the Listing Rules.

The following transactions constitute continuing connected transactions of the Company under Rule 14A.31 of the Listing Rules and are required to be disclosed in this annual report in accordance with Rule 14A.71 of the Listing Rules:

1. PROCUREMENT FRAMEWORK AGREEMENTS

Our Company entered into a procurement of products and services framework agreement on November 26, 2024 with Lepu Medical (the "**Previous Procurement Framework Agreement**"), pursuant to which Lepu Medical and its subsidiaries and associates (excluding our Group) (the "**Lepu Medical Connected Persons**") shall supply to our Group (i) raw materials and supplementary materials for clinical trials, (ii) biological sample test services for clinical trials, (iii) employee body check services and other products for employees welfare; and (iv) other services. Lepu Medical is our substantial shareholder and our Controlling Shareholder is its actual controller.

The initial term of the Previous Procurement Framework Agreement commenced on January 1, 2025 and expired on December 31, 2025. The Company and the relevant Lepu Medical Connected Person(s) had been entered into separate individual agreements or purchase orders which set out the specific terms and conditions in accordance with the principles set out in the Previous Procurement Framework Agreement.

Given the Previous Procurement Framework Agreement expired on December 31, 2025 and it was expected that the Group would continue to enter into procurement transactions of a similar nature with the Lepu Medical Connected Persons, on November 28, 2025, a new procurement framework agreement (the "**New Procurement Framework Agreement**", together with the Previous Procurement Framework Agreement, the "**Procurement Framework Agreements**") was entered into between the Company and the Lepu Medical. The term of the New Procurement Framework Agreement is from January 1, 2026 to December 31, 2026 (both days inclusive), and can be renewed upon parties' agreement up to three years.

We have been procuring the aforementioned products and services from the Lepu Medical Connected Persons prior to the Listing, and will continue to procure such products and services from the Lepu Medical Connected Persons for clinical trials and employee welfare as the Lepu Medical Connected Persons have been providing us with such products and services with standard and quality commensurate with our requisite safety and quality standard. As such, The Directors consider that Lepu Medical Connected Persons are familiar with our safety and quality standard and will be able to satisfy our demand efficiently and reliably with minimal disruption to our Group's operations and internal procedures.

Pricing

In order to ensure that the terms of the transactions in respect of the procurement of products and services by the Group from Lepu Medical and/or its subsidiaries and/or associates are fair and reasonable and in line with market practices, and that the terms of the transactions will be no less favorable to the Group than the terms of the transactions between the Group and Independent Third Parties, the Group has adopted the following measures:

(a) to maintain regular contact with the suppliers of the Group (including Lepu Medical and/or its subsidiaries and/or associates) to keep abreast of market developments and the price trend of products and services; and

(b) to assess, review and compare the quotations or proposals taking into account various factors including quality, payment, flexibility and after-sales services to ensure that the proposed transactions will be consistent with the general interest of the Group and the Shareholders as a whole.

Procurement of raw materials and supplementary materials for clinical trials, pharmaceutical products and biological sample test services for clinical trials will be priced with reference to market prices of comparable products and services, while the procurement fee for employee welfare products will be charged based on the number of the employees of the Group enrolled. The Group implements various internal approval and monitoring procedures, including obtaining quotations on an as-needed basis from other independent suppliers of similar products and services and considering various assessment criteria (including price, quality, suitability, payment terms, and time required for the provision and delivery of the products and services) before entering into any new procurement arrangement with Lepu Medical and/or its subsidiaries and/or associates, and comparing such quotations obtained with the offer from Lepu Medical and/or its subsidiaries and/or associates.

Annual caps and actual amount

The actual transaction amount for the Reporting Period for transactions covered under the Previous Procurement Framework Agreement was RMB1,932,000, and the annual cap for the year ended December 31, 2025 was RMB5,000,000. Under the New Procurement Framework Agreement, the annual cap for the year ending December 31, 2026 is RMB12,000,000.

2. CDMO SERVICES FRAMEWORK AGREEMENTS

Our Company entered into an agreement on November 26, 2024 with Lepu Medical (the "**Previous CDMO Services Framework Agreement**"), pursuant to which the Company and/or its subsidiaries shall provide Lepu Medical and/or its subsidiaries with CDMO services including CMC technical services, subject to the approval of the Independent Shareholders. Lepu Medical is our substantial shareholder and our Controlling Shareholder is its actual controller.

The initial term of the Previous CDMO Services Framework Agreement commenced on January 1, 2025 and expired on December 31, 2025. The Company and Lepu Medical and/or its subsidiaries had been entered into separate individual agreements or purchase orders which set out the specific terms and conditions in accordance with the principles set out in the Previous CDMO Services Framework Agreement.

Given the Previous CDMO Services Framework Agreement expired on December 31, 2025 and it was expected that the Group would continue to enter into transactions of a similar nature with Lepu Medical and/or its subsidiaries, on November 28, 2025, a new CDMO services framework agreement (the "**New CDMO Services Framework Agreement**", together with the Previous CDMO Services Framework Agreement, the "**CDMO Services Framework Agreements**") was entered into between the Company and Lepu Medical.

The term of the New CDMO Services Framework Agreement is from January 1, 2026 to December 31, 2026 (both days inclusive). The Company and/or its subsidiaries and Lepu Medical and/or its subsidiaries may from time to time enter into specific agreements in respect of the specific CDMO services for the development of particular drugs, and the CDMO services will be carried out in accordance with such specific agreements to be entered into.

The Group is well-equipped which high-quality manufacturing facility which is in compliance with GMP standards. Taking into account the needs of the Group for drugs manufacturing to cater for its clinical trials and commercialization, the Group can utilize its excess production capacity to provide CDMO services for appropriate business. By entering into the CDMO Services Framework Agreements, the Directors believe this will enable a more effective use of the Group's excess production capacity and can generate supplementary cashflow for the Group as a whole.

Pricing

The fees payable by Lepu Medical and/or its subsidiaries to the Company and/or its subsidiaries under the CDMO Services Framework Agreement and the specific agreements will be determined at arm's length and on a fair and reasonable basis based on a number of factors, including but not limited to (i) the scope and volume of tasks to be performed at each stage of each area of work; (ii) the volume, nature, complexity and value of the service involved; (iii) the expected operational costs (including, among others, laboratory costs, material costs and labor costs (which is determined by the number of personnel and hours expected to be scheduled and utilized for providing the particular service, the historical hourly rates of the relevant operations and management personnel)); and (iv) the then prevailing market rates by obtaining and comparing against fees charged by two independent comparable CDMO service providers for similar services in respect of similar types of tasks in the market.

The payment and settlement terms of such fees or procurement price payable by Lepu Medical and/or its subsidiaries to the Company and/or its subsidiaries in respect of such CDMO services shall be separately agreed upon between the relevant parties in the implementation agreements to be entered into pursuant to the terms of the CDMO Services Framework Agreement.

Annual caps and actual amount

The actual transaction amount for the Reporting Period for transactions covered under the Previous CDMO Services Framework Agreement was RMB13,567,000, and the annual cap for the year ending December 31, 2025 was RMB36,000,000. Under the New CDMO Services Framework Agreement, the annual cap for the year ending December 31, 2026 is RMB18,200,000.

Confirmations

The Company has confirmed that the execution and enforcement of the implementation agreement under the continuing connected transactions set out above has followed the pricing policies of such continuing connected transactions.

Save for the information disclosed above, during the Reporting Period, the Group did not enter into any other transactions which constituted connected transactions or continuing connected transactions that were subject to annual review and reporting requirements under Chapter 14A of the Listing Rules, and the Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

The independent non-executive Directors have reviewed the above continuing connected transactions and confirmed that such transactions were:

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

(ii) conducted either on normal commercial terms or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Group than terms available to or from independent third parties; and

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

Ernst & Young, the Company's auditor, was engaged to report on the transactions and conducted its engagement in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. Ernst & Young has issued a report to the Board and confirm that nothing has come to their attention that would cause them to believe that:

(A) the above continuing connected transactions have not been approved by the Board;

(B) the above continuing connected transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions;

(C) the transactions contemplated under the New CDMO Services Framework Agreement were not, in all material respects, in accordance with the pricing policies of the Group; and

(D) with respect to the above continuing connected transactions, the aggregate amount of each of the above continuing connected transactions exceeded the annual cap as set by the Company.

MATERIAL RELATED PARTY TRANSACTIONS

Save as disclosed in the section headed "Directors' Report – Connected Transactions" in this annual report, the related party transactions as set out in note 38 to financial statements were not regarded as connected transactions or were exempt from reporting, announcement and shareholders' approval requirements under the Listing Rules.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company since the Listing and up to December 31, 2025.

EQUITY-LINKED AGREEMENTS

Save as the RSU Scheme adopted on December 18, 2025 and disclosed under the section headed "Directors' Report – Share Scheme" of this annual report, no equity-linked agreements that will or may result in the Company issuing Shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company during the Reporting Period or subsisted at the end of the Reporting Period.

PRE-EMPTIVE RIGHTS AND TAX RELIEF

There is no provision for the pre-emptive rights in the Articles or under the laws of the PRC, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new Shares on a pro-rata basis to its existing Shareholders.

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

SUFFICIENT PUBLIC FLOAT

According to the information that is publicly available to the Company and within the knowledge of the Board, as at the Latest Practicable Date, the Company has maintained the public float as required under the Listing Rules.

SUBSIDIARIES

Particulars of the Company's subsidiaries as at December 31, 2025 are set out in note 37 to financial statements.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Reporting Period.

DONATIONS

During the Reporting Period, the Group made charitable donations of approximately RMB70,393,945 (2024: RMB19,851,583).

COMPLIANCE WITH LAWS AND REGULATIONS

As far as the Board and management are aware, the Group has complied in all material aspects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the Reporting Period, there was no material breach of, or non-compliance with, applicable laws and regulations by the Group.

MATERIAL LITIGATION

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

ENVIRONMENTAL POLICY AND PERFORMANCE

We are committed to operating our business in a manner that protects environment and providing our employees with a healthy and safe workplace. We have implemented a set of policies on environment protection, employee welfare and corporate governance consistent with industry standards and in compliance with the requirements of the Listing Rules.

In order to ensure that our operations are in compliance with the applicable laws and regulations, we have implemented group-wide environmental, health and safety policies and standard operating procedures, mainly comprising of management systems and procedures relating to wastewater generation and treatment, management of process safety and hazardous substances, employee health and safety requirements, third-party safety management and emergency planning and response. In particular, our environmental, health and safety protection measures include: (i) strict compliance with the GMP qualification requirements and relevant pollutant emissions standards during our production process to reduce pollutant emissions of air and wastewater; (ii) implementation of safety guidelines with respect to employee health and safety, environmental protection and operational and manufacturing safety in laboratories and manufacturing facilities, and closely monitor internal compliance with these guidelines; (iii) storage of hazardous substances in special warehouse and contract with qualified third parties for the disposal of hazardous materials and waste on a quarterly basis; and (iv) conducting periodic environmental evaluations on exhaust gas detection and emissions, hazardous waste disposals, noise emissions, and waste water detection and emissions to make sure all operations are in compliance with the applicable laws and regulations.

In addition, we have implemented measures to identify and address potential risks relating to the environment. These measures include continuous employee trainings to enhance our employees' awareness of environment issues and skills to comply with safety and operation standards, requirements that all our employees operating specialized equipment must have the requisite certifications, timely provision of protection equipment to our employees, periodic inspection of our operational facilities, special health examinations for employees who may have contact with hazards, medical examination for employees and establishment of procedures to appropriately handle work safety incidents.

We have security officers at our engineering department and other departments that are related to safety and environment protection. These security officers formed our group level environment, health and safety ("**EHS**") management team and are in charge of the implementation of relevant policies and procedures and routine inspections. Upon identification of any EHS risks, our EHS management team will conduct investigation, compose risk assessment report and emergency response plan, and make filings with local governmental authority if required under local laws and regulations, and take all applicable measures to reduce the impact of such risks or incidents.

CORPORATE GOVERNANCE

The Board is of opinion that the Company had adopted, applied and complied with the code provisions as set out in the CG Code contained in Appendix C1 to the Listing Rules during the Reporting Period. Principal corporate governance practices adopted by the Company are set out in the "Corporate Governance Report" section of this annual report.

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

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

AUDITORS

The consolidated financial statements of the Group for the year ended December 31, 2025 have been audited by Ernst & Young who will retire at the AGM. Ernst & Young, being eligible, will offer themselves for re-appointment. A resolution for the re-appointment of Ernst & Young as the auditor of the Company will be proposed at the AGM.

AGM AND CLOSURE OF REGISTER OF MEMBERS

The AGM will be held on May 19, 2026. A notice convening the AGM will be published on the Company's website and the Stock Exchange's website and dispatched to the Shareholders in accordance with the requirements of the Listing Rules in due course. For the purposes of determining the Shareholders' eligibility to attend, speak and vote at the AGM, the Register of Members will be closed as appropriate as set out below:

FOR DETERMINING THE ENTITLEMENT TO ATTEND AND VOTE AT THE AGM

The Register of Members will be closed from May 14, 2026 to May 19, 2026, both days inclusive, during which period no transfer of Shares will be effected. In order to determine the identity of members who are entitled to attend and vote at the AGM, all share transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's H 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 no later than 4:30 p.m. on May 13, 2026.

By order of the Board of
Lepu Biopharma Co., Ltd.
Dr. Pu Zhongjie
Chairman and Executive Director

Shanghai, the PRC
April 22, 2026

REPORT OF THE SUPERVISORY COMMITTEE

WORKS OF THE SUPERVISORY COMMITTEE IN 2025

In 2025, the Supervisory Committee of the Company conscientiously performed its supervising responsibilities on a good faith basis in strict compliance with the relevant requirements of applicable laws and regulations, including the Company Law, and the Articles, by obtaining an understanding of the Company's production and operational conditions, financial position, operational decision making and investment and financing plans and supervising the performance of duties by the Directors and senior management of the Company, to safeguard the legitimate rights and interests of the Company and the Shareholders as a whole and strictly and effectively monitor the operational compliance of the Company.

For the year ended December 31, 2025, the Supervisory Committee of the Company held a total of 3 meetings. All the Supervisors have conducted their work and performed their duties and obligations with due diligence in accordance with the requirements of normative documents such as the Rules of Procedure of the Supervisory Committee. During the Reporting Period, no incidence of Directors or senior management prejudicing the Company's interests or violating the laws, regulations or the Articles was noted by the Supervisory Committee. The Company operates well in compliance with the law and has established sound financial policies and internal control and risk management systems.

2026 WORK PLAN

In 2026, the Supervisory Committee will continue to strictly comply with the requirements of the law and regulations and the internal rules and systems of the Company to perform all its duties with due diligence and actively review each resolution and oversee the performance of duties by the Directors and senior management of the Company. The Supervisory Committee will enhance its communication with the Board and the management, pay attention to the building of the Company's risk management and internal control systems and promote the improvement of the corporate governance structure and the operational compliance of the Company.

By order of the Supervisory Committee of
Lepu Biopharma Co., Ltd.
Mr. Xu Yang
Chairman of the Supervisory Committee

Shanghai, the PRC
April 22, 2026

The Board is pleased to present the Company's corporate governance report in this annual report.

CORPORATE GOVERNANCE PRACTICES

The Directors recognize the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of the Group so as to achieve effective accountability. The Group is committed to achieve high standards of corporate governance with a view to safeguard the interests of the Shareholders as a whole.

The Company has adopted the CG Code as its own code of corporate governance since the Listing Date and has adopted whistleblowing and anti-corruption policies and systems in accordance with Code Provisions D.2.6 and D.2.7 of the CG Code.

The Company has complied with all applicable code provisions as set out in the CG Code (as it was applicable to corporate governance reports during the Reporting Period) during the Reporting Period.

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

BOARD OF DIRECTORS

Composition of the Board

The Company is committed to the view that the Board should include a balanced composition of executive Directors, non-executive Directors and independent non-executive Directors so that there is a strong independent element on the Board, which can effectively exercise independent judgment.

As at the date of this annual report, the Board consists of two executive Directors, namely Dr. Pu Zhongjie (Chairman of the Board) and Dr. Sui Ziye (Chief Executive Officer), two non-executive Directors, namely Ms. Pu Jue and Ms. Qin Yiran, and three independent non-executive Directors, namely Mr. Zhou Demin, Mr. Yang Haifeng and Mr. Fengmao Hua.

Their biographical details are set out in the "Biographies of Directors, Supervisors and Senior Management" section of this report. The overall management and supervision of the Company's operation and the function of formulating overall business strategies were vested in the Board. Dr. Pu Zhongjie is the father of Ms. Pu Jue. Other than that, there is no family or blood relationship among members of the Board.

During the Reporting Period, the Board has at all times met the requirements of Rules 3.10(1) and (2) of the Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one independent non-executive Director possessing appropriate professional qualifications, or accounting or related financial management expertise. The three independent non-executive Directors represent one-third of the Board, complying with the requirement under Rule 3.10A of the Listing Rules whereby independent non-executive Directors of a listed issuer must represent at least one-third of the board. The Board believes that there is sufficient independence element in the Board to safeguard the interest of Shareholders.

Chairman and Chief Executive Officer

Code Provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

During the Reporting Period, in line with the recommendations under the Listing Rules, the roles and functions of the chairman of the Board and the chief executive officer of the Company were taken up by different individuals, and their respective duties were clearly defined.

During the Reporting Period, Dr. Pu Zhongjie held the position of the chairman of the Board, and Dr. Sui Ziye held the position as the Chief Executive Officer of the Company, responsible for the daily operation and management of the Company.

Directors' Responsibilities

The Board takes the responsibility to oversee all major matters of the Company, including the formulation and approval of all policy matters, overall strategies, internal control and risk management systems, and monitor the performance of the senior executives. The Directors have to make decisions objectively in the interests of the Company.

Liability insurance for Directors and senior management of the Company is maintained by the Company with appropriate coverage for certain legal liabilities which may arise in the course of performing their duties.

Delegation by the Board

The management, consisting of executive Directors along with other senior executives, is delegated with responsibilities for implementing the strategy and direction as adopted by the Board from time to time, and conducting the day-to-day management and operations of the Group. Executive Directors and senior executives meet regularly to review the performance of the businesses of the Group as a whole, co-ordinate overall resources and make financial and operational decisions. The Board also gives clear directions as to their powers of management including circumstances where management should report back, and will review the delegation arrangements on a periodic basis to ensure that they remain appropriate to the needs of the Group.

Directors' Responsibilities for Financial Statements

The Directors acknowledge their responsibilities for preparing the consolidated financial statements of the Group in accordance with statutory requirements and applicable accounting standards. The Directors also acknowledge their responsibilities to ensure that the consolidated financial statements of the Group are published in a timely manner. The Directors are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern. Accordingly, the Directors have prepared the consolidated financial statements of the Group on a going concern basis.

Independent Non-Executive Directors (INEDs)

The independent non-executive Directors play a significant role in the Board by virtue of their independent judgment and their views carry significant weight in the Board's decision. The functions of independent non-executive Directors include bringing an impartial view and judgement on issues of the Company's strategies, performance and control, as well as scrutinizing the Company's performance and monitoring performance reporting.

The Company has multiple mechanisms in place to ensure independent views and input are available to the Board. When reviewing the structure, size and composition of the Board, the Nomination Committee puts emphasis on whether the composition of executive and non-executive Directors (including INEDs) is balanced and ensures that there is a strong independent element on the Board. The INEDs each focuses on the business, finance and legal aspects and should be of sufficient calibre and number for their views to carry weight. The INEDs also provide their independent views on matters such as connected transactions. All Directors (including INEDs) are given opportunities to include matters in the agenda for regular Board meetings. Upon a reasonable request of any Director, the Board should resolve to provide separate independent professional advice, at the Company's expense, to the Director(s) to assist such Director(s) or the Board in performing duties to the Company. If a substantial shareholder or a Director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the matter should be dealt with by a Board meeting rather than a written resolution. INEDs who, and whose associates, have no material interest in the transaction should be present at that Board meeting. Besides, any controversial matter is required to be discussed at a Board meeting rather than being dealt with by a written resolution so as to ensure that Directors (including INEDs) are given opportunities to exchange their views instantly with each other. The Chairman at least annually holds a meeting with the INEDs without the presence of other Directors. The Board considers that the implementation of above mechanisms is effective.

All independent non-executive Directors possess extensive academic, professional and industry expertise and management experience and have made positive contributions to the development of the Company through providing their professional advice to the Board.

Mr. Zhou Demin and Mr. Yang Haifeng were appointed from December 10, 2020. Mr. Fengmao Hua was appointed from December 16, 2021. All independent non-executive Directors are appointed for a term until the expiration of the term of its first session of the Board on December 9, 2023. All independent non-executive Directors remained on the Board until the EGM held on January 31, 2024, and were all re-elected as independent non-executive Directors with effect from the same date for a term of three years.

Confirmation of independence

The independence of the independent non-executive Directors has been assessed in accordance with the applicable Listing Rules. The Company is of the view that all independent non-executive Directors meet the guidelines for assessing independence set out in Rule 3.13 of the Listing Rules and are independent.

Board Diversity Policy

The Company has adopted the 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, professional qualifications, skills, knowledge and industry and regional experience.

The Board have set the measurable objectives for implementing the board diversity policy which include having one-third female representation on the Board. For the Reporting Period, the Board consists of six male members and three female members, achieving a female representation of one-third. For the Reporting Period, the Board considers that the Board is diverse in gender. Going forward, the Board will continue to seek opportunities to increase the proportion of female members over time as and when suitable candidates are identified.

Based on our review of the membership and composition of the Board, the Company is of the view that the structure of the Board is reasonable, and the experiences and skills of the Directors in various aspects and fields can enable the Company to maintain a high standard of operation.

The Nomination Committee has also reviewed the implementation of the board diversity policy and considers it effective. The Board will continue to monitor the implementation and have continuous evaluation of the appropriateness and effectiveness of the board diversity policy.

Our diversity philosophy including gender diversity was also generally followed within our workforce, and as at the date of this annual report, two of our senior management members out of three are female, achieving a female representation of over 60% parity in this regard, and 50% of our total workforce were male. Considering the nature of the industry, the Company believes that the gender ratio of employees in the Group is normal and is of the view that the Group has achieved gender diversity among employees. Therefore, the Company has not set any plans or measurable objectives for gender diversity.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Pursuant to the requirements of the Articles, Directors (including non-executive Directors) shall be elected at the general meeting with a term of three years. Each of the current non-executive Directors have been appointed for a term of three years commencing on January 31, 2025. A Director may serve consecutive terms if re-elected upon the expiry of his/her term. The Company has implemented a set of effective procedures for the appointment of new Directors. The nomination of new Directors shall be first deliberated by the Nomination Committee and then submitted to the Board, subject to approval by election at the general meeting.

Each of the executive Directors, non-executive Directors, independent non-executive Directors and Supervisors has entered into a service contract or a letter of appointment with the Company with a specific term. Such term is subject to his retirement and re-election at the annual general meeting of the Company in accordance with the Articles.

Save as disclosed above, the Company did not sign any relevant unexpired service contract which is not terminable within a year without payment of any compensation, other than statutory compensation.

Ms. Qin Yiran (秦怡然) has been appointed as a non-executive Director with effect from June 27, 2025. She has obtained the legal advice referred to the Rule 3.09D of the Listing Rules on April 21, 2026. She has confirmed that she understood her obligations as a director of the Company.

COMPENSATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The emoluments of the Directors, Supervisors and senior management of the Company are decided by the Board with reference to the recommendation given by the Remuneration and Appraisal Committee, having regard to the Company's operating results, individual performance and comparable market statistics.

Details of the Directors' emoluments and emoluments of the five highest paid individuals in the Group are set out in notes 39 and 9 to financial statements on pages 226 to 228, and page 192 of this annual report. Details of the Directors', Supervisors' and senior managements' emoluments are set out in note 38 to financial statement on pages 222 to 225 of this annual report.

For the year ended December 31, 2025, there was no remuneration paid or payable by the Company to any of the Directors, Supervisors or the five highest paid individuals as an inducement to join or upon joining the Company or as compensation for loss of office.

None of the Directors or Supervisors has waived any emoluments or benefits in kind for the year ended December 31, 2025.

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

DIRECTORS' TRAINING AND PROFESSIONAL DEVELOPMENT

Pursuant to the requirements of Code Provision C.1.4 of the CG Code, all Directors will continue to participate in continuous professional development and provide the Company with records of the training they received to ensure that their contributions to the Board remain informed and relevant. Every newly appointed Director will be given a comprehensive, formal and tailored induction on appointment. Subsequently, Directors will receive updates on the Listing Rules, legal and other regulatory requirements and the latest development of the Group's business. All Directors are encouraged to attend relevant training courses and the Company will arrange relevant trainings when necessary.

During the year ended December 31, 2025, the Company have provided the relevant materials including legal and regulatory updates to the Directors for their reference and studying. Pursuant to the requirements of the Code Provision C.1.4 of the CG Code, all Directors have provided the Company with records of the training they received to ensure that their contributions to the Board remain informed and relevant.

BOARD MEETINGS

Pursuant to Code Provision C.5.1 of the CG Code, the Company has adopted the practice of holding Board meetings for at least four times a year at approximately quarterly intervals. Notice of not less than fourteen days are given for all regular Board meetings to provide all Directors with an opportunity to attend and include matters in the agenda for a regular meeting in accordance with Code Provisions C.5.2 and C.5.3 of the CG Code.

All Directors are provided with agenda and relevant information in advance before a Board meeting. They have access to the senior management and the joint company secretaries of the Company at all times and, upon reasonable request, may seek independent professional advice at the Company's expense.

Minutes of Board meetings are kept by the secretary to the Board with copies circulated to all Directors for information and records. Minutes of Board meetings and committee meetings record sufficient detail of the matters considered by the Board and the committees and the decisions reached, including any concerns raised by the Directors. Draft minutes of Board meetings and committee meetings are sent to the Directors for perusal within a reasonable time after the date on which a meeting is held. The minutes of the Board meetings are open for inspection by Directors.

Attendance Record of Directors and Committee Members

The attendance record of each Director during their respective tenure of office at the Board and the relevant Board committee meeting(s) and the general meeting(s) of the Company held during the Reporting Period is set out in the table below:

	Attendance/Number of meetings						
Name of Director	Board	Audit Committee	Nomination Committee	Remuneration and Appraisal Committee	Strategy Committee	Annual general meeting	Other general meetings
Dr. Pu Zhongjie (retired from the Nomination Committee with effect from June 27, 2025)	8/8	N/A	1/1	1/1	1/1	1/1	1/1
Dr. Sui Ziye	8/8	N/A	N/A	N/A	1/1	1/1	1/1
Ms. Pu Jue (appointed to the Nomination Committee with effect from June 27, 2025)[1]	8/8	4/4	N/A	N/A	N/A	1/1	1/1
Ms. Qin Yiran (appointed with effect from June 27 2025)	4/4	N/A	N/A	N/A	N/A	1/1	1/1
Mr. Zhou Demin	8/8	N/A	1/1	N/A	1/1	1/1	1/1
Mr. Yang Haifeng	8/8	4/4	1/1	1/1	N/A	1/1	1/1
Mr. Fengmao Hua	8/8	4/4	N/A	1/1	N/A	1/1	1/1
Mr. Yang Hongbing (retired with effect from June 27 2025)	4/4	N/A	N/A	N/A	N/A	1/1	1/1

Note:

(1) No Nomination Committee meetings have been held since the appointment of Ms. Pu Jue to the Nomination Committee with effect from 27 June 2025.

NOMINATION POLICY

The primary responsibilities of the Nomination Committee include to consider and recommend to the Board suitable and qualified candidates of Directors and to review the structure, size and composition of the Board and the board diversity policy adopted by the Company on a regular basis.

The Nomination Committee may consult any source it deems appropriate in identifying or selecting suitable candidates, such as referrals from existing Directors, advertising, recommendations from third-party agency firm, and proposals properly submitted by the Shareholders. The Board will consider the recommendations of the Nomination Committee and shall have the final decision on all matters relating to recommending candidates to stand for election at any general meeting or appointing the suitable candidate to act as the Director to fill the Board vacancies or as an addition to the Board members, subject to compliance with the constitutional documents of the Company. All appointments of Director should be confirmed by a letter of appointment and/or service contract setting out the key terms and conditions of the appointment of Directors.

The Nomination Committee will assess, select and recommend candidate(s) for directorships to the Board by giving due consideration to criteria including but not limited to:

- Reputation for character and integrity;
- Accomplishment and experience in the relevant industries in which the Company's business is involved and other professional qualifications;
- Skills that are complementary to those of the existing Board;
- Commitment for responsibilities of the Board in respect of available time and relevant interest;
- Diversity in aspects including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service;
- Contribution that the candidate(s) can potentially bring to the Board;
- Plans in place for the orderly succession of the Board; and
- (in relation to the candidate(s) for independent non-executive directorship), factors set out in Rules 3.10(2) and 3.13 of the Listing Rules.

The Nomination Committee may also consider such other factors as it may deem are in the best interests of the Company and the Shareholders as a whole.

During the Reporting Period, Ms. Qin Yiran was appointed, with effect from June 27, 2025, Mr. Yang Hongbing was retired, with effect from June 27, 2025.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

During the Reporting Period, the Company has adopted the Model Code as its own code of conduct regarding securities transactions by the Directors and the Supervisors. Specific enquiries have been made to all the Directors and Supervisors and each of them has confirmed that he/she has complied with the Model Code for the Reporting Period.

As required by the Company, relevant officers and employees of the Company are also bound by the Model Code, which prohibits them to deal in securities of the Company at any time when he/she possesses insider information in relation to those securities. No incident of non-compliance of the Model Code by the relevant employees who are likely to be in possession of inside information of the Company was aware by the Company.

REMUNERATION PAYABLE TO MEMBERS OF SENIOR MANAGEMENT

Pursuant to Code Provision E.1.5 of the CG Code, the annual remuneration of members of the senior management (other than Directors) by band for the year ended December 31, 2025 is set out below. Directors' remuneration policy is provided in the section headed "Corporate Governance Report – Board of Directors – Compensation of Directors, Supervisors and Senior Management" in this annual report.

	Number of members of senior management
Nil to RMB1,000,000	-
RMB1,000,001 to RMB2,000,000	1
RMB2,000,001 to RMB3,000,000	1
RMB3,000,001 to RMB4,000,000	-
RMB4,000,001 to RMB5,000,000	-
Over RMB5,000,001	-

DIVIDEND POLICY

No dividends have been declared or paid by entities comprising the Group. The Company currently expects to retain all future earnings for use in operation and expansion of the Group's business. No dividend shall be declared or payable except out of profits and reserves lawfully available for distribution.

As confirmed by the Company's PRC Legal Adviser, according to relevant PRC laws, any future net profit that the Company makes will have to be first applied to make up for our historically accumulated losses, after which the Company will be obliged to allocate 10% of the net profit to statutory common reserve fund until such fund has reached more than 50% of the registered capital. The Company will therefore only be able to declare dividends after (i) all historically accumulated losses have been made up for; and (ii) sufficient net profit has been allocated to the statutory common reserve fund as described above.

The Company has adopted a policy on payment of dividends pursuant to Code Provision F.1.1 of the CG Code taking into consideration of various factors including but not limited to, among other things, the actual/projected financial performance of the Group, operational capital need, cash flow, future expansion plans, current and future liquidity condition, internal and external circumstances that may impact upon the Company's business or financial performance or condition, or any other conditions which the Board may deem relevant. The policy sets out the factors in consideration, procedures and methods of the payment of dividends and has been approved by the Shareholders. According to the policy, the distribution of dividends will be formulated by the Board, and will be subject to Shareholders' approval.

CORPORATE GOVERNANCE FUNCTIONS

In accordance with Code Provision A.2.1 of the CG Code, the Board is responsible for performing the corporate governance duties including:

- to develop and review the Company's policies and practices on corporate governance;
- to review and monitor the training and continuous professional development of Directors and senior management;
- to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and
- to review the Company's compliance with Appendix C1 to the Listing Rules (CG Code) and disclosure in the Corporate Governance Report.

The Board has performed the above duties for the Reporting Period.

BOARD COMMITTEES

The Board has established four committees, namely, the Audit Committee, the Remuneration and Appraisal Committee, the Nomination Committee and the Strategy Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with specific written terms of reference which deal clearly with their authorities and duties pursuant to paragraph C.4 of the CG Code.

Audit Committee

The Company has established an Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraphs C.4 and D.3 of the CG Code. The Audit Committee consists of Mr. Fengmao Hua, Mr. Yang Haifeng and Ms. Pu Jue.

The chairman of the Audit Committee is Mr. Fengmao Hua and he is our independent non-executive Director with the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules. The primary responsibilities of the Audit Committee are to review and supervise the Company's financial reporting process, including:

- to make recommendations to the Board on the appointment, replacement and removal of the external auditor, approve the remuneration and terms of engagement of the external auditor, and deal with all matters of the resignation or dismissal of external auditor;

- to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards and to discuss with the external auditor the nature and scope of the audit and reporting obligations before the audit commences;
- to develop and implement policy on engaging an external auditor to provide non-audit services;
- to review the financial control, internal control and risk management system of the Company;
- to discuss with the management on risk management and internal control system to ensure that the management has performed its duty to maintain an effective risk management and internal control system;
- to monitor the internal audit system of the Company and ensure the implementation of such systems;
- to facilitate communications between the internal audit department and the external auditor;
- to review the external auditor's audit letter to the management, major queries raised by the external auditors about accounting records, financial accounts or control systems and the response of the management;
- to review the financial and accounting policies and practices of the Company;
- to review the financial information and relevant disclosures of the Company; and
- to monitor the Company in respect of financial reporting system, risk management and internal controls system.

During the Reporting Period, the Audit Committee has mainly performed the following duties:

- reviewed the Group's audited annual results for the year ended December 31, 2024;
- made recommendations to the Board on the appointment of the external auditor and the remuneration and terms of engagement of the external auditor; and
- reviewed and monitored the financial control, internal control and risk management system of the Group.

During the Reporting Period, the Audit Committee has held 4 meetings to review (among other things) the draft audited annual consolidated financial statements and significant issues on the financial reporting, the draft annual results announcement, the draft annual report, the effectiveness and sufficiency of the risk management and internal control systems, the effectiveness of the Company's internal audit function, and the appointment of external auditors. The attendance records of the Audit Committee for the Reporting Period are set out under "Corporate Governance Report – Board of Directors – Board Meetings – Attendance Record of Directors and Committee Members" of this annual report.

Remuneration and Appraisal Committee

The Company has established a Remuneration and Appraisal Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and paragraph E.1 of the CG Code. The Remuneration and Appraisal Committee consists of Mr. Yang Haifeng, Mr. Fengmao Hua, Dr Pu Zhongjie, and is chaired by Mr. Yang Haifeng. The primary responsibilities of the Remuneration and Appraisal Committee include:

- to make recommendations to the Board on the Company's remuneration policy and structure for all Directors, Supervisors and senior management, and on the establishment of a formal and transparent procedure for developing the remuneration policy;
- to review and approve the remuneration proposals of senior management with reference to the Board's corporate goals and objectives;
- to make recommendations to the Board on the remuneration packages of the executive Director and senior management or to determine, with delegated responsibility, the remuneration packages of the executive Director and senior management. The remuneration packages shall include benefits in kind, pension rights and compensation payments (including compensation for loss or termination of their office or appointment);
- to make recommendations to the Board on the remuneration of non-executive Directors;
- to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group;
- to review and approve the compensation payable to the executive Director and senior management for their loss or termination of office or appointment to ensure that such compensation is consistent with the contractual terms and is otherwise fair and not excessive;
- to review and approve the compensation arrangements relating to dismissal or removal of the Directors for misconduct to ensure that such compensation is consistent with the contractual terms and is otherwise fair and not excessive; and
- to ensure that no Director or any of their associates is involved in deciding that Director's own remuneration.

During the Reporting Period, the Remuneration and Appraisal Committee has mainly performed the following duties:

- made recommendations to the Board on the remuneration package of the executive Directors and senior management;
- reviewed and made recommendations to the Board on the procedure for developing the remuneration policy;
- reviewed the performance of duties of Directors and senior management of the Company; and
- made recommendations to the Board on the remuneration package of new appointment of non-executive Director.
- reviewed and approved the adoption of the RSU Scheme.

The Remuneration and Appraisal Committee held 1 meeting during the Reporting Period to perform the above duties. The attendance records of the Remuneration and Appraisal Committee for the Reporting Period are set out under "Corporate Governance Report – Board of Directors – Board Meetings – Attendance Record of Directors and Committee Members" of this annual report.

Nomination Committee

The Company has established a Nomination Committee with written terms of reference in compliance with paragraph B.3 of the CG Code. The Nomination Committee consists of Mr. Zhou Demin, Mr. Yang Haifeng, and Ms. Pu Jue. Mr. Zhou Demin is the chairman of the Nomination Committee. The primary responsibilities of the Nomination Committee include:

- to review the structure, size and composition of the Board (including the skills, knowledge and experience) at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
- to identify individuals suitably qualified to become board members and select and make recommendations to the Board on the selection of individuals nominated for directorships;
- to assess the independence of the independent non-executive Directors;
- to develop and maintain a policy for the nomination of the directors;
- to develop and maintain a policy concerning diversity of the board of directors, and to review periodically and disclose the policy in the corporate governance report;
- to review annually the time required to be devoted by the non-executive directors and independent non – executive directors; and
- to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors.

During the Reporting Period, the Nomination Committee has mainly performed the following duties:

- reviewed the structure, size and composition of the Board;
- developed, reviewed and assessed the board diversity policy;
- assessed the independence of the independent non-executive Directors.

The Nomination Committee held 1 meeting during the Reporting Period to perform the above duties. The attendance records of the Nomination Committee during the period from the Listing Date to the date of this annual report are set out under "Corporate Governance Report – Board of Directors – Board Meetings – Attendance Record of Directors and Committee Members" of this annual report.

Strategy Committee

The Company has established a Strategy Committee, which consists of Dr. Pu Zhongjie, Dr. Sui Ziye, and Mr. Zhou Demin. Dr. Pu Zhongjie is the chairman of the Strategy Committee. The primary responsibilities of the Strategy Committee include:

- to conduct research and make recommendations for the long-term strategic development plans of the Company;
- to conduct research and make recommendations for major investment plans which are subject to the approval of the Board;
- to conduct research and make recommendations for major capital operation and asset operation projects which are subject to the approval of the Board;
- to review the annual investment plan of the Company;
- to conduct research and make recommendations for major investment programs which are subject to the approval of the Board; and
- other duties as conferred by the Board.

During the Reporting Period, the Strategy Committee has mainly performed the following duties:

- conducted research and make recommendations for the long-term strategic development plans of the Company and major investment programs; and
- reviewed the annual investment plan of the Company.

The Strategy Committee held 1 meeting during the Reporting Period to perform the above duties. The attendance records of the Strategy Committee during the period from the Listing Date to the date of this annual report are set out under "Corporate Governance Report – Board of Directors – Board Meetings – Attendance Record of Directors and Committee Members" of this annual report.

SUPERVISORY COMMITTEE

The Supervisory Committee is a supervisory body of the Company which is responsible for the supervision of the Board and its members and senior management such as the general manager and deputy general manager so as to prevent them from the misuse of authority and infringement upon lawful rights of the Shareholders, the Company and the Company's employees. The number of members and the composition of the Supervisory Committee are in line with the provisions and requirements of the laws, regulations and the Articles. From the Listing Date up to and including the date of this annual report, the Supervisory Committee was comprised of three Supervisors, of whom one was an employee representative supervisor democratically elected by staff and workers congress of the Company. The background and biographical details of the supervisors are set out in the section headed "Biographies of Directors, Supervisors and Senior Management" in this annual report.

FINANCIAL REPORTING SYSTEM, RISK MANAGEMENT, AND INTERNAL CONTROL SYSTEM

Financial Reporting System

The Directors acknowledge their responsibility for preparing the consolidated financial statements for the year ended December 31, 2025, which give a true and fair view of the affairs of the Company and the Group and of the Group's financial performance and cash flows. The Directors also acknowledge their responsibilities to ensure that the consolidated financial statements of the Group are published in a timely manner.

The Directors were not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Group's ability to continue as a going concern.

The statement of the independent auditor of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditor's Report of this annual report.

Risk Management and Internal Control

The Company is exposed to various risks in its business operations and the Company recognizes that risk management is critical to its success. Please refer to the "Directors' Report – Principal Risks and Uncertainties" section of this report for a discussion of various operational risks and uncertainties faced by the Company.

The Company is devoted to establishing and maintaining risk management and internal control systems consisting of policies, procedures and risk management methods that are considered to be appropriate for the Company's business operations, and the Company is dedicated to continuously reviewing and improving these systems in terms of their effectiveness. The Company has adopted and implemented comprehensive internal control and risk management policies in various aspects of our business operations. Such systems are designed to manage rather than eliminate the risk of failing to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. In accordance with Code Provisions D.2.1 and D.2.4 of the CG Code, the Board, supported by the Audit Committee, confirms its responsibility for the Company's risk management and internal control systems and will oversee and review their effectiveness on an annual basis. The Company considers that the Directors and the senior management possess the necessary knowledge and experience in providing good corporate governance oversight in connection with risk management and internal control.

The Audit Committee will oversee and manage the overall risks associated with the Company's business operations, including:

(i) reviewing the financial control, internal control, and risk management system of the Company;

(ii) discussing with the management on risk management and internal control system to ensure that the management has performed its duty to maintain an effective risk management and internal control system with consideration to, among others,

  (a) the adequacy of resources;

  (b) qualifications, experience and training of staff;

  (c) budget pertaining to the accounting and financial reporting functions;

(iii) considering major investigation findings on risk management and internal control on its own initiative or as delegated by the Board and the management's response to those findings;

(iv) monitoring the Company in respect of financial reporting system, risk management and internal control system;

(v) reviewing the risk management strategies and solutions for major risk management issues; and

(vi) to assess and determine the environmental, social and governance risks of the Company, to ensure the establishment of an appropriate and effective control system for environmental, social and governance risks and internal control system.

The Company has adopted and will continue to adopt, among other things, the following risk management measures:

Financial Reporting Risk Management

The Company has in place a set of accounting policies in connection with the Company's financial reporting risk management, such as financial reporting management policies and budget management policies. The Company has various procedures in place to implement accounting policies and the finance department reviews the management accounts based on such procedures. The Company also provides regular training to the finance department staff to ensure that they understand the financial management and accounting policies and implement them in the Company's daily operations.

Information System Risk Management

Sufficient maintenance, storage and protection of user data and other related information is critical to the Company's success. The Company has implemented relevant internal procedures and controls to ensure that user data is protected, and that leakage and loss of such data is avoided. The Company provides information security training to the employees and conduct ongoing trainings and discuss any issues or necessary updates from time to time.

Patient Data Management

The Company has taken measures to maintain the confidentiality of the medical records and personal data of subjects enrolled in the clinical trials the Company collected. The measures include encrypting such information in the information technology system so that it cannot be viewed without proper authorisation, as well as setting internal rules requiring employees to maintain the confidentiality of the subjects' medical records.

Quality Control Risk Management

The Company's quality control system is an essential component of the risk management and internal control system. Thequality control measures cover all aspects of the Company's manufacturing operations, including design and construction of manufacturing facilities, the installation and maintenance of manufacturing equipment, procurement of raw materials and packaging materials, quality checks of raw materials, work-in-progress and finished products, monitoring adverse drug reactions and verification of documentation. The procedures and methodologies of the Company's quality control system are based on GMP standards, the PRC Pharmacopoeia and other applicable domestic and international standards.

Anti-bribery and Anti-kickback

The Company strictly prohibits bribery or other improper payments in any of the business operations. This prohibition applies to all business activities anywhere in the world, whether involving government officials, medical professionals or private or public payors. Improper payments prohibited by this policy include bribes, kickbacks, excessive gifts or entertainment, or any other payment made or offered to obtain an undue business advantage. The Company keeps accurate books and records that reflect transactions and asset dispositions in reasonable details. The Company also ensures that the commercialization team complies with applicable promotion and advertising requirements, which include restrictions on promoting drugs for unapproved uses or patient populations and limitations on industry-sponsored scientific and educational activities.

Human Resources Risk Management

The Company formulates recruitment plan based on the turnover rate and future business plan, and constantly improves recruitment process with the aid of information technology.

Internal Control Systems

The Company has designed and adopted strict internal procedures to ensure the compliance of business operations with the relevant rules and regulations. The Company's internal audit team is responsible for:

- working closely with the external auditor for annual auditing, reviewing, analysing, and following up on the advice of the external auditor;
- performing risk assessment and monitoring the adequacy and effectiveness of the risk management and internal control system of the Company;
- reporting the review on risk management and internal control system to the Audit Committee; and
- working closely with business groups to promote risk awareness.

In accordance with the Company's procedures, financial and legal departments examine contract terms and review all relevant documents for the business operations, including licenses and permits obtained by the vendors and all the necessary underlying due diligence materials, before the Company enter into any agreement or business arrangements.

The executive committee of the Company, which comprises senior management and functional heads, oversees and manages the overall risks associated with the Company's business operations, including:

- reviewing and approving the Company's risk management policy to ensure that it is consistent with the corporate objectives;
- reviewing and approving the Company's corporate risk tolerance;
- monitoring the most significant risks associated with the Company's business operation and the management's handling of such risks;
- reviewing the Company's corporate risk in the light of the corporate risk tolerance; and
- monitoring and ensuring the appropriate application of the Company's risk management framework.

The regulatory affairs department oversees the obtaining of any requisite governmental pre-approvals or consents, including:

- formulating and updating the Company's risk management policy and target;
- promulgating risk management measures;

- providing guidance on the Company's risk management approach to the relevant departments;
- reviewing the relevant departments' reporting on key risks and providing feedbacks;
- supervising the implementation of the Company's risk management measures by the relevant departments;
- reporting to the executive committee on material risks; and
- ensuring that the appropriate structure, processes and competences are in place across the Group.

For IP-related issues, in particular, we have engaged third party IP legal advisers to assist us in registering and applying for and reviewing the relevant patent and trademark rights of our IPs. The Company has also engaged a Compliance Adviser to provide advice to the Directors and management team regarding matters relating to the Listing Rules. The Compliance Adviser is expected to provide support and advice regarding the requirements of relevant regulatory authorities, including those relating to corporate governance, on a timely basis. The Company has also engaged a PRC Legal Adviser to advise it on, and keep it abreast with, PRC laws and regulations.

At present, the Company has built internal control policies covering procurement, supplier management, research and development, clinical trial registry management, product storage, system maintenance, software management, insurance and capital management, tax management, human resources and compensation management, information security and intellectual property rights, financial reporting and disclosure and other business processes.

The Company has adopted whistleblowing and anti-corruption policies and systems in accordance with Code Provisions D.2.6 and D.2.7 of the CG Code. The Company has also engaged an independent internal control consultant to review and provide recommendations to the Company on its internal controls before the Listing.

The Board, as supported by the Audit Committee as well as the management, reviewed the risk management and internal control systems from the Listing Date up to and including the Latest Practicable Date, and considered that such systems are effective and adequate.

HANDLING OF INSIDE INFORMATION

The Company has adopted policies in respect of the confidentiality management of the Company's information and the disclosure of inside information, sensitive information or confidential information in accordance with the SFO and the Listing Rules to ensure confidentiality when handling inside information and the publication of relevant disclosures to the public as soon as practicable. Under this policy, the Company disseminates information to specified persons on a need-to-know basis, and requires all employees who have access to the inside information to maintain strict confidentiality of the inside information until it is announced. The policy also sets out the procedures for identifying, handling and monitoring inside information or sensitive or confidential information, the scope of inside information and the procedures and precautionary measures for reporting or leakage of inside information of the Group.

AUDITOR'S REMUNERATION

The Company appointed Ernst & Young as the external auditor for the year ended December 31, 2025. A statement by Ernst & Young about their reporting responsibilities for the financial statements is included in the Independent Auditor's Report on pages 165 to 166. The remunerations paid to Ernst & Young in respect of its audit services and non-audit services for the year ended December 31, 2025 are as follows:

Service	Fees paid (RMB'000)
Audit services	2,642
Non-audit services	147
Total	2,789

The above remuneration excluded the service fees paid/payable to Ernst & Young as the reporting accountant of the Company in connection with the Global offering.

The Audit Committee was satisfied that the non-audit services provided by Ernst & Young in 2025 did not affect its independence as the Company's auditor.

JOINT COMPANY SECRETARIES

The Company appointed Ms. Li Yunyi, a full-time employee of the Company, and Ms. Lai Siu Kuen, a director of Tricor Services Limited, an external service provider, as joint company secretaries of the Company on April 18, 2021. Ms. Li, who is also the chief financial officer and the secretary to the Board, is the primary corporate contact person at the Group, which would work and communicate with Ms. Lai on the Company's corporate governance and secretarial matters.

In compliance with Rule 3.29 of the Listing Rules, from the Listing Date, the joint company secretaries will undertake professional training for not less than 15 hours in each financial year. The biographies of Ms. Li and Ms. Lai are set out in the "Biographies of Directors, Supervisors and Senior Management" section of this report.

All Directors have access to the advice and services of the joint company secretaries on corporate governance and board practices related matters.

SHAREHOLDERS' INFORMATION

Important Shareholders' Dates

Financial Calendar 2025

Announcement of the 2025 annual results	March 25, 2026
Publication of the 2025 annual report	April 22, 2026
2025 annual general meeting	May 19, 2026

For Shareholders to Attend and Vote at 2025 Annual General Meeting

Latest time to lodge transfer documents for registration with the Company's H Share Registrar in Hong Kong	4:30 p.m. on May 13, 2026
Closure of the Register of Members (both days inclusive)	May 14, 2026 - May 19, 2026

PUBLIC FLOAT

Pursuant to information available for public and as far as Directors are aware, during the Reporting Period and as of the date of this annual report, the Company has maintained the public float in accordance with the Listing Rules.

SHAREHOLDERS' RIGHTS

Right to Convene Extraordinary General Meeting

Pursuant to the Articles, Shareholders severally or jointly holding 10% or more of the shares of the Company shall be entitled to request the Board to convene an extraordinary general meeting in writing.

The Board shall, pursuant to laws, administrative regulations and the Articles, inform in writing whether it agrees or disagrees to convene the extraordinary general meeting within 10 days upon receipt of the request.

If the Board agrees to convene the extraordinary general meeting, it shall serve a notice of such meeting within 5 days after the resolution is made by the Board. In the event of any change to the original proposal set forth in the notice, the consent of relevant Shareholders shall be obtained.

If the Board does not agree to hold the extraordinary general meeting or fails to respond within 10 days upon receipt of the request, Shareholders severally or jointly 10% or more of the shares of the Company shall be entitled to propose to the Supervisory Committee to convene an extraordinary general meeting in writing.

If the Supervisory Committee agrees to convene the extraordinary general meeting, it shall serve a notice of such meeting within 5 days upon receipt of the said request. In the event of any change to the original proposal set forth in the notice, the consent of relevant Shareholders shall be obtained.

In case of failure to issue the notice of extraordinary general meeting within the prescribed period, the Supervisory Committee shall be deemed as failing to convene general meeting and the Shareholders severally or jointly holding 10% or more shares of the Company for 90 or more consecutive days may convene and preside over such meeting by itself/themselves.

Right to Put Forward Proposals at a General Meeting

When a general meeting is convened by the Company, Shareholders who severally or jointly hold 3% or more of the shares of the Company, shall be entitled to make proposals to the general meetings and submit them in writing to the convener 10 days before the convening of the general meeting. The convener shall issue a supplemental notice of the general meeting within 2 days upon receipt of the proposals and announce the contents of the proposals.

Right to Propose a Person for Election as a Director

Shareholders may nominate a person for election as a Director of the Company at a general meeting.

Shareholders who individually or jointly hold above 3% of the Company's shares have the right to propose a motion to nominate a person for a directorship and submit it to the Board in writing 7 days before the date of the general meeting.

The written notice regarding the intention to nominate a candidate for a directorship and the indication of the candidate's willingness to accept the nomination shall be issued to the Company not less than 7 days before the date of the general meeting and such notice period shall not be less than 7 days. The period for issuing such notice to the Company shall commence on the day after the despatch of the notice of the general meeting for the election of directors and end on the 7th day before the date of the general meeting.

Right to Directing Enquiries to the Board

Shareholders may at any time send their enquiries and concerns to the Board in writing to the Company's headquarters and principal place of business in China at No. 651, Lianheng Road, Minhang District, Shanghai, PRC. Shareholders may also make enquiries with the Board at the general meetings of the Company or contact our Investor Relations team through email at ir@lepubiopharma.com.

EFFECTIVE COMMUNICATIONS WITH SHAREHOLDERS

The Company has in place a Shareholders' communication policy to ensure that Shareholders' views and concerns are appropriately addressed.

The Company continuously attaches great importance to maintaining and developing investor relations for a long time, enhances transparency of the corporate information by promptly and effectively releasing the corporate information to the public, which has established effective channels for the Company to communicate with Shareholders. The Company publishes its announcements, financial information, and other relevant information on its website (www.lepubiopharma.com) and the website of Stock Exchange (www.hkexnews.hk), as a channel to facilitate effective communication.

The Board welcomes Shareholders' views and encourages them to attend general meetings to convey any concerns they might have to the Board or the management. Members of the Board (in particular chairpersons of board committees or their delegates), key management officers and external auditors will attend annual general meetings. At the general meetings, all Shareholders attending the meeting may make enquiries to the Directors and other management in respect of matters relevant to the resolutions. The Company has published detailed contact methods through its website, notices of the general meeting, circulars to the Shareholders and annual reports for Shareholders to express their views or make enquiries.

The Board has reviewed the Shareholders' communication policy of the Company during the Reporting Period in terms of its implementation and effectiveness. By reviewing the views of Shareholders that have been received as well as assessing how the opinions of Shareholders have been considered in reaching important strategic decisions during the Reporting Period, the Board is satisfied that the current policy is adequate and effective.

INVESTOR RELATIONS

The Company considers it crucial to provide investors with accurate information in a timely manner and maintains communication with investors through effective communication channels, with an aim to enhance mutual understanding between investors and the Company and to improve the transparency of the Company's information disclosure.

In accordance with the Listing Rules, the Company shall duly disseminate its corporate information via various channels, including regular reports, announcements and company website.

THE ARTICLES OF ASSOCIATION

The amendments of the Articles were passed and approved on December 2, 2025. For details of amendments to the Company's articles of association, please refer to the Company's announcement dated December 2, 2025.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THIS REPORT

This Environmental, Social and Governance Report (hereinafter referred to as "this Report") issued by Lepu Biopharma Co., Ltd. is prepared in a faithful and reliable manner to disclose Lepu Biopharma's efforts and achievements in the field of environmental, social and governance (hereinafter referred to as "ESG") in 2025 to all stakeholders. This Report should be read in conjunction with the *Corporate Governance Report* in the annual report and the "Corporate Governance" section of Lepu Biopharma's website to enable readers to have a comprehensive understanding of the Company's practices and measures in ESG aspects.

Reporting Scope

Unless otherwise indicated, the reporting scope is the actual business scope of Lepu Biopharma Co., Ltd. (hereinafter referred to as "Lepu Biopharma", "Our Company", "The Company" or "We") and its controlling subsidiaries.

Reporting Period

This is an annual report covering the period from January 1, 2025 to December 31, 2025 unless otherwise specified. To enhance the comparability and completeness of this Report, part of its content can be traced back to previous years or extended to the following years.

Reporting Standards

This Report is prepared with reference to the Appendix C2 *Environmental, Social and Governance Reporting Code* in the Main Board Listing Rules of the Stock Exchange of Hong Kong Limited ("Stock Exchange") and adheres to the reporting principles of materiality, quantitative, balance and consistency.

During the preparation of this Report, major stakeholders and their ESG issues of concern have been identified, and targeted disclosures have been made in this Report according to the relative importance of their concerns. Please refer to the following sections of "Communications with Stakeholders" and "Materiality Analysis" for details about the materiality assessment.

In this Report, the key performance indicators (KPIs) in environmental and social dimensions were presented in the form of quantified data. The quantitative criteria, tools used for calculation, methods of measurement and suitable conversion factors used in this Report have been clearly described and the statistical method used is consistent with that used previously.

Data Source

Unless otherwise specified, all data and cases referenced in this Report are derived from the public information, statistical report, related documents and internal communication documents of the Company.

Approval and Confirmation

This Report has been confirmed by management and approved by the Board of Directors on April 22, 2026.

Access to the Report

The electronic format of this Report is available at the website of the Company (www.lepubiopharma.com) and the website of the HKEX (www.hkexnews.hk).

ABOUT LEPU BIOPHARMA

(I) Company Profile

Lepu Biopharma Technology Co., Ltd. is an innovative biopharmaceutical enterprise headquartered in China and committed to global growth, with a focus on targeted and immunotherapy for oncology. At the core of our capabilities lies our Antibody-Drug Conjugate (ADC) technology platform, which underpins a diversified and differentiated pipeline encompassing immunotherapies and oncolytic virus therapies. We have established end-to-end, integrated capabilities across the entire biopharmaceutical value chain – from drug discovery and clinical development, through CMC (Chemistry, Manufacturing, and Controls), to GMP-compliant manufacturing. Listed on the Main Board of the Hong Kong Stock Exchange in 2022, the Company achieved a milestone in 2025 with the approval of our flagship product – the world's first EGFR-targeted ADC – marking the first half-year profitability in our history. We have built a nationwide commercialization network and secured multiple high-impact international licensing collaborations, demonstrating the global competitiveness of our technology platform. Looking ahead, we will continue to explore synergistic treatment strategies, advance sustainable development, actively fulfil our social responsibilities, and further strengthen our Environmental, Social, and Governance (ESG) framework. With internationally leading innovative therapies, we are committed to delivering superior treatment options to patients worldwide and addressing unmet clinical needs.

(II) Corporate Honors

Honorary Title	Issuing Authority	Image
Shanghai High-Tech Enterprise	Shanghai Municipal Science and Technology Commission Shanghai Municipal Finance Bureau Shanghai Municipal Taxation Bureau, State Taxation Administration	
Specialized, Refined, Differential and Innovative SME	Shanghai Municipal Commission of Economy and Informatization	
Innovative SME	Shanghai Municipal Commission of Economy and Informatization	
2025 Innovation & Win-Win Partner	Communist Party of China Pujiang Town Committee Pujiang Town People's Government	
Most Valuable Pharmaceutical Company	Zhitong Caijing (Financial Media)	
2024 Enterprise Award for Economic Development Leap	Pujiang Town People's Government	

1. LEADING SUSTAINABILITY, SHAPING A RESPONSIBLE BLUEPRINT

1.1 ESG Management

Our Company has long been committed to establishing a high-standard ESG management system, continuously optimizing ESG strategies, improving the ESG governance structure, gradually enhancing the quality of ESG work, implementing ESG concepts and requirements into corporate governance and company development, and continuously improving the level of ESG management.

1.1.1 ESG Strategy

We actively respond to the national "Dual Carbon" strategy, continuously optimize our energy profile, and strive to reduce the environmental impact of our operations, proactively addressing the challenges posed by climate change. We remain committed to innovation-driven development, consistently increasing research and development investment, enhancing product quality, and building a reliable and sustainable supplier management system.

We consistently uphold the "People-oriented" concept, prioritizing employee growth and well-being while effectively safeguarding their legitimate rights and interests. Meanwhile, we actively contribute to community development. Committed to corporate social responsibility, we engage in public welfare initiatives, support vulnerable groups, and give back to society through donations of medical supplies and the construction of infrastructure. Guided by values of responsibility, integrity, and transparency, we strive to collaborate with all stakeholders toward shared growth and sustainable long-term development.

1.1.2 ESG Governance Structure

Board Statement

The Board of Directors of Lepu Biopharma serves as the highest-level governing body responsible for overseeing the Company's ESG initiatives. With the support of the Audit Committee, the Board makes strategic decisions and reviews ESG-related matters, including the formulation of ESG strategies, setting of key objectives, periodic assessment of progress toward targets, and evaluation of ESG performance. To effectively implement our ESG strategy, we have established an ESG organizational structure spanning all subsidiaries and cross-functional departments, along with dedicated ESG functional units and designated ESG management personnel at each subsidiary to lead and execute ESG activities.

Lepu Biopharma conducts regular ESG issue materiality assessments, identifying and prioritizing key issues for management and improvement. The assessment process and outcomes are documented in the "Communications with Stakeholders" and "Materiality Analysis" sections of the annual ESG report and are reviewed by the Board. We place significant emphasis on the potential material impact of ESG risks on the Company. The Audit Committee discusses and determines the Company's ESG risks and opportunities, with a focus on managing and enhancing key issues as central components of our ESG agenda.

In daily operations, functional departments and subsidiaries are responsible for implementing ESG-related initiatives. They regularly monitor and analyse ESG performance indicators to ensure the effective achievement of the Company's ESG strategy and targets.

1.2 Communication with Stakeholders

We attach great importance to interactions with stakeholders, and regularly and fully communicate with various stakeholders through various channels to understand their demands and respond positively.

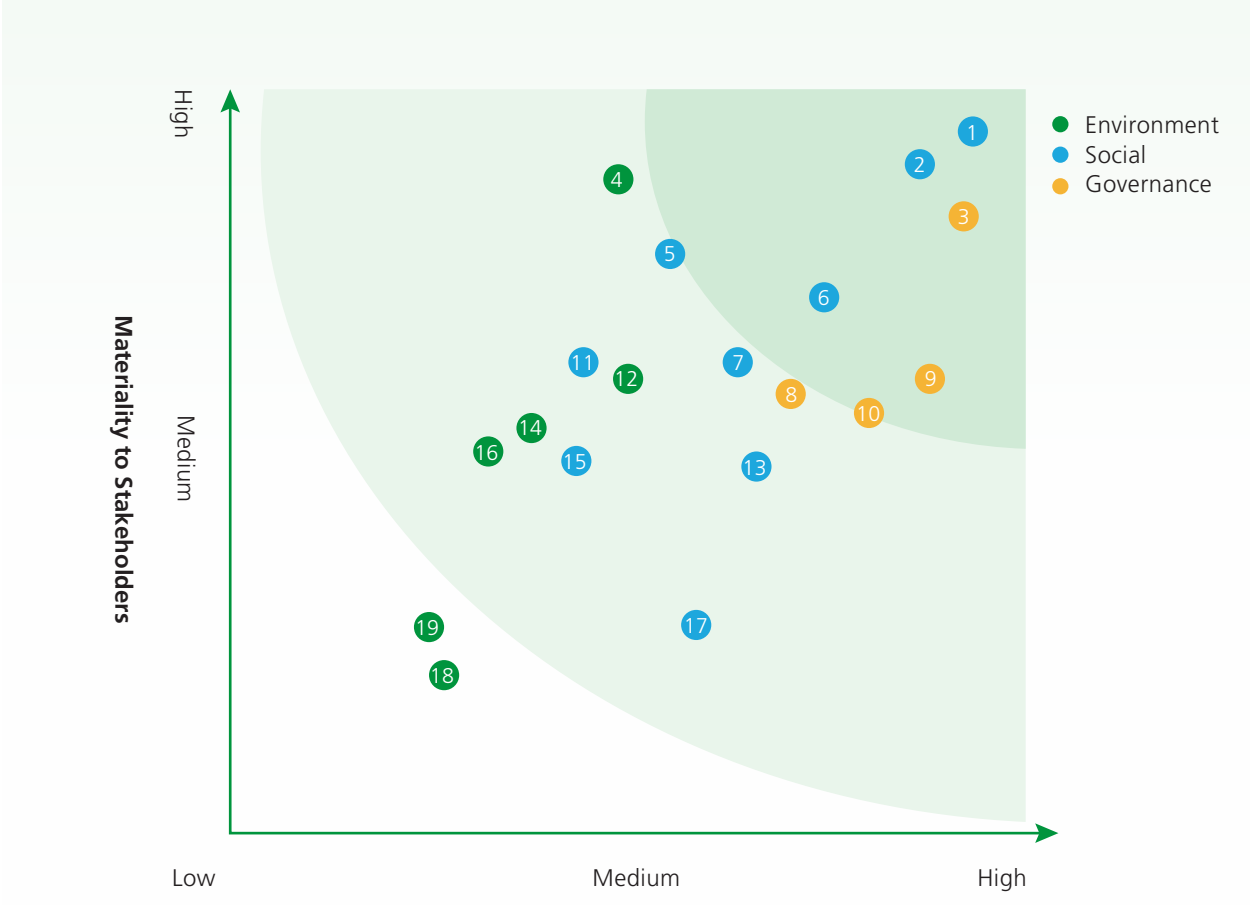
In alignment with our business operations and industry development trends, we have established multiple communication and feedback channels to identify stakeholders' input, expectations, and key ESG concerns. These insights serve as critical references for shaping our ESG management priorities and guiding the content and disclosures in this Report. The specific approaches are outlined as follows:

Stakeholders	Expectations and Demands	Main Communication and Feedback Channels
Governments and regulatory authorities	Employment Supply chain management Product responsibility Anti-corruption Community investment	Fulfilment of legal compliance and obligation Establishment of operational compliance and internal control mechanisms Regular reporting of company operations Continuous enhancement of pharmaceutical quality Promotion of coordinated development throughout the industry Legal tax compliance
Shareholders and investors	Employment Product responsibility Anti-corruption	Shareholders' General Meetings Results announcement Interim and annual reports Announcements on significant events Telephone, email, and online investor communications Investor meetings and on-site inspections Company's website
Employees	Employment Health and safety Development and training Labour standards	Employee performance assessment and feedback Internal communication meetings for employees Internal announcements and emails Employee training activities Distribution of employee benefits

Stakeholders	Expectations and Demands	Main Communication and Feedback Channels
Patients	Product responsibility Anti-corruption	Strict implementation of full process drug quality control Protection of customer information and optimization of complaint mechanisms Handling of consumer complaints and feedback Information disclosures Communication on products
Suppliers	Supply chain management Anti-corruption	Supplier tendering and review Standardized management and implementation of contracts and agreements Regular communication meetings with suppliers Site visit to suppliers
Media and non-governmental organizations	Emissions Use of resource Environmental and natural resources Employment Supply chain management Product responsibility	Compliant disclosure of environmental performance data and setting environmental targets Press conference Press interview Official WeChat account of the Company Social media Industry seminars
Community	Community investment	Community engagement and communication Identification of community demands

1.3 Materiality Analysis

To clarify the key focus areas for our sustainability practices and disclosure, we have systematically conducted interviews with management across internal functional departments, while maintaining regular communication with investors, customers, and regulatory authorities. This comprehensive process enabled us to gather diverse internal and external perspectives and expectations. We reviewed and updated our matrix of material issues during the Reporting Period. Based on this assessment, we identified and summarized 5 topics of high materiality, 12 topics of moderate materiality, and 2 topics of general materiality, which were then mapped into the final Materiality Matrix.



Topics of High Materiality

1. Product quality and safety
2. Rights and interests of patients
3. ESG management
6. R&D and innovation
9. Integrity Construction

Topics of Moderate Materiality

4. Energy and resources management
5. Product accessibility
7. Health and safety
8. Tax management
10. Anti-corruption
11. Supply chain management
12. Environmental protection
13. Responsible marketing
14. Addressing climate change
15. Labour standards
16. Environmental and natural resources
17. Development and training

Topics of General Materiality

18. Waste disposal
19. Emissions

2. STEADY PROGRESS, GOVERNANCE AS THE FOUNDATION

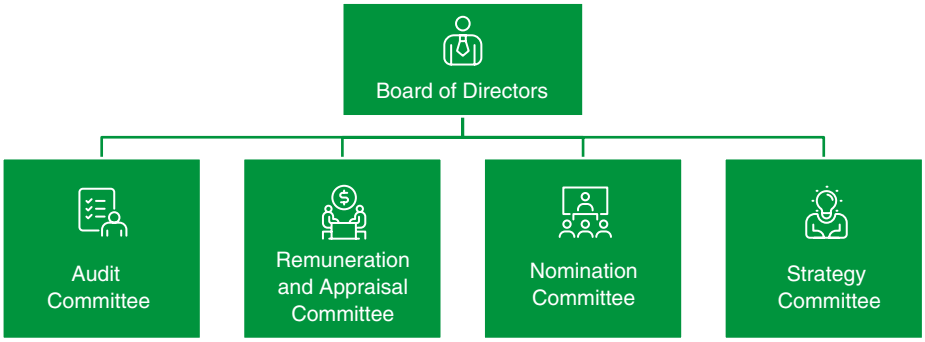
Lepu Biopharma consistently regards responsible governance as the cornerstone of sustainable operations and long-term value creation. We strictly adhere to national laws, regulations, and regulatory requirements, continuously improving a board-centred governance framework that features clearly defined responsibilities, effective operations, and robust decision-making mechanisms. Through these efforts, we strive to integrate high-quality development with responsible business practices.

2.1 Corporate Governance

We have established a corporate governance structure that balances professionalism and independence, continuously enhancing the diversity of Board membership to ensure rigor and scientific integrity in major decision-making processes.

2.1.1 Corporate Governance Structure

Lepu Biopharma strictly adheres to relevant laws and regulations, including the *Company Law of the People's Republic of China* and the *Corporate Governance Code* issued by the Hong Kong Stock Exchange, to establish a governance framework centred on the Board of Directors. The Board serves as the core body for corporate governance and strategic decision-making, fulfilling supervisory responsibilities, guiding strategic direction, and being accountable to shareholders, while ensuring all decisions are aligned with the best interests of the Company and its shareholders. The Board has established four committees: the Audit Committee, the Remuneration and Appraisal Committee, the Nomination Committee, and the Strategy Committee. These committees support the Board in performing its duties efficiently and professionally. Each committee operates independently in accordance with the Company's Articles of Association and its respective terms of reference, conducting in-depth analysis and providing expert recommendations on critical matters such as financial oversight, executive compensation and performance evaluation, nomination of directors and senior management, and long-term strategic planning. This structured approach strengthens the scientific rigor, transparency, and overall effectiveness of the Company's governance.



During the Reporting Period, the Board of Directors actively fulfilled its supervisory and strategic decision-making responsibilities in accordance with the law, convening a total of eight meetings. The Board reviewed and deliberated on key matters including corporate strategic planning, annual budgeting, major investments, and appointment and removal of senior management. All major decisions were subject to thorough discussion and rigorous assessment, ensuring alignment with the Company's long-term interests and the overall well-being of shareholders.

2.1.2 Board Diversity

We place strong emphasis on diversity and independent governance within the Board of Directors, striving to build a Board with rich diversity across educational background, professional expertise, gender composition, industry experience, and core competencies. As of the end of the Reporting Period, the Board comprises seven members, including three female directors and three independent directors. This composition reflects our ongoing commitment to diversity, enabling the Board to draw upon broader perspectives and collective wisdom to effectively navigate complex business environments and emerging challenges.

Board Member	Gender	Responsibilities				Director Status
		Audit Committee	Remuneration and Appraisal Committee	Nomination Committee	Strategy Committee	
Pu Zhongjie	Male	/	Member	/	Chairman	Executive Director
Sui Zhiye	Female	/	/	/	Member	Executive Director
Pu Jue	Female	Member	/	Member	/	Non-Executive Director
Qin Yiran	Female	/	/	/	/	Non-Executive Director
Yang Haifeng	Male	Member	Chairman	Member	/	Independent Non-Executive Director
Zhou Demin	Male	/	/	Chairman	Member	Independent Non-Executive Director
Hua Fengmao	Male	Chairman	Member	/	/	Independent Non-Executive Director

Lepu Biopharma's Composition of the Board of Directors

2.2 Compliance and Responsible Operations

Compliance is the lifeblood of sustainable business development. We are committed to building a systematic, forward-looking, and robust compliance management framework, strengthening risk identification and response mechanisms, enhancing anti-corruption systems and cultural development, and rigorously implementing data security regulations and technical safeguards. By embedding compliance awareness into every decision and operational action, we lay a solid foundation for the Company's stable operations and long-term value creation.

2.2.1 Risk Management

Lepu Biopharma has established a systematic risk management framework, supported by standardized processes and routine operational mechanisms, to proactively identify, assess, and mitigate various internal and external risks. This enables us to effectively reduce the likelihood and impact of risk events, ensuring the stability and sustainability of our operations.

We maintain a comprehensive risk management system that continuously scans and monitors the internal and external operating environment. Through systematic analysis, we identify potential risks across multiple dimensions, including market dynamics, regulatory changes, operational processes, financial risks, and compliance. Based on these identified risks, we conduct assessments and analyses using a combination of quantitative and qualitative methods to evaluate their likelihood and potential impact. For risks of varying severity levels, we develop and implement differentiated strategies for prevention, mitigation, or response. This creates a closed-loop management cycle – from risk identification and assessment to response implementation and ongoing monitoring and improvement – significantly enhancing the organization's resilience and strategic risk preparedness.

2.2.2 Anti-Corruption

Lepu Biopharma places integrity and ethical business conduct at the core of its corporate values. We have established a comprehensive system of behavioural standards and compliance management, embedding ethical principles and regulatory requirements deeply into corporate governance, business processes, and employee conduct – fostering a culture of transparency, accountability, and trust.

We strictly comply with national laws and regulations, including the *Company Law of the People's Republic of China* and the *Anti-Money Laundering Law of the People's Republic of China*. These legal requirements are institutionalized through the *Articles of Association*, the *Code of Conduct*, and other internal policies, which are integrated into decision-making processes, performance evaluations, and incentive systems. Ethical standards are also a key criterion in the onboarding, assessment, and renewal of suppliers, distributors, and other business partners. In alignment with the requirements of clinical research institutions and other collaborators, we proactively enter into specialized agreements such as the *Anti-Bribery Agreements* or *Integrity Commitment Letters*, reinforcing ethical commitments across our ecosystem. These internal and external collaborative measures systematically build a solid defense line for ethics and compliance, ensuring that business activities operate on a track of integrity and transparency.

We have established multiple internal and external whistle-blowing channels for ethical and compliance-related concerns. We are committed to taking all legitimate reports seriously, conducting thorough investigations, and providing timely responses. The enhancement of our whistleblowing mechanism is a key component of our governance upgrade strategy. Going forward, we will continue to optimize access points, improve the efficiency and confidentiality of whistle-blowing channels, and strengthen the overall integrity of our compliance culture.

Internal Whistle-blowing Channels	● Internal Whistle-blowing Email ● Internal Whistle-blowing Hotline ● Letters ● Face-to-face reporting to immediate supervisor, Human Resources Department, or higher-level management
External Whistle-blowing Channels	● Direct feedback to relevant business units ● Publicly accessible email: safety@lepubiopharma.com ● Dedicated hotline: 021-67680899 ● Letters

Lepu Biopharma's Internal and External Whistle-blowing Channels

The Company is firmly committed to protecting the personal information and privacy of whistleblowers, explicitly prohibiting any form of retaliation against individuals who report in good faith. We have systematically implemented a whistleblower protection mechanism and are continuously fostering an organizational culture where employees feel empowered to speak up, confident in the safety and integrity of the reporting process. A standardized procedure for receiving and handling whistleblower reports has been established to ensure timely response, through investigation, and closed-loop management for every case. Depending on the nature, sensitivity, and complexity of the reported issue, management appoints designated personnel to conduct an initial verification and assessment. Where necessary, a dedicated investigation team is formed to carry out in-depth scrutiny. Throughout the process, strict adherence to principles of fairness, confidentiality, and due process is maintained, ensuring the accuracy of findings, effectiveness of resolution, and compliance with established procedures.

We place strong emphasis on cultivating a culture of business ethics and integrity. Through diverse initiatives, training programs, and ongoing awareness campaigns, we embed compliance expectations into employees' daily responsibilities. In 2025, the Company adopted an immersive, scenario-based approach to systematically strengthen employees' awareness of ethical conduct and anti-corruption principles. For example, commercial ethics training was integrated into the onboarding process for all new hires throughout the year. The training covers core company values, expected professional behaviour, and key clauses in employment contracts related to honesty, integrity, confidentiality, and conflict of interest, while clearly highlighting compliance red lines based on real-world business scenarios. Moreover, compliance reminders are consistently embedded in annual business meetings and contract approval workflows, establishing a sustainable and integrated communication mechanism.

During the Reporting Period, the Company maintained a "zero incident" record for business ethics violations, with no legal actions or litigation related to corruption or bribery. This achievement reflects the overall effectiveness of our compliance management system – spanning robust policy design, efficient operational execution, and strong cultural transmission.

2.2.3 Data Security and Privacy Protection

Lepu Biopharma strictly complies with national laws and regulations, including the *Cybersecurity Law of the People's Republic of China*, and places high priority on the systematic protection of both company and customer personal data and privacy. We have established a comprehensive information security governance framework, integrating institutional standards, process controls, and organization-wide awareness initiatives to ensure that security requirements are embedded throughout the entire data lifecycle – covering data collection, use, storage, and secure destruction.

The Company has set up an information security management structure directly led by the Chief Financial Officer and the Company Secretary, ensuring centralized oversight and coordination of cybersecurity efforts across the Shanghai headquarters and Beijing branch. Under this structure, the Information Technology Department serves as the primary execution unit, working in close collaboration with all business departments through formalized, process-driven mechanisms.

Information Technology Development

The Company proactively monitors technological trends and is committed to leveraging advanced information technology to enhance the precision and efficiency of production and R&D, thereby building and sustaining a long-term competitive advantage in digitalization. During the Reporting Period, to meet quality management requirements for segmented manufacturing of biologics, the Company established a Marketing Authorization Holder (MAH) Quality Information System. This system enables online transmission and sharing of quality documents, validation data, production and testing records, deviations, and change controls between Lepu Biopharma and multiple Contract Manufacturing Organizations (CMOs) and supports electronic signatures compliant with the Good Manufacturing Practice (GMP) regulations. To date, the system has facilitated the transfer of over 1,000 quality documents and records, and more than 700 electronically signed records, improving multi-party collaboration efficiency and operational compliance while reducing reliance on paper-based documentation.

Artificial Intelligence (AI) Applications

The Company is systematically promoting the application of AI technologies across its operations, focusing on three key areas – internal knowledge services, management process optimization, and R&D empowerment – to enhance both operational efficiency and innovation capability.

Internal Knowledge Services

- We have established an AI assistant ecosystem, including tools such as "Youliede", "Xiaomei", and "IT Tianxuan Worker", delivering precise information support across sales, IT, employee services, and quality management functions. Notably, the AI assistants "Youliede" and "Xiaomei", designed for the sales team, provide round-the-clock (7×24 hours) access to product information, clinical data, and successful case studies, significantly enhancing response speed, sales enablement, and customer engagement efficiency.

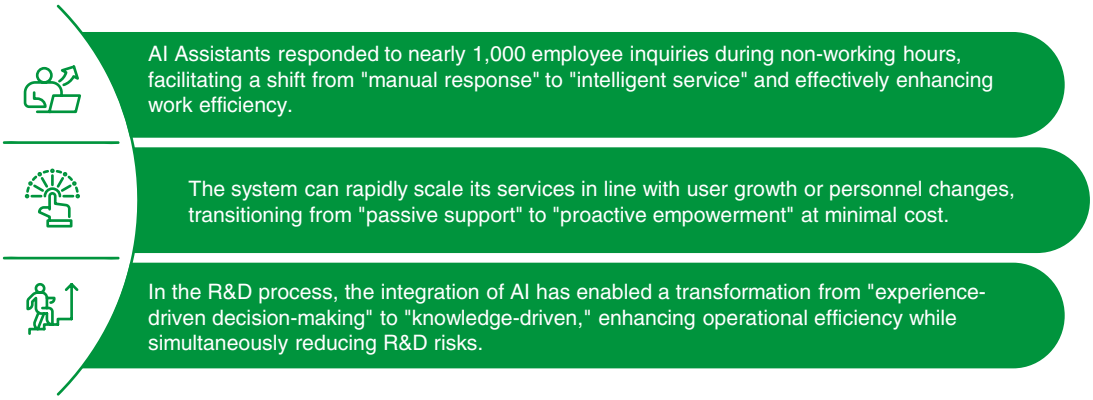
Management Process Optimization

- In the area of management process optimization, we have leveraged AI-powered spreadsheet technologies to develop digital systems for charitable drug donation management and IT task management, achieving full process digitization. This has enhanced operational efficiency, improved transparency, and ensured better traceability and compliance across key administrative functions.

R&D Empowerment

- Introduced the Conversational Drug Discovery Assistant (ChatDD) tool to support R&D personnel in target and competitor analysis, molecular structure interpretation, and literature review, thereby expanding the boundaries of professional knowledge and accelerating scientific discovery.

As of the end of the Reporting Period, our applications in information technology development have achieved remarkable results, with a full-year return on investment (ROI) exceeding 200%.



Achievements in Information Technology Development

Cybersecurity Infrastructure Development

The Company is committed to establishing a comprehensive cybersecurity governance system integrating "Technology, Management, and Personnel". Building on continuous enhancements to technical safeguards and institutional processes, we place significant emphasis on strengthening the human firewall. Through security awareness training, policy communication, emergency drills, and mechanisms for collecting and responding to employee feedback, frontline insights are incorporated into system optimization. This approach comprehensively improves employees' risk identification capabilities, security literacy, and collaborative incident response, shifting cybersecurity from passive defence to proactive protection and collective participation, thereby providing a solid guarantee for stable business operations and sustainable development.

Case: Special Cybersecurity Inspection

During the Reporting Period, the Company conducted a special cybersecurity inspection, systematically screening for common risk points such as "Two Highs and One Weak" (high-risk vulnerabilities, high-risk ports, and weak passwords). By analysing firewall logs, promptly addressing threat alerts, and enforcing mandatory updates and regular rotation of strong passwords for network devices, servers, and system administrator accounts, the Company comprehensively strengthened access control and vulnerability protection, mitigating security risks arising from configuration flaws or weak credentials.

Case: GXP System Backup and Recovery Testing

During the Reporting Period, we carried out special tests for GXP system backup recovery and restoration. The Company formulated an annual test plan, where IT, Quality, and Business departments collaborated in an isolated GMP test environment to perform full or partial recovery verification of backup data for selected critical systems. Taking the UV-Vis Spectrophotometer system as an example, the test team strictly followed the established protocol to complete the entire workflow – from backup confirmation and environment preparation to data recovery, functional verification, and data comparison. Ultimately, the recovered primary business data, audit trails, and system baseline data were consistent with the production environment, successfully validating the recoverability and integrity of backup data, and providing a solid safeguard for the security and compliance of critical business data.

Furthermore, we place significant emphasis on cultivating a strong information security culture among employees. During the Reporting Period, multiple information security training sessions were conducted to deeply integrate security awareness into employees' daily routines.

Case: Information Security Training Courses

In 2025, the Company conducted information security training systematically and addressed the importance of confidentiality, common security threats, and effective protective measures. Security threats primarily encompass technical risks (e.g., ransomware, phishing emails, malware, and hacker intrusions) and human factors (e.g., improper operations and low awareness), as well as accidental events such as natural disasters. Corresponding protective measures include deploying encryption and antivirus software, setting and properly managing complex passwords, regularly backing up critical data, keeping systems updated, and standardizing the use of software and email. The training aimed to enhance employees' ability to identify and prevent various risks, strengthening safety and compliance awareness in daily operations.

Case: Regular Cybersecurity Awareness Campaigns

In May and November 2025, the Company conducted regular information security awareness campaigns via the enterprise WeChat group, with the IT department periodically pushing targeted protection tips to all staff based on internal and external security developments. Topics covered practical essentials such as software vulnerability patching guidance and phishing email identification and prevention. With an average readership of over 500 per campaign, these initiatives effectively enhanced employees' risk identification capabilities and proactive reporting awareness, gradually fostering a security culture characterized by broad coverage, rapid response, and full participation.

3. QUALITY AND EFFICIENCY IN TANDEM, STEADY PROGRESS FOR ENDURING SUCCESS

We firmly believe that true industry leadership stems from the deep integration of science-based original innovation with a patient-centric, full life-cycle quality system. To this end, we are committed not only to building globally competitive technology platforms and product pipelines through independent R&D and partnerships in frontier fields such as oncology, but also to embedding rigorous quality management throughout every stage – from molecular discovery and process development to clinical trials and commercial manufacturing. This approach enables us to create clinical value while fulfilling our long-term responsibilities to patients, the industry, and society.

3.1 Product Innovation

We view product R&D innovation as the fundamental guarantee of our operations and our core competitive strength. During the Reporting Period, Lepu Biopharma achieved several breakthroughs in product innovation. We made significant progress in the development of innovative oncology drugs, and our ADC pipeline demonstrated promising potential in treating solid tumors, with clinical development and licensing collaborations advancing in parallel. Additionally, we continued to upgrade our antibody and ADC platforms, and pursued strategic partnerships to explore next-generation modalities such as bispecific antibodies and cell therapies, further solidifying our leadership position in industry innovation.

3.1.1 R&D Innovation System

We strictly comply with the current *Medicinal Product Administration Law of the People's Republic of China*, the *Measures for the Administration of Drug Registration*, the *Guideline for the Acceptance Review of Biologics Registration Applications (Trial),* the *Technical Guidelines for Pharmaceutical Research and Changes of Biologics During Clinical Trials (Trial)*, the *Good Laboratory Practice for Non-clinical Laboratory Studies (GLP)*, and the *Good Clinical Practice (GCP)*. This ensures that all R&D activities are conducted within the framework of the International Council for Harmonization of Technical Requirements for Pharmaceuticals for Human Use (ICH) guidelines. Furthermore, we fully align with the ICH framework and reference guidance documents from the U.S. Food and Drug Administration (FDA), standardizing new drug R&D in accordance with international benchmarks to ensure the compliance and scientific rigor of our R&D processes.

The Company has established a systematic and clearly tiered management structure for pharmaceutical R&D. At the governance level, the Board of Directors provides strategic leadership and oversight. At the execution level, this structure integrates the senior management team with frontline R&D personnel, forming a collaborative management system that spans from strategic decision-making to project implementation and covers the entire organization. This framework is designed to support the standardized, efficient, and sustainable advancement of R&D activities.

Top Decision-Making Level Board of Directors	Responsibilities: Responsible for top-level design of R&D strategy, resource allocation, and oversight of major risks. The Board reviews R&D progress, pipeline priorities, and compliance performance to ensure alignment with the Company's sustainability goals.
	Management Process: Holds quarterly strategic meetings to evaluate R&D performance (e.g., clinical milestones, patent acquisition) and adjusts targets based on market dynamics.
Senior R&D Management R&D Director/Chief Scientific Officer	Responsibilities: Oversees overall R&D operations, including pipeline planning, technology platform upgrades, and international collaboration. Reports directly to the Board and coordinates cross-departmental collaboration.
	Management Process: Formulates annual R&D plans, supervises project lifecycle management, and ensures compliance with GLP, GCP, GMP, and other regulatory requirements.
Middle Management Team Functional Heads	Responsibilities: Early R&D: Focuses on novel target discovery and molecular design, responsible for candidate screening. Process Development: Leads CMC process optimization and industrial-scale preparation. Clinical Development: Manages clinical trial design, execution, and data monitoring to ensure subject safety. Regulatory Affairs: Handles communication and submissions with regulatory authorities (e.g., NMPA, FDA).
	Management Process: Project leaders coordinate resources across departments; weekly project progress meetings are held, utilizing digital tools (e.g., EDC systems) to track critical milestones.
Frontline Execution Team R&D Scientists, Clinical Researchers, etc.	Responsibilities: Execute specific experiments, data collection, and daily operations, strictly adhering to Standard Operating Procedures (SOPs).
	Management Process: Ensure operational compliance through regular training and ad-hoc inspections; issues are escalated level by level with a 24-hour response mechanism.

Lepu Biopharma's R&D Management Structure

R&D Innovation Achievements

Anchored by cutting-edge technology platforms and propelled by efficient clinical development and global strategy, the Company continues to build an end-to-end R&D system spanning from early research to commercialization. In 2025, we focused on establishing and developing novel technology platforms to serve as engines of innovation. Beyond the clinically validated vc-MMAE platform, the Company has developed multiple innovative linker-payload platforms for ADC candidates, including the Hi-Topi platform and other early-stage technology platforms. Furthermore, the Company has developed two ADC candidates – MRG006A, with potential as a first-in-class global asset, and MRG007, with potential as a best-in-class global asset. Currently, MRG006A is in Phase II clinical studies, while MRG007 has entered Phase I clinical development.

We have established a scientific and efficient management system for innovative drug clinical development and operations, with clinical development centres in China and the United States, accumulating extensive experience in regulatory communication and registration with both Chinese and U.S. authorities. Currently, Pucotenlimab Injection has been approved by the NMPA and officially commercialized for two indications: MSI-H or dMMR advanced solid tumours, and unresectable or metastatic melanoma following failure of prior systemic therapy. Additionally, MRG003 has been approved for the treatment of patients with recurrent or metastatic nasopharyngeal carcinoma (NPC) who have failed at least two lines of systemic chemotherapy and PD-1/PD-L1 inhibitor therapy. Meanwhile, clinical trials for multiple products are progressing efficiently, continuously expanding the depth and breadth of the R&D pipeline.

R&D Philosophy

The Company deeply integrates ESG principles into its R&D innovation system, treating environmental sustainability as a core decision-making dimension on par with technological innovation and clinical value. When setting scientific objectives and technical routes, we systematically assess the energy consumption and carbon footprint of R&D activities, striving to synergize "innovation-driven" progress with "green operations" at the source.

At the project initiation and process design stages, the core technical team prioritizes low-carbon and energy-saving considerations, favouring efficient, low-carbon processes such as continuous manufacturing and site-specific conjugation, and adopting green technology platforms like high-expression cell lines and serum-free medium. In molecular design and screening, we focus on developing highly stable antibodies and optimizing conjugation sites to reduce material consumption, by-product formation, and purification steps, thereby enhancing resource efficiency and environmental performance at the molecular level.

R&D Team Development

Lepu Biopharma places R&D team development at the strategic core of corporate growth. Through systematic talent cultivation and sustained resource investment, we are committed to building a high-calibre, internationalized R&D force. The Company has established a professional training system covering the entire R&D chain, featuring onboarding and ramp-up programs for new employees to quickly adapt to the R&D environment and role requirements. For incumbent R&D personnel, we regularly organize specialized training sessions covering GCP regulations, ADC platform technologies, and frontier therapies to continuously enhance the team's professional depth and technical acumen.

With the deepening of system building, the Company has formed a high-calibre R&D team covering key functions such as drug discovery, clinical development, pharmaceutical research, and industrialization. The core team members are led by senior experts with profound academic backgrounds and extensive industry experience, having accumulated rich practical expertise in target identification, molecular design, clinical strategy, and process development. Most members of the management team hail from leading domestic and international pharmaceutical companies, combining a global vision with local execution experience, enabling them to accurately grasp industry trends and provide solid support for the formulation and execution of R&D strategies.

To maintain the team's foresight and technical acuity, the Company has established mechanisms for internal exchange and knowledge sharing, including bi-weekly R&D regular meetings, ad-hoc cross-departmental coordination meetings, project retrospectives, and annual strategic planning sessions. Additionally, the Company organizes regular target research meetings and R&D sharing sessions, led by domain experts or project leaders, to conduct in-depth discussions on global cutting-edge scientific developments and high-impact journal publications, ensuring that R&D directions and technical judgments remain synchronized with the latest industry advancements.

3.1.2 Intellectual Property Protection

The Company places great emphasis on the innovation and protection of intangible assets. We strictly comply with relevant domestic and international laws and regulations, including the *Copyright Law of the People's Republic of China*, the *Patent Cooperation Treaty (PCT)*, the *Madrid Agreement Concerning the International Registration of Marks*, the *Paris Convention for the Protection of Industrial Property*, and the *Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS)*. Based on these legal frameworks, we have formulated and continuously refined internal systems such as the *Regulations on Invention Reporting and Evaluation*, establishing systematic control over the entire lifecycle of intellectual property creation, utilization, protection, and management.

We have established a dedicated intellectual property management structure with a specialized intellectual property department responsible for the overall administration and strategic advancement of intellectual property affairs for Lepu Biopharma and its subsidiaries. The department features dedicated intellectual property Operations Specialists who execute tasks such as patent applications, trademark registrations, copyright registrations, and the digital management of related archives, ensuring the efficient and orderly progression of intellectual property from creation to management.

Throughout the entire process of innovative drug R&D, the Company has systematically deployed intellectual property identification and protection assessment mechanisms. To ensure timely and effective legal protection of innovations, we prioritize intellectual property information retrieval and analysis, conducting comprehensive searches of patent and non-patent literature for ongoing projects. By deeply analysing the intellectual property landscape and risk points in relevant technical fields, we proactively identify and manage intellectual property risks during R&D, effectively avoiding potential infringements and supporting the security and controllability of the innovation and industrial chains.

We continue to increase investment in intellectual property awareness cultivation and capability building. In 2025, the intellectual property department actively constructed a training system linking internal and external stakeholders. Internally, we conducted intellectual property -themed training for all employees to strengthen awareness of innovation protection; externally, we provided professional intellectual property lectures to share industry insights and practical experiences with pharmaceutical intellectual property practitioners. Through online lectures, offline seminars, and roundtable forums, we systematically elevated the intellectual property cognition and practical capabilities of relevant internal and external parties.

As of the end of the Reporting Period, the types and quantities of our cumulative and newly added intellectual property are illustrated in the following chart:

Cumulative Intellectual Property

Intellectual Property Category	Quantity
Granted Patents	52
Registered Trademarks	61
Software Copyrights	61
Domain Names	22

New Intellectual PropertyAdded in 2025

Intellectual Property Category	Quantity
Patent Applications	67
Patent Grants	21
Publications	1
Conference Abstracts/Posters	9

3.2 Quality Management

Quality is the lifeline of pharmaceutical companies. We always prioritize product quality and safety, strictly implementing whole-process quality management to ensure that R&D and production activities comply with medical ethics standards, effectively safeguarding the health and rights of patients and subjects.

3.2.1 Product Quality and Safety

The Group strictly complies with current national laws and regulations, including the *Medicinal Product Administration Law of the People's Republic of China*, the *Measures for the Administration of Drug Registration*, and the GMP. In accordance with the updates in the *Pharmacopoeia of the People's Republic of China (2025 Edition)*, we have synchronized revisions to relevant internal procedures, specifically the *Standard Operating Procedure for Particulate Matter Inspection* and the *Standard Operating Procedure for Clarity of Solution Test*. Consequently, the requirements regarding material quality standards and testing methods have been updated to ensure full compliance of all materials, packaging components, and products with the latest regulatory and pharmacopeial requirements.

Quality Assurance

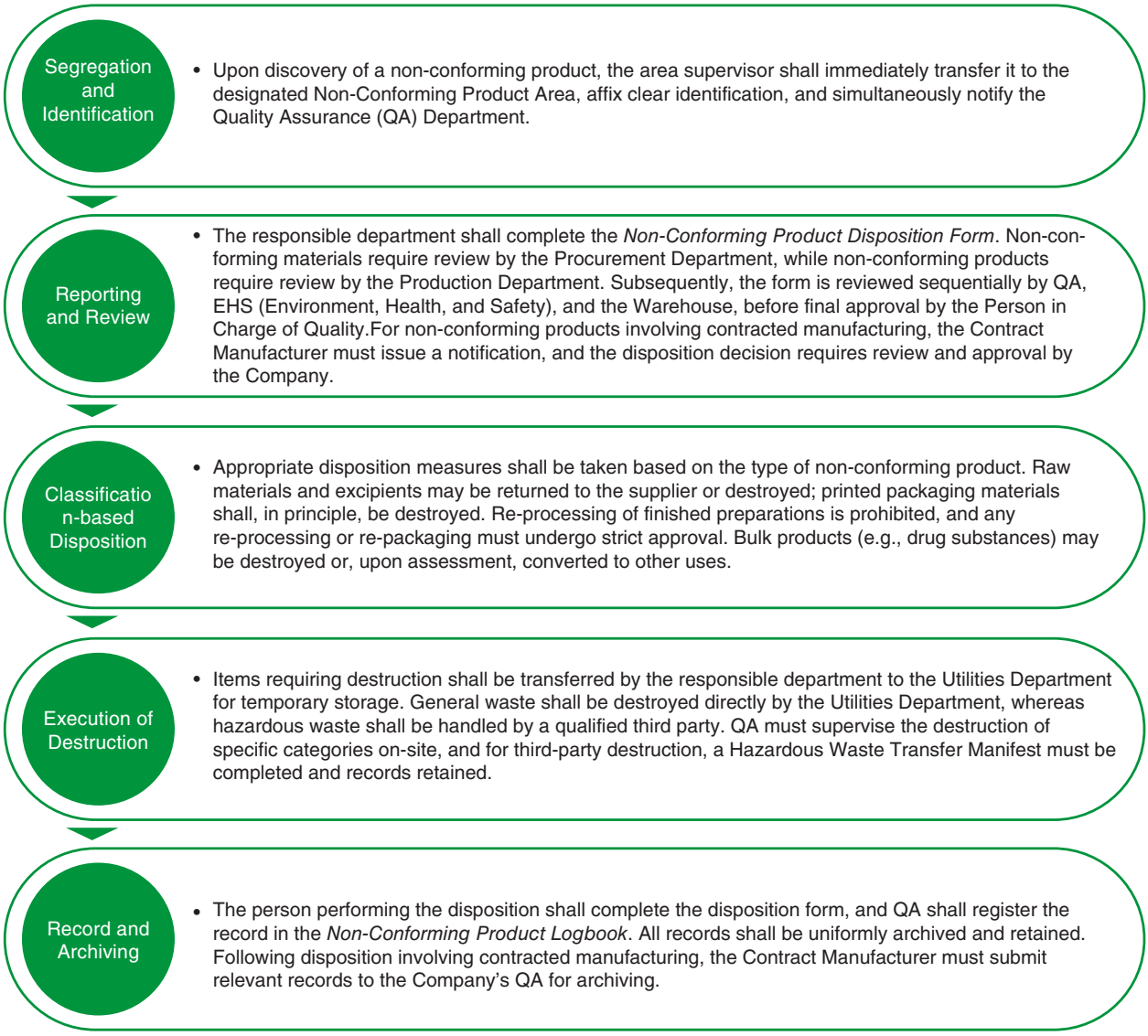
Based on corporate development strategies, regulatory requirements, and customer expectations, we have established annual quality management objectives. These objectives serve as the core guiding principles and directional guidance for the Company's overall quality and R&D operations, providing a clear and measurable basis for action in quality planning, process control, continuous improvement, and R&D compliance. As of the end of the Reporting Period, all quality objectives have been achieved.

- When the number of production batches ≤ 10, product manufacturing pass rate[1] > 80%; when 10 < production batches ≤ 100, product manufacturing pass rate ≥ 85%; when production batches > 100, product manufacturing pass rate ≥ 95%.
- Market complaint rate below one per thousand (number of complaint cases/number of products sold).
- Market inspection pass rate: 100%.
- Regulatory authority inspection pass rate: 100%, with no major GMP findings.

Lepu Biopharma's Quality Target Setting for 2025

In 2025, the Company established a systematic management procedure for non-conforming products, designed to standardize their identification, disposition, and traceability. This procedure not only ensures strict control and closed-loop processing of non-conforming products but also emphasizes root cause analysis and lessons learned. By implementing Corrective and Preventive Actions (CAPA), we drive the continuous optimization of production processes and management workflows, advancing our Quality Management System (QMS) to a higher level.

1 Product Qualification Rate = Released Batches/Completed Disposition Batches × 100%.



Lepu Biopharma's Non-Conforming Product Handling Process

In our quality management throughout the product lifecycle, we strictly adhere to international advanced standards for production and quality control. By continuously introducing advanced processes and intelligent equipment, we continuously enhance production stability and consistency. The Production Department and the quality team collaborate closely to implement whole-process inspection and supervision – from raw material selection and in-process monitoring to finished product release – ensuring that only products fully compliant with standards proceed to the next stage. Furthermore, the Company has established an end-to-end quality supervision system covering material suppliers, R&D partners, and manufacturing partners (such as CROs/CDMOs). Through rigorous qualification audits, periodic quality audits, and on-site inspections, we systematically identify and manage external quality risks. This ensures quality control from source to final product and drives the continuous improvement of our quality system.

Lepu Biopharma's Quality Assurance Measures Across Key Stages

Early-Stage R&D	We base our R&D direction and objectives on in-depth market research and scientific analysis, ensuring projects align with clinical needs and deliver sustainable patient value. Concurrently, we reinforce the professionalism and quality awareness of our R&D team to guarantee the scientific validity, standardization, and traceability of the R&D process.
Process Development	We actively introduce advanced technologies and equipment to optimize R&D and production processes. While enhancing efficiency and controlling costs, we intensify the screening and quality testing of raw materials and excipients. This ensures material quality and process stability, laying a solid foundation for the consistent production of high-quality pharmaceuticals.
Clinical Trials & Safety Management	We strictly adhere to laws, regulations, and ethical principles. We formulate and execute rigorous clinical trial protocols and Standard Operating Procedures (SOPs), strengthening supervision and management throughout the entire trial process. This approach effectively safeguards subject rights and safety, while ensuring the authenticity, reliability, and completeness of trial data.

We are committed to continuously optimizing our QMS with an open and professional mindset. We actively engage qualified third-party professional institutions to assist us in systematically reviewing product quality and inspection processes through their independent, objective perspectives and industry expertise. The Company has established a systematic management framework for third-party quality monitoring service providers, implementing stringent qualification audits and ongoing quality supervision. Currently, we collaborate with a total of 21 service providers, each of whom must pass rigorous stages – including vendor screening, qualification verification, on-site quality audits, and contract/quality agreement execution – before being approved as a qualified vendor to conduct business.

In 2025, the Company confirmed the qualification status of all suppliers. Confirmation methods included on-site quality audits, remote quality audits, and desk audits. We completed a total of 33 on-site quality audits, covering all CMOs, core raw material suppliers, and major service providers requiring physical presence. These comprised 15 first-time audits, 16 periodic audits, and 3 targeted for-cause audits. In accordance with management requirements, CMOs and major raw material suppliers are audited annually, while other raw material suppliers are audited every 2-3 years. Issues identified during audits are formally reported back to the suppliers, who are required to complete corrective actions and provide responses within 30 days. This establishes a closed-loop management mechanism spanning from vendor qualification and assessment to continuous improvement.

During the Reporting Period, the Company's QMS was continuously refined and yielded significant results, earning multiple external authoritative recognitions. Notably, we successfully passed the National GMP Certification, marking that the Company has reached industry-high standards in end-to-end process control, quality assurance, and compliance management.

Product Recall

Lepu Biopharma strictly adheres to domestic and international pharmaceutical laws, regulations, and industry standards, maintaining a systematic product quality and safety risk control system. This includes internal management systems such as the *Product Recall Management Procedures* and the *Nonconforming Product Management Procedures*, ensuring the fulfilment of corporate responsibilities and safeguarding patient medication safety and public health.

To systematically address potential drug quality and safety risks, the Company has established a recall management mechanism covering trigger assessment, tiered response, and full-process execution. When issues such as quality non-compliance, safety risks, or regulatory requirements arise, the recall process is initiated. The Quality Assurance (QA) Department leads cross-functional investigations and risk assessments to determine the recall classification, develop a recall plan, notify customers within tiered timeframes, file with regulatory authorities, and disclose information publicly. Recalled products undergo segregation and evaluation before being disposed of in accordance with regulations, with simultaneous initiation of CACP. Upon completion of the process, a summary report is generated and archived, realizing full life-cycle management from risk identification to closed-loop improvement, thereby effectively protecting patient medication safety.

Furthermore, the Company has established a normalized mock recall drill mechanism. Initiated by the QA Department, these drills aim to test process responsiveness, information traceability, and cross-departmental collaboration capabilities through highly simulated scenarios. Drills require the simulation of real transportation routes and sales networks, prioritizing products with wide distribution ranges and high traceability difficulty. According to regulations, the first drill must be organized within one year after the product launch, followed by subsequent drills every three years. Upon conclusion, the QA Department generates a dedicated summary report to systematically identify findings and improvement points, providing a basis for the continuous enhancement of quality management. During the Reporting Period, the Company maintained stable and controllable product quality, with no actual product recall incidents occurring and a consistent 100% product release qualification rate.

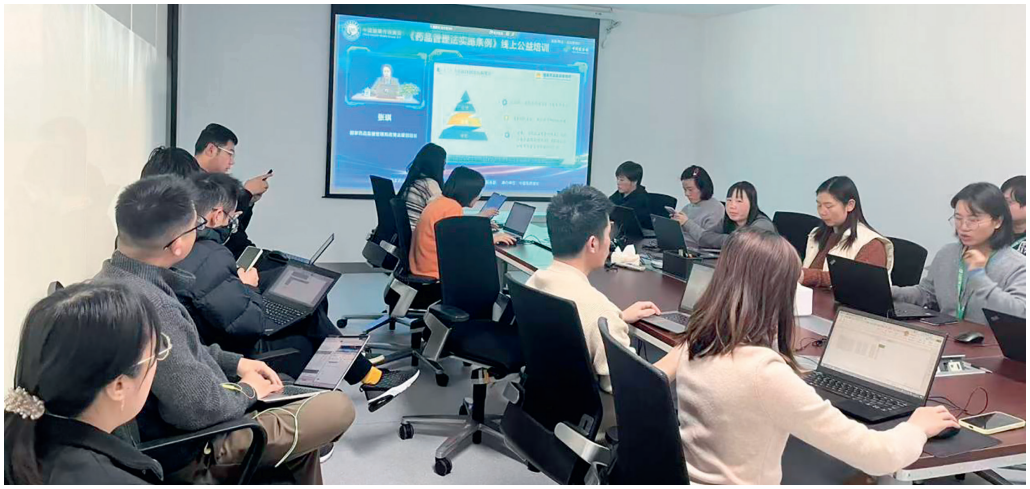
Quality Culture Development

The Company regards the development of enterprise-wide quality capabilities as a foundational project for consolidating its QMS. Through normalized training programs tailored to operational scenarios and practical drills, we continuously strengthen employees' quality awareness, standard operating skills, and risk prevention capabilities. This promotes the internalization of quality requirements into daily behaviours, providing solid talent support for the excellence and reliability of our products and services.

During the Reporting Period, the Company established a tiered and systematically comprehensive GMP training system, formulating annual training plans covering both corporate-level and department-level initiatives. Corporate-level training focused on core topics such as document management, ADC product knowledge, updates to industry regulations, hazardous waste safety, handling of drug safety incidents, and the management of Data Integrity (DI), deviations, and Corrective and Preventive Actions (CAPA). Training was delivered through a blended approach combining offline lectures, online learning, and video resources, ensuring planned execution and effective knowledge transfer.

Case: Specialized Training on "DI and Computerized System Compliance"

During the Reporting Period, the Quality Assurance (QA) Department organized specialized training themed "DI and Computerized System Compliance". The training integrated online and offline resources to systematically review relevant domestic and international regulatory requirements. Combining these reviews with internal practical case studies, the sessions provided an in-depth analysis of areas for improvement. Through a blended approach of lectures, Q&A, and assessments, the training strengthened employees' comprehension and practical application capabilities. Training recordings have been archived as learning resources to support continuous empowerment and knowledge reuse.



Specialized Training on "DI and Computerized System Compliance"

3.2.2 Clinical Management

We consistently regard the rights, safety, and contributions of subjects in clinical research as the fundamental starting point of our R&D activities. To this end, we continuously strengthen the systematization, standardization, and end-to-end management of clinical R&D. By refining clinical trial designs, intensifying oversight of execution, and optimizing subject protection mechanisms, we continuously enhance the quality and efficiency of clinical research, earnestly fulfilling our responsibilities to patients, science, and life.

Lepu Biopharma's clinical operations system operates under a unified group management framework, overseen by the Senior Director of Clinical Operations. To balance quality and efficiency, the Company adopts a differentiated management model for different types of clinical studies: For pivotal studies and confirmatory Phase III studies, dedicated Clinical Operation Directors establish and manage internal teams, coordinating the work of Project Managers (PMs), Clinical Research Associates (CRAs), and Clinical Trial Assistants (CTAs). For exploratory studies, a project outsourcing model is utilized. Experienced Project Managers handle daily coordination, while Senior Project Managers serve as Product Leads, providing overall supervision and quality control for outsourced projects. This organizational structure aims to achieve an optimal balance between resource efficiency and risk control.

Pharmacovigilance

The Company has established a pharmacovigilance (PV) system covering the entire product lifecycle, supported by a dedicated team of PV professionals. At the institutional and procedural levels, in accordance with regulations such as GCP and GVP, the Company has formulated systematic SOPs for pharmacovigilance. These SOPs encompass management systems, operational procedures, and quality control metrics, clearly defining the division of responsibilities for PV/safety monitoring, information collection channels, reporting workflows, and risk assessment methodologies. Furthermore, the system sets performance indicators – such as reporting compliance and the timeliness of submitting Periodic Safety Update Reports (PSURs) – providing standardized guidance and quality assurance for safety monitoring activities.

Lepu Biopharma's Adverse Drug Reaction Monitoring Management Structure

In the realm of safety information collection, the Company proactively establishes a five-pronged collection network encompassing "Healthcare Institutions, Regulatory Feedback, Patients, Academic Literature, and Clinical Studies". By leveraging multiple channels – including sales representative follow-ups, regulatory authority feedback, patient hotlines, periodic literature searches, and clinical study data – the Company has established effective and unobstructed pathways for ADR information collection. This ensures the comprehensive and timely acquisition of adverse reaction information. Following data acquisition, the Company conducts systematic signal detection and scientific assessment, performing signal analysis every six months to identify potential risks, thereby achieving effective ADR monitoring and risk control. Regarding reporting, the Company strictly adheres to regulatory requirements and fulfils its reporting obligations according to the following timelines:

Report Type	Reporting Requirement
Post-marketing Serious ADRs	Report within 15 days of awareness (immediate reporting for fatal cases).
Post-marketing Non-serious ADRs	Report within 30 days.
Suspected Unexpected Serious Adverse Reactions (SUSAR) in Clinical Trials	Report within 7 or 15 days (based on regulatory criteria).

Furthermore, the Company incorporates pharmacovigilance training into its annual routine schedule, organizing company-wide online thematic training sessions each year. These sessions cover topics such as ADR identification, reporting procedures, regulatory updates, and case studies. Effectiveness is verified through assessments, aimed at clarifying the pharmacovigilance responsibilities of employees across all positions and providing personnel support for product lifecycle safety management.

3.2.3 R&D Ethics

In conducting clinical trials, we consistently uphold the principle of balancing scientific progress with ethical compliance. While fully promoting the orderly advancement of research, we strictly adhere to ethical review requirements and relevant regulations, such as the *Declaration of Helsinki* and the GCP, ensuring that the entire R&D process is safe and standardized.

Subject Privacy Protection

Throughout the entire clinical research process, we prioritize the protection of subject rights, strictly following ethical principles and laws to effectively safeguard their rights to informed consent, autonomy, and personal information security. The Company signs the *Confidentiality Agreements* with all employees, suppliers, and partners, explicitly defining the responsibility of all parties to protect known trade secrets and sensitive information. In the area of clinical trials, all studies are conducted under the oversight of medical ethics review through partner hospitals, CROs, and other professional institutions. The Company only accesses necessary research data that has been de-identified, and participant identities are managed through coding systems. These measures ensure the protection of personal privacy at both the procedural and technical levels. During the Reporting Period, the Company experienced no incidents of subject privacy leakage or information security breaches.

The Company actively promotes digital transformation in clinical research. By introducing professional Electronic Data Capture (EDC) systems, we achieve standardized, real-time data collection, and online management. In clinical operations, we utilize industry-standard EDC systems to establish standardized Electronic Case Report Forms. Investigators can enter source data in real-time at investigative sites, while the system performs edit checks synchronously to enhance data quality at the source. The Sponsor team can monitor data cleaning progress, database status, and query resolution closure via system dashboards, shifting data review from periodic spot checks to a continuous, dynamic tracking model. The system completely records all data operation trails, ensuring the integrity, confidentiality, and traceability of electronic data to meet regulatory requirements.

Regarding clinical trial management, the Company has deployed a professional Clinical Operations Management System. This system realizes information-based control over the entire project lifecycle, accumulates organizational assets by capturing key management data through self-built modules, and provides a standardized SOP template library. It links critical document templates to projects with one click, ensuring uniformity of execution standards. The system supports online approval workflows for site surveys, screening, and initiations, and offers flexible adaptation to outsourced business scenarios, retaining operational flexibility within a compliant framework. Through preset task alerts and automatic reminders, the system assists CRAs and Project Managers in tracking milestones in real-time and combines this with automated KPI calculations to achieve objective assessments of personnel efficiency.

4. SYNERGY FOR CREATION, SUSTAINABLE FUTURE THROUGH SUPPLY CHAIN

4.1 Supply Chain Management

4.1.1 Supplier Management System

Lepu Biopharma consistently regards the establishment of a responsible, stable, and sustainable supply chain system as a cornerstone for ensuring product quality and robust business operations. To meet the demands of commercial product launches, the Company continuously refines its supplier lifecycle management matrix to comprehensively standardize procurement activities. We have formulated and implemented core policies, including the *Procurement Management Procedure*, the *Service Provider and Material Supplier Management Procedure*, the *Printed Packaging Material Management Procedure*, and the *Small Molecule Supplier Management Procedure*. These policies cover the entire procurement workflow, from front-end supplier sourcing and initial qualification assessment to customer-supplied material management, as well as annual re-evaluation and routine supervision mechanisms.

In the supplier onboarding stage, the Company requires manufacturers to possess a valid Business License, a sound QMS, and organizational structure, along with relevant certifications such as ISO 9001, CMA, and CNAS. For agents/distributors, in addition to requiring primary authorization qualifications, holding an ISO 9001 certification serves as a scoring advantage in the assessment. The Procurement Department, in close collaboration with the QA Department and the requesting departments, forms a review panel to meticulously verify supplier qualification documents, ensuring legal business operations and production licenses. The Company conducts in-depth investigations into the supplier's QMS, personnel training, production equipment, and process flows, implementing the following specific qualification measures:

- In the preliminary review phase, the Company carefully checks the suppliers' various qualification documents to ensure they have the legal qualifications for operation and production.

- The Company also conducts a comprehensive assessment of the suppliers' quality management systems, production equipment, and process flows, and carries out onsite audits of suppliers of key materials.

- Through onsite visits, the Company gains an in-depth understanding of suppliers' production environments, quality management systems, and staff qualifications, looking for suppliers that meet the Company's requirements and are set for long-term cooperation.

4.1.2 Supplier Evaluation and Review

Lepu Biopharma has established and implemented a rigorous supplier evaluation and review mechanism. Based on the impact of materials on product quality and the level of process robustness risk, suppliers and their corresponding materials are scientifically classified into Class A, B, and C. In routine management, if a single supplier provides multiple materials, the Company uniformly assigns the highest risk classification among those materials for management purposes. During the qualification stage, the Company strictly enforces classified auditing: a comprehensive on-site audit is mandated for Class A material suppliers, while Class B material suppliers undergo on-site inspections based on the assessment results regarding their relevance to drug contact. In the annual re-evaluation, the Company continuously tracks the supplier's actual performance. Evaluation results are explicitly categorized into three tiers: Outstanding Performance, Unsatisfactory Performance, and Failed Performance. This mechanism facilitates the dynamic optimization of the supply chain, realizing a system of "survival of the fittest".

Supplier Category	Audits Conducted During Confirmatory Clinical Stage	Audits Conducted During Commercial Stage
Class A Material Suppliers & Category I Service Providers	Qualification Review, Documentation Audit	Qualification Review, Documentation Audit, On-site Audit based on assessment (All Class A material suppliers require on-site audits)
Class B Material Suppliers	Qualification Review, Documentation Audit	Qualification Review, Documentation Audit, On-site Audit based on assessment
Class C Logistics Suppliers & Category II Service Providers	Qualification Review	Qualification Review

- During the initial qualification stage, suppliers are permitted to submit self-assessment questionnaires as valid references. For overseas suppliers, the Company utilizes third-party audit reports or directly engages qualified third-party agencies to conduct rigorous evaluations.

- Strictly adhering to GMP requirements, the Company conducts on-site audits for suppliers of Class A critical materials. While prioritizing quality, the Company also integrates Environmental, Health, and Safety (EHS) factors into the on-site assessment. Professional recommendations are provided regarding the supplier's workplace safety (e.g., PPE usage) and environmental compliance (e.g., precursor chemical management).

- The Company formulates the *Annual Supplier Quality Audit Plan* by extensively incorporating inputs from requesting departments and submits it to the Procurement Department for approval. Differentiated management frequencies are applied; for instance, Class B suppliers undergo periodic evaluation every two years, and any supplier changes are subject to a strict QA assessment mechanism.

- For specific procurement categories, such as printed packaging materials, a joint QA and Marketing approval process is implemented. The Marketing Department confirms that the aesthetics meet sales requirements, while the QA Department conducts rigorous review and final approval. Subsequently, the QC Department establishes quality standards based on this approval, ensuring the accuracy of design drawings and supplier version numbers.

- When collaborating with state government agencies (e.g., for contract testing), relevant quality clauses are explicitly embedded within the service contracts.

As of the end of the Reporting Period, the Company had conducted in-depth audits on 26 suppliers covering raw materials, primary packaging materials, and testing services. For suppliers failing spot checks, the Company strictly enforced handling mechanisms, including suspending purchase orders, issuing corrective action requests, and issuing internal notifications. This proactive approach mitigates potential hazards, ensuring supply chain security and continuously optimizing the Company's quality system.

The Company has comprehensively upgraded its procurement planning and communication mechanisms, shifting from traditional one-way information transmission to a proactive, collaborative prevention model. The Procurement Department closely monitors supplier policy changes and inventory levels, focusing on enhancing the supply resilience of core imported materials. With antibody projects entering the commercial stage, the Company collaborates with Production and Logistics to scientifically coordinate procurement frequency based on the annual production schedule. Taking culture medium sourced from the USA as an example, due to its short shelf life and long lead times, the Company increased the procurement frequency from once or twice a year to four times annually. This strategy ensures the continuity of commercial production while effectively mitigating the risk of supply shortages for core materials and reducing inventory carrying costs. It significantly shortens the cash conversion cycle, ensuring the robustness, safety, and controllability of overall production operations.

Category	Unit	2025
Number of suppliers by geographical region (details categorized by region)	Suppliers	886
Number of suppliers in China (the Chinese mainland)	Suppliers	854
Number of suppliers in China (Hong Kong, Macao and Taiwan) and Other Countries/Regions	Suppliers	32
Number of suppliers reviewed	Suppliers	19
Number of suppliers suspended for non-compliance	Suppliers	0
Number of potential suppliers rejected for non-compliance	Suppliers	0
Number of ISO certified suppliers	Suppliers	78

Number of suppliers in 2025

4.1.3 Supplier Communication

Lepu Biopharma places great emphasis on the collaborative development with partners, empowering the supply chain ecosystem through normalized technical exchanges and training. The Company actively organizes requesting departments and relevant technical personnel to engage with suppliers of similar businesses, facilitating in-depth discussions on core technical aspects such as quality standards, CUA (Critical Use Attributes), test items, and deviations from National Standards. In response to the implementation of the *Pharmacopoeia of the People's Republic of China (2025 Edition)*, the Company has conducted targeted communications with suppliers regarding specific variation items. We have explicitly mandated that relevant materials must strictly adhere to the corresponding Pharmacopoeia standards at designated time nodes, thereby ensuring comprehensive product quality compliance and robustness.

On-site Technical Exchanges with Suppliers

In deepening local supply chain cooperation, the Company actively promotes the testing and application of domestic consumables. Prior to 2024, the Company primarily relied on international brands for consumables in production. Following rigorous testing and evaluation, starting in 2025, the Company has progressively introduced and expanded the use of domestic consumables from suppliers like Cobetter and BioLink, based on the principle of increasing usage from low-impact to high-impact processes.

This initiative has not only significantly shortened the lead time for materials and ensured the supply of goods for commercial production but has also effectively reduced procurement costs and enhanced the comprehensive competitiveness of the Company's products. Furthermore, it has accumulated valuable experience for the application R&D and deep substitution of domestic materials.

4.2 Sustainable Supply Chain

Lepu Biopharma has fully integrated the concept of sustainable development into its supply chain management system. The Company has officially incorporated environmental indicators into qualification assessments, giving priority to partners possessing environmental certifications and adopting green processes. Furthermore, we utilize the National Enterprise Credit Information Publicity System to conduct comprehensive spot checks on suppliers regarding administrative penalties, environmental compliance, and tax payment status, ensuring legality and green compliance across the entire supply chain.

We have implemented management actions targeting suppliers regarding environmental protection and human rights compliance. In terms of environmental protection, the Company outsources partial assembly and sterilization processes to suppliers, effectively reducing waste of consumables in internal production. Regarding human rights compliance, during on-site audits of Class A material suppliers, we randomly inspect personnel files of key employees, focusing on verifying compliant employment information such as labour contract signing, skill training, and occupational disease examinations for laboratory positions.

Regarding business ethics and integrity in procurement, the Company is committed to maintaining a fair and transparent cooperation environment. We have explicitly embedded the *Anti-Bribery Agreement* clauses into procurement contracts. Currently, at least 90% of contracts directly adopt Lepu Biopharma's standard templates, and relevant business ethics and anti-corruption requirements now cover nearly all cooperative suppliers, eliminating compliance risks at the source.

Furthermore, while ensuring quality requirements and alignment with registration strategies, the Company actively promotes supplier diversification, successfully substituting some international-brand raw materials and excipients with high-quality domestic alternatives such as Jiudian and Er-Kang.

4.3 Industry Exchange and Collaboration

Lepu Biopharma actively engages in domestic and international industry conferences, thematic forums, and academic exchange events. Through these platforms, we continuously track technological trends and regulatory dynamics, assimilate advanced peer experiences, and expand our industry collaboration ecosystem. Meanwhile, we proactively share the Company's progress and insights in R&D, clinical development, and industrialization. We engage with the industry to explore innovative directions, fostering a positive interactive atmosphere of "Learning, Sharing, and Co-creation", thereby contributing to the continuous enhancement of our innovation capabilities and the construction of our industry influence.

Case: Spotlight at the 2025 American Association for Cancer Research (AACR) Annual Meeting

At the 2025 AACR Annual Meeting, the Company systematically showcased innovative achievements based on proprietary platforms such as Hi-Topi and TOPAbody. This validated the Company's international R&D strength and sustained innovation capabilities in cutting-edge fields like ADC, Mult specific antibodies, and immunotherapy. Notably, the oncolytic virus therapy CG0070 achieved positive progress in a pivotal Phase III clinical trial, and preclinical data for the CDH17-targeted ADC MRG007 demonstrated best-in-class potential, leading to a successful overseas licensing deal valued at over $1.2 billion.

Case: Major Release at the 2025 American Society of Clinical Oncology (ASCO) Annual Meeting

Clinical results from the pivotal study of the Company's proprietary EGFR-targeted ADC MRG003 for the treatment of recurrent/metastatic nasopharyngeal carcinoma (NPC) were presented as an oral presentation at the ASCO Annual Meeting. As the world's first approved EGFR ADC, the drug has received Breakthrough Therapy Designations in both China and the US, effectively filling a gap in later-line NPC treatment. Study data indicated that compared with chemotherapy, MRG003 increased the Objective Response Rate (ORR) in patients who had failed multiple prior lines of therapy by nearly triple, significantly prolonged Progression-Free Survival (PFS), and showed a clear trend of Overall Survival (OS) benefit alongside a favourable safety profile.

Case: Showcasing Innovation at the European Society for Medical Oncology (ESMO) Annual Congress

At the ESMO Annual Congress, the Company presented three innovative studies, systematically validating the clinical value of the "ADC + Immunotherapy" combination strategy and multi-target layout. This reflects the Company's systematic innovation capability – from monotherapy to combination therapies and from core targets to emerging targets – offering new treatment options for cancer patients. Clinical data revealed that the TF-targeted ADC MRG004A achieved a 40% ORR in patients with advanced pancreatic cancer and has entered Phase III registration trials. Furthermore, the combination of core product MRG003 with a PD-1 monoclonal antibody showed a 60% ORR in first-line exploration of head and neck squamous cell carcinoma (HNSCC), and an impressive 73.3% ORR with a median PFS of 10.9 months in second-line treatment of recurrent/metastatic NPC.

Case: Global Exclusive Licensing Collaboration with ArriVent BioPharma

In 2025, the Company entered into a global exclusive license agreement with ArriVent BioPharma for MRG007, a potential best-in-class ADC for gastrointestinal cancers. This transaction signifies that the innovative value of the Company's core ADC platform has been validated by the international market and marks a critical step in executing the "China-based, Global-oriented" strategy. By leveraging the partner's global development and commercialization capabilities, this innovative drug – with potent preclinical activity – will benefit more colorectal and pancreatic cancer patients worldwide. The deal provides the Company with upfront payments and milestone revenues, with a potential total value of up to $1.21 billion.

4.4 Responsible Marketing

4.4.1 Responsible Marketing System

As a demonstration of our commitment to openness and transparency, Lepu Biopharma attaches great importance to the standardization and legality of marketing activities. The Company strictly complies with laws and regulations such as the *Criminal Law of the People's Republic of China*, the *Anti-Unfair Competition Law of the People's Republic of China*, the *Advertising Law of the People's Republic of China*, the *Interim Measures for the Administration of Censorship of Advertisements on Drugs, Medical Devices, Dietary Supplements and Formula Foods for Special Medical Purposes,* the *Measures for the Administration of Medical Advertisements*, the *Measures for the Examination of Drug Advertisements*, and the *Notice on the Standardized Use of Drug Names in Drug Advertisements*. Based on these requirements, the Company has established a series of strict procedures to standardize marketing promotion and related management, maintaining market order and protecting consumer rights. In specific business operations, particularly regarding the promotion of prescription drugs, the Company firmly abstains from paid marketing and solely communicates objective product experimental data and advantages to physicians. We ensure that marketing content is truthful and reliable, providing necessary background information to assist healthcare professionals in accurately determining the suitability of drugs for their patients and fully understanding potential side effects.

4.4.2 Responsible Marketing Practices

In terms of marketing practices and supervision mechanisms, Lepu Biopharma implements stringent review and approval processes. All promotional materials targeting physicians must undergo a sequential process: drafting by the production department, compliance review by the Legal Department, and final review and signature by the Director before official use. For all marketing activities, the Company comprehensively adopts a two-tier approval system for supervision. Upon completion of an activity, executors must provide authentic evidence (e.g., on-site photos), which must be strictly reviewed and confirmed by the Finance Department before related expenses can be paid. Regarding communication and feedback, all drug complaints are exclusively handled by the professional Adverse Drug Reaction (ADR) Management Team, with no intervention from the Marketing Department. This ensures the independence and professionalism of pharmaceutical safety management.

To consolidate the foundation of compliant marketing within the team, the Company continuously deepens its employee training system for responsible marketing. In 2025, the Company implemented a monthly schedule for specialized training for new employees and invited colleagues from cross-functional departments – including Medical, Marketing, Finance, and IT – to share professional insights. During the training process, colleagues from the Medical Department specifically brief new employees on the core medical information and compliance boundaries that must be communicated to physicians, ensuring the professional competence of the marketing team and the implementation of business norms.

5. BUILDING ON ECOLOGICAL FOUNDATIONS, FOSTERING GREEN COEXISTENCE

5.1 Climate Change Response

Governance

The Company is committed to fully integrating climate change response into its overall ESG governance framework. A collaborative governance structure has been established, driven by the Board of Directors, and ESG functional departments (for specific terms of reference, please refer to the "ESG Management" chapter of this Report). Under this structure, the Board of Directors, as the highest decision-making body, is responsible for reviewing the climate strategy direction and overseeing all related risks and opportunities. The ESG functional departments serve as the executive bodies, continuously identifying and implementing specific risk response measures in daily operations and across the supply chain, collecting and analysing relevant data, and managing internal and external communication. To ensure governance effectiveness, the Board maintain dynamic oversight of the identification and management status of climate risks and opportunities through regular dedicated reports, enabling long-term supervision of this issue. Furthermore, the Company carefully evaluates the potential impacts of climate change when formulating strategic plans, advancing major business decisions, and improving the risk management system, ensuring that it is deeply embedded in the overall considerations for corporate management and decision-making.

Strategy

Lepu Biopharma pays close attention to the potential impacts of climate change on the industry and the social environment and continuously monitors the regulatory requirements of relevant climate and environmental laws and regulations. In conjunction with its own business development, the Company is progressively exploring mechanisms for the identification and routine management of climate-related risks. It is introducing green concepts into office and operational activities, striving to ensure steady business growth while methodically advancing internal energy conservation and consumption reduction efforts. This pragmatic approach aims to gradually reduce the environmental burden of the Company's activities.

Referencing the requirements of the *Environmental, Social and Governance Reporting Code* and in line with its short, medium, and long-term business plans as well as the macro-policy environment, Lepu Biopharma employs scientific climate scenario analysis to systematically assess various climate-related risks and opportunities. In assessing physical risks, our analysis is informed by the SSP1-2.6 and SSP5-8.5 proposed by the Intergovernmental Panel on Climate Change (IPCC). For transition risks, the Company conducts rigorous assessments based on the Stated Policies Scenario (STEPS) and the Net Zero Emissions by 2050 Scenario (NZE) modelled by the International Energy Agency (IEA). The scope of this scenario analysis primarily focuses on the Company's core operational locations, serving as a baseline for continuously strengthening the climate resilience of the overall business.

Scenario Assumption	Climate Scenario	Scenario Description
Physical Risks	SSP1-2.6	SSP1-RCP 2.6 is a low-emissions scenario designed to limit the increase in global average temperature to below 2°C relative to pre-industrial levels, with the goal of limiting warming to 1.5°C. This scenario requires robust climate policies worldwide, including a significant reduction in fossil fuel use, improved energy efficiency, and the promotion of renewable energy, among others.
	SSP5-8.5	SSP5-8.5 is a high-emissions scenario, assuming no additional emission reduction measures are implemented to limit greenhouse gas emissions in the future. Under this scenario, global greenhouse gas emissions would continue to rise.
Transition Risks	NZE	This scenario charts a narrow, technically feasible, and cost-effective pathway to achieve net-zero carbon dioxide emissions from the global energy and industrial sectors by 2050, thereby stabilising global temperature rise to within 1.5°C.
	STEPS	The Stated Policies Scenario (STEPS) reflects the future trends in energy and emissions under the current policy framework, without further changes, and is used to assess the potential impact of existing policies on climate change.

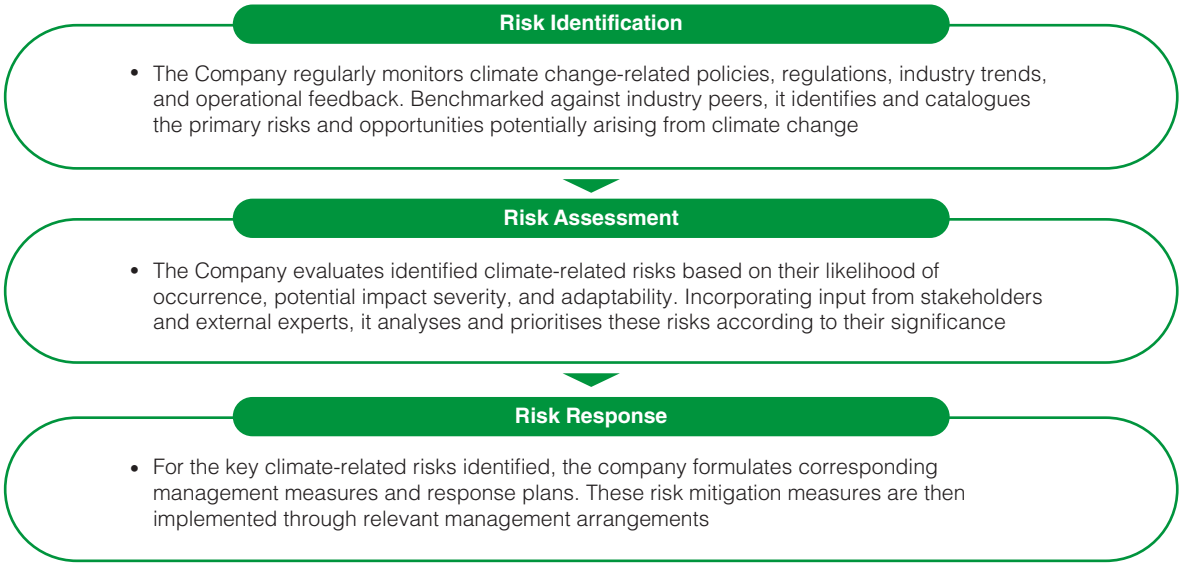
In alignment with the Company's future development strategy, a phased timeline framework has been established. This framework analyses the likelihood and potential impact of climate risks across three-time horizons: short term (0-1 year), medium term (2030), and long term (2050). Through scenario analysis, risks are categorized into three levels: Low, Medium, and High. Corresponding response measures are formulated for each identified climate-related risk and opportunity.

Risk		Business Impact	Financial Impact	Response	Level	Time Horizon
Physical Risks	Physical Risks (Acute): Extreme weather events such as typhoons and floods	• Damage to office buildings and equipment from strong winds and heavy rainfall, leading to asset loss • Equipment damage jeopardises business continuity and financial performance	• Increased costs for asset repair and replacement • Operational disruption leading to an overall decline in operating revenue	• Developing and drilling business continuity and emergency response plans • Identifying asset damage risks and procuring necessary insurance • Conducting regular specialized safety inspections and hazard identification	Low	Medium to Long Term
	Chronic Risk: Rising average temperatures	• Higher temperatures may necessitate more cooling equipment, potentially causing localized power supply strain • In extreme cases, may lead to work stoppages	• Increased operational costs • Work stoppages leading to revenue decline	• Promoting upgrades to air-conditioning hardware and installing high-efficiency cooling equipment • Continuously advancing energy conservation and consumption reduction to support green development • Strengthening supply chain risk management	Low	Medium to Long Term
Transition Risks	Policy & Legal: Tighter regulations, higher carbon pricing, and stricter emissions reporting requirements	• Stricter external environmental regulations demand more rigorous disclosures • Risk of related litigation or claims may increase	• Increased costs for data collection, system checks, and verification • Rising costs associated with litigation and potential claims	• Closely monitoring changes in environmental laws, regulations, and policies, and responding promptly • Strengthening comprehensive compliance operations • Actively participating in industry dialogue and exchanges	Low	Medium Term
	Technological: Pressure to transition to low-carbon technologies	• Facing the need to upgrade existing production equipment for low-carbon and smart operations • Technology transition brings a green premium	• Pressure regarding technological transition leads to additional R&D cost increases • May impact the Company's sales and profitability in the short term, posing a risk of revenue decline	• Proactively advancing research and development related to green chemistry • Increasing the application of energy-saving and consumption-reduction technologies • Enhancing the Company's overall R&D capability by cultivating and retaining talent	Medium	Medium to Long Term
	Reputational: Increasing negative feedback from stakeholders	• Lagging climate action may lead to negative evaluations from stakeholders, potentially resulting in investor divestment	• Faces risk of short-term cash flow decline	• Enhancing sustainable development capabilities and internal management transparency • Integrating climate issues into the Company's long-term strategy with clear commitments • Demonstrating progress through regular reporting and strengthening daily public sentiment monitoring	Low	Medium to Long Term

Opportunity		Potential Impact	Response
	Resource Efficiency: Utilising more efficient production processes	• Introducing energy-efficient innovative processes can effectively reduce daily resource consumption and manufacturing costs, lowering expenses	• Proactively advancing research and development in green chemistry-related technologies • Increasing the application of various energy-saving and consumption-reduction technologies • Comprehensively enhancing overall energy utilisation efficiency
Climate Opportunities	Energy Transition: Utilising low-carbon and clean energy	• Increasing the proportion of renewable energy usage significantly reduces carbon emission levels in daily operations, lowering costs associated with carbon pricing and compliance-driven regulations • Meets downstream customers' expectations for a green supply chain, potentially increasing revenue	• Actively exploring diversified clean energy supply channels • Progressively optimising the underlying electricity mix

Risk Management

Lepu Biopharma incorporates climate change-related factors into its existing risk management processes. Through steps such as risk identification, risk assessment, and risk response, the Company analyses and manages the operational risks that may arise from climate change. This approach aims to enhance the Company's preparedness for relevant scenarios and ensure the stability of its business operations.



Climate Risk Management Process.

Metrics and Targets

Lepu Biopharma's greenhouse gas emissions primarily originate from electricity consumption. To address this, the Company is actively optimising its electricity mix by increasing the proportion of renewable energy and reducing reliance on fossil fuels, thereby effectively lowering its greenhouse gas emission levels. Concurrently, we are continuously exploring advanced and frontier technologies such as carbon capture and storage, with the aim of achieving deeper emission reduction targets in the future.

Lepu Biopharma has established clear medium to long-term environmental management targets to guide relevant responsible departments in progressively implementing energy conservation and emission reduction initiatives. The Company proactively responds to the national "Dual Carbon" strategy, and in line with its own R&D and operational realities, systematically advances energy conservation, consumption reduction, and greenhouse gas mitigation actions. It is committed to collaborating with value chain partners to steadily reduce the overall carbon footprint of the enterprise.

Indicator	Unit	2025	2024
Scope 1 Greenhouse Gas Emissions[2]	tCO_2e	2,097.33	1,708.10
Scope 2 Greenhouse Gas Emissions[3]	tCO_2e	3,987.46	5,173.71
Total GHG Emissions (Scope 1 & 2)	tCO_2e	6,084.79	6,881.81
GHG Emission Intensity (Scope 1 & 2)	tCO_2e/person	8.57	13.82
Scope 3 Greenhouse Gas Emissions[4]	tCO_2e	1,203.66	/

2 Natural Gas Emission Factor Sources: National Development and Reform Commission (NDRC)'s *Guidelines for Greenhouse Gas Emission Accounting and Reporting for Industrial and Other Enterprises (Trial)*, the *2006 IPCC Guidelines for National Greenhouse Gas Inventories*, and the *General Principles for Calculation of Total Production Energy Consumption (GB/T 2589-2020)*.

3 Electricity Emission Factor Source: the *Announcement on Publishing the 2023 Electricity Carbon Dioxide Emission Factors*.

4 For Scope 3 Greenhouse Gas Emissions, we have collected and calculated the emissions data of purchased goods and services, waste generated from operations. In the future, we will gradually improve the statistics and calculation of Scope 3 Greenhouse Gas Emissions from other types, and enhance the completeness and transparency of the disclosure of Scope 3 Greenhouse Gas Emissions.

5.2 Environmental Management

Lepu Biopharma strictly adheres to relevant laws, regulations, and policy documents, including the *Environmental Protection Law of the People's Republic of China*, the *Emergency Response Law of the People's Republic of China*, and the *National Environmental Emergency Response Plan*. Upholding the principles of being people-oriented and prioritising prevention, the Company continuously improves its internal environmental management system, striving to minimise the significant potential impacts of its business operations on the surrounding ecological environment and natural resources.

At the governance level, the Company has established an Emergency Command Centre led by senior management. This centre oversees various emergency response teams, including rescue, monitoring, medical, logistics, and communications, ensuring swift reaction and co-ordinated handling in the event of an environmental incident. We conduct comprehensive assessments of key risk sources within our operations, establishing a four-tier alert mechanism and graded emergency response procedures. Concurrently, the Company maintains a professional emergency rescue team, allocates dedicated funds and a technical expert pool, and incorporates environmental protection investments into the annual budget. Through comprehensive material and technical support, we continuously enhance our overall capability to prevent and respond to sudden environmental accidents.

To effectively prevent, control, and eliminate the hazards of sudden environmental accidents, and to safeguard employee lives, company assets, and the safety of the surrounding environment, Lepu Biopharma has comprehensively formulated and implemented the *Emergency Plan for Sudden Environmental Accidents*. Through systematic prevention and response mechanisms, we work to minimise potential environmental risks such as chemical leaks, wastewater exceeding discharge standards, and improper hazardous waste disposal. This aims to strictly prevent such operational risks from escalating into ecological risks causing substantive damage to local natural ecosystems, such as soil and water bodies. During the Reporting Period, the Company did not experience any ecological damage incidents.

To ensure the effective advancement of environmental management, Lepu Biopharma has established clear environmental management objectives. The successful achievement of these objectives is safeguarded through regular monitoring and verification mechanisms.

Environmental Management Target Category	Specific Metrics and Requirements	Monitoring and Verification Frequency	Achievement Status and Performance
Compliance Targets	Zero occurrences of environmental violations; 100% compliance of pollutant discharges with national and local standards	Wastewater indicators monitored daily and archived, real-time data transmission from online equipment at emission points	**Achieved:** No environmental administrative penalties were incurred during the year, with good compliance performance
Pollution Control Targets	Exhaust gas treatment device operational efficiency ≥95%; non-methane total hydrocarbon concentration ≤10 mg/m³; Factory boundary noise: daytime ≤70 dB(A), nighttime ≤50 dB(A)	Combined with routine real-time monitoring; energy and water resource consumption verified monthly/quarterly to mitigate consumption risks	**Consistently Met:** Noise reduction measures are effective on-site, environmental protection facilities operate stably, and all pollutant discharges are compliant
Waste Management Targets	100% compliant disposal rate for hazardous waste (e.g., laboratory waste liquid, spent reagents)	Hazardous waste transfer manifests are verified quarterly to ensure compliant disposal processes	**Achieved:** Strictly selected qualified third-party agencies for full delegation and standardized treatment

To solidify the foundation of environmental management, the Company requires all employees to participate in specialized environmental training and actively organizes emergency drills. The Company conducts environmental training sessions biannually. The training content comprehensively covers environmental protection laws and regulations, internal rules and policies, pollution source identification, emergency response plans for incidents, as well as the definition, identification, labelling, and compliant disposal processes for hazardous waste. Furthermore, we regularly organize desktop exercises and comprehensive functional drills. These activities serve to test the effectiveness of contingency plans and enhance the speed of departmental coordination in response. Furthermore, based on the evaluation results, we dynamically revise and improve various environmental management systems in a timely manner.

Company's Environmental Management Training

5.3 Emissions Management

Lepu Biopharma has established an Environmental Management Committee, supported by a dedicated environmental protection officer, to co-ordinate and supervise all environmental compliance work. To regulate the management of waste and active pharmaceutical ingredients (APIs), the Company has formulated the *Special Provisions on Hazardous Waste Management* and the *Environmental Self-monitoring Program*.

In the areas of waste classification and treatment, clear procedures are established: recyclable materials are collected for internal reuse; medical waste is collected in dedicated containers and undergoes strict disinfection treatment; hazardous waste such as waste acid and waste organic solvents is categorized and stored in designated warehouses meeting requirements for seepage prevention, leak-proofing, and fire resistance according to the *Standards for Identification of Hazardous Waste*, and is equipped with emergency supplies such as absorbent pads and fire extinguishers. Decommissioned physical assets are centrally registered and recycled through formal channels. All hazardous waste is entrusted to third-party processors possessing a business licence issued by the provincial environmental protection department. The transfer process implements the 'five-copy manifest' system, ensuring full traceability of the disposal process.

The Company enforces the *Discharge Standard of Water Pollutants for Pharmaceutical Industry* and the *Integrated Emission Standard of Air Pollutants*, continuously deepening its environmental monitoring system. Based on the self-monitoring program, the Company commissions third-party agencies to conduct regular monitoring of parameters in wastewater, such as pH, COD, and ammonia nitrogen, and in emissions, such as particulate matter, non-methane total hydrocarbons, and nitrogen oxides. Factory boundary noise is controlled to ≤70 dB(A) during the day and ≤60 dB(A) at night. For implementation assurance, the Company collaborates with research institutions to develop treatment technologies for the "three wastes" (waste gas, wastewater, and solid waste) and conducts annual training on environmental regulations and operational skills. Furthermore, environmental targets are integrated into departmental performance assessments, with violations subject to a "one-vote veto" policy. Environmental data is regularly disclosed to accept regulatory and societal oversight.

Targets and Performance for the Management of the Wastes

Target Category	Specific Targets and Metrics	Achievement Status and Measures
Wastewater Management	Ensure parameters such as COD, ammonia nitrogen, and pH comply with national standards.	Optimising processes and internal recycling; online monitoring with real-time data transmission.
Waste Gas Management	Ensure compliance of VOCs, dust, etc. (non-methane total hydrocarbons ≤10 mg/m³).	Maintaining stable equipment operation; continuous monitoring of emission concentrations.
Hazardous Waste Management	100% of waste is entrusted to licensed third-party processors.	Vetting the credentials of delegated partners; strictly implementing compliant management.

5.3.1 Waste water Treatment

Lepu Biopharma continuously strengthens the construction of its wastewater treatment facilities and online monitoring system. The Company has equipped its sewage treatment station with 24-hour automatic monitoring facilities, enabling real-time monitoring and timely alerts for wastewater data. This data is simultaneously uploaded to the Company's internal system and relevant government regulatory departments. To ensure the accuracy of monitoring results and the stable operation of equipment, the Company regularly commissions third-party professional institutions for maintenance and testing. In daily operations, all wastewater undergoes pre-treatment and is only discharged through dedicated pipelines, which are subject to regular inspection and maintenance, after confirming it meets discharge standards.

To comprehensively prevent the risk of groundwater pollution, the Company implements various measures addressing both source control and area protection. We have installed comprehensive impermeable layers in key areas such as hazardous waste storage and equipped them with leachate collection systems. Concurrently, the Company has strictly demarcated groundwater source protection zones, explicitly prohibiting the storage of any hazardous waste or direct discharge of wastewater within these areas. Through integrated management involving source control, pipeline network maintenance, and real-time monitoring, the Company has effectively prevented any potential negative impact on groundwater and surrounding soil environments from wastewater seepage.

Indicator	Unit	2025	2024
Wastewater	ton	23,407.75	14,337.41
COD	ton	1.47	0.66
Ammonia-Nitrogen	ton	0.03	0.04

5.3.2 Air Emissions Management

Lepu Biopharma actively advances measures for the improvement of air pollution at its source and through end-of-pipe treatment. In daily workshop operations, the Company has reduced the concentration of isopropanol used for instrument disinfection from 75% to 70%, directly minimising exhaust gas volatilisation at the source. For the collection and treatment of exhaust gases, we employ a sealed positive pressure collection system via the purified air-conditioning system and ducting of the DA005 exhaust stack. This is combined with treatment facilities utilising high-efficiency filters and activated carbon for in-depth interception and adsorption of the gases.

Regarding assessment and performance, with reference to materials such as the *Investigation and Research on Industrial Pollution Source* and calculations based on the most unfavourable conditions, the exhaust gas collection rate of the facilities reaches 80%, with a treatment removal rate of 15%. In 2025, following the implementation of improvement solutions such as concentration substitution, the Volatile Organic Compounds (VOCs) generation from the DA005 exhaust stack was 93.258 kg, and the total exhaust gas emissions were controlled at 63.415 kg. Compared to the pre-improvement figure of 101.659 kg, the Company's overall VOCs emissions were reduced to 96.426 kg, achieving an annual emission reduction of 5.233 kg, representing a reduction rate of 5.14%.

Indicator	Unit	2025	2024
Waste gas emissions	m^3	72,784,506	61,930,046

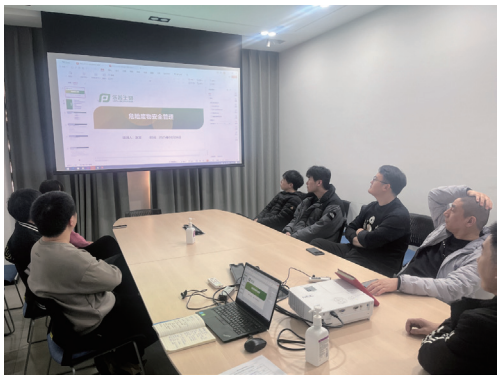
5.3.3 Solid Waste Management

Lepu Biopharma is committed to reducing waste generation at source and continuously minimising the creation of by-products in the production process through technological innovation. In daily operations, the Company increases the proportion of recycled and environmentally friendly materials, such as recycled plastics and paper-based materials, and implements effective measures to reduce the consumption of single-use plastics, thereby promoting waste reduction and resource recovery internally.

For hazardous waste, including laboratory waste, waste liquids, and spent activated carbon, the Company has established a rigorous closed-loop management system covering both internal and external processes. Regarding internal management, we clearly define the types and properties of hazardous waste in accordance with regulations, assign dedicated identification markers, and designate personnel responsible for its classification, collection, and storage. The Company maintains a hazardous waste ledger to record full-process information, configures emergency equipment and conducts regular drills, and periodically reports management status to environmental authorities. For external transfer, the Company initiates applications via a dedicated online platform, strictly selects and entrusts licensed third-party agencies for treatment. Detailed contracts are signed to clarify responsibilities, and after obtaining approval for the transfer plan, transfer manifests are completed. The transportation process employs enclosed vehicles with full process monitoring to ensure the entire treatment process is safe and compliant.

To effectively manage odours generated during production and wastewater treatment, the Company employs specialized technologies such as biofilters for in-depth treatment. At the front end, we have installed two inactivation tanks (one in use, one on standby), using chemical dosing for batch-wise inactivation and pH adjustment, with the tanks lined for corrosion protection. The treated water is then equalized in terms of volume and quality in a high-concentration wastewater equalisation tank and a comprehensive sewage equalisation tank, before entering a hydrolytic acidification tank to convert hard-to-degrade substances into more readily degradable ones. The system further utilises a contact oxidation process, employing aerobic sludge to adsorb and remove organic pollutants. The wastewater subsequently enters a sludge sedimentation tank, where the supernatant overflows for discharge, and the settled sludge is recycled for nitrification treatment. Excess sludge is regularly treated using a plate-and-frame sludge dewatering unit, ensuring comprehensive and proper disposal of odours and pollutants.

To enhance the safety awareness and operational skills of all personnel, Lepu Biopharma organizes annual specialized waste management training for all employees every March. The training systematically covers the definition and identification of hazardous waste, storage pollution control standards, identification markers, technical specifications for collection, storage, and transportation, legal liabilities, internal disposal procedures, and specific environmental emergency plans. For key personnel responsible for hazardous waste transfer, the Company implements strict training and skills assessment, directly linking the assessment results to individual performance, thereby further solidifying the sense of responsibility for standardized waste management.



Waste Management Training

Indicator	Unit	2025	2024
Total hazardous waste	ton	28.06	26.92
Hazardous waste per person	ton/person	0.26	0.05
Total non-hazardous waste	ton	16.50	6.29
Non-hazardous waste per person	ton/person	0.15	0.01

5.4 Resource Management

5.4.1 Energy Management

Lepu Biopharma places high importance on green operations and sustainable development, consistently striving to enhance energy use efficiency and reduce the environmental impact of daily operations through refined management and technological upgrades. To effectively reduce energy consumption, the Company actively promotes digital transformation. Intelligent systems have been comprehensively installed in core plant buildings and workshops, enabling the real-time, 24-hour tracking and dynamic monitoring of various energy consumption data. Leveraging the precise data provided by this system, the Company can scientifically analyse energy usage patterns and continuously optimise the operational modes of production equipment. This not only effectively prevents unnecessary energy wastage and maximises overall energy utilisation, but also significantly reduces the routine maintenance costs of equipment, steadily advancing the manufacturing system towards a low-carbon, efficient, and green model.

Indicator	Unit	2025	2024
Natural Gas	MWh	10,659.42	10,236.33
Purchased Electricity	MWh	7,515.01	7,635.34
Total Energy Consumption	MWh	16,188.25	17,871.67
Total Energy Consumption Intensity	MWh/person	22.80	35.89

5.4.2 Water Resource Usage

Lepu Biopharma attaches great importance to the rational use and protection of water resources and actively explores effective pathways for water conservation and emission reduction. To reduce water consumption in daily operations, the Company vigorously promotes the technological transformation of production facilities. Specifically for the pure water production process required for its operations, the Company has completed a comprehensive upgrade of the overall technology. This has significantly increased the feed water utilisation rate, effectively reducing water resource wastage during the production process, thereby achieving a steady improvement in overall water-use efficiency.

Indicator	Unit	2025	2024
Total water consumption	ton	53,229.90	51,517.44
Water consumption per person	ton/person	74.97	103.45

5.4.3 Packaging Material Usage

Lepu Biopharma places a high priority on the environmental impact across a product's entire lifecycle, deeply integrating green and low-carbon principles into the daily management of packaging materials. While strictly ensuring drug quality, compliance requirements, and the safety of cold chain logistics, the Company is committed to advancing the streamlining of packaging design and the lightweighting of materials. We actively explore and progressively evaluate alternative application solutions involving environmentally friendly, recyclable materials, aiming to substantially reduce over-packaging and resource consumption at source. Furthermore, the Company will continue to monitor cutting-edge green packaging technologies within the pharmaceutical industry, continually improving the comprehensive utilisation efficiency of packaging materials, and taking concrete actions to reduce the environmental burden of its business operations.

Indicator	Unit	2025	2024
Total packaging material consumption	ton	14.67	5.81

6. BUILDING TALENT, STRENGTHENING FOUNDATIONS, AND MOVING FORWARD TOGETHER

Lepu Biopharma adheres to a people-oriented philosophy, recognising employees as the core driving force for innovation and development. We actively gather outstanding talent with diverse backgrounds, continuously improve a competitive remuneration and benefits system alongside occupational health care, and support employees' continuous professional growth through systematic training, clear career development pathways, and fostering an innovative atmosphere, thereby building a sustainable talent ecosystem.

6.1 Compliance employment

We base our practices on national laws and regulations, strictly standardising recruitment and employment management to effectively safeguard the legitimate rights and interests of employees. Concurrently, upholding an open and inclusive employment philosophy, we actively attract excellent talent from diverse backgrounds and different fields, continuously infusing the enterprise with innovative vitality and developmental momentum.

6.1.1 Employee Hiring

We strictly comply with national laws and regulations such as the *Labor Law of the People's Republic of China* and the *Labor Contract Law of the People's Republic of China*. We have formulated a series of Employee Management Policy, including the *Recruitment Management Policy,* the *Interview Management Measures,* the *Employee Probation Management Measures, and* the *Entry and Exit Management Policy*. These clearly define the management requirements for the entire employee lifecycle, from recruitment and onboarding to departure, ensuring that all human resources activities are conducted in a standardized and rule-based manner.

During the recruitment process, we have established rigorous mechanisms for verifying candidate identity and background. Through systematic verification, we ensure that all hired personnel meet the legal working age requirements, eliminating the possibility of employing child or forced labour. We conduct necessary identity and age verification for all prospective hires and continue to monitor the authenticity of employee information after onboarding. Should any discrepancies arise regarding an applicant's age or other information, we immediately initiate a re-verification process and engage proactively with relevant parties to ensure all employment practices are fully lawful and compliant, thereby fulfilling the Company's social responsibility and legal obligations in employment. During the Reporting Period, Lepu Biopharma did not encounter any incidents related to the use of child labour or forced labour.

We uphold the principles of openness, inclusiveness, and respect. During recruitment, hiring, and salary determination, we strictly avoid differential treatment based on a candidate's gender, disability, pregnancy, belief, race, or other factors unrelated to job competence. Furthermore, the Company continuously conducts awareness campaigns, making it clear that we maintain a 'zero tolerance' stance towards workplace discrimination and harassment. Relevant anti-discrimination and anti-harassment regulations have been formulated and are strictly enforced, with corresponding disciplinary mechanisms in place, to fully foster and maintain a workplace culture of equality and inclusivity.

We actively expand diversified recruitment channels combining online and offline methods, broadly attracting talent through campus recruitment, social recruitment, and internal referrals. In 2025, the Company defined key recruitment targets, including plans to expand the marketing team to approximately 400 personnel and to focus on recruiting experienced researchers for the R&D team, which were successfully completed. Our employee composition during the Reporting Period is shown in the table below:

Key Performance Indicator		Unit	2025
Total Number of Employees		Person(s)	710
Total Number of Employees by Gender	Male	Person(s)	355
	Female	Person(s)	355
Total Number of Employees by Employment Type	Full-time	Person(s)	594
	Contract Personnel	Person(s)	116
Total Number of Employees by Age Group	≤30	Person(s)	212
	30~50	Person(s)	490
	≥50	Person(s)	8
Total Number of Employees by Educational Background	Doctoral	Person(s)	18
	Postgraduate (Master's)	Person(s)	119
	Bachelor's Degree and Below	Person(s)	573
Total Number of Employees by Employee Type	Senior Management	Person(s)	4
	Middle Management	Person(s)	171
	General Staff	Person(s)	535
Total Number of Employees by Region	Chinese Mainland	Person(s)	710
	Hong Kong, Macao, Taiwan, and Other Countries	Person(s)	0

Metric		Unit	Value
Employee Turnover Rate		%	26.48%
Employee Turnover Rate by Gender	Male	%	29.01%
	Female	%	23.94%
Employee Turnover Rate by Age Group	≤30	%	28.30%
	30~50	%	26.12%
	≥50	%	0.00%
Employee Turnover Rate by Region	Mainland China Employees	%	26.20%

We place high importance on the continuous development of our R&D talent system and believe that a solid talent foundation is a crucial support for driving product innovation and enhancing market competitiveness.

Key Performance Indicator		Unit	2025
R&D Team Development	Total R&D Team Headcount	Person(s)	133
	Percentage of master's degree and Above in R&D Team	%	63

6.1.2 Remuneration and Performance

Lepu Biopharma continuously refines its remuneration and performance management systems, striving to build a scientific, reasonable, and motivational framework. By implementing diverse employee incentive initiatives, we fully stimulate employee potential and work enthusiasm, fostering a proactive, collaborative, and progressive workplace atmosphere.

Regarding the remuneration system, we have established internal policies such as the *Salary Management System*, forming a pay structure based on job value and referenced against market levels. This ensures that remuneration distribution maintains both internal equity and external competitiveness. While guaranteeing stable and reasonable compensation for employees, we place greater emphasis on the motivational aspect of pay, closely linking it to individual capability, contribution, and performance outcomes. This effectively attracts, retains, and motivates outstanding talent, supporting the achievement of the Company's strategic objectives.

In performance management, we have constructed a performance management system oriented by strategy and aimed at development. This system scientifically deconstructs organisational goals into individual performance objectives. Through systematic, objective evaluation and continuous feedback, it not only measures work results but also focuses on capability enhancement and behavioural improvement. We are committed to making performance management a core mechanism that drives employee growth, enhances organisational effectiveness, and realises the shared development of individuals and the Company.

6.2 Talent Development

We attach great importance to the continuous growth of our talent, consistently increasing resource investment to build a systematic and forward-looking development system. Through various forms such as tailored training, project practice, and mentorship, we comprehensively assist employees in enhancing their professional capabilities and comprehensive qualities. Concurrently, we establish and improve career development pathways, ensuring that employees' contributions and growth are met with corresponding promotions and rewards, achieving resonance and long-term mutual benefit between personal value and organizational development.

6.2.1 Promotion and Development

We adhere to the principles of fairness and transparency, establishing clear internal development pathways for every employee to ensure everyone's growth and contribution is recognized. Based on a fair performance appraisal system, the Company tailors promotion paths aligned with both personal attributes and job functions for employees, effectively motivating them to continuously improve their professional capabilities.

To ensure fairness and transparency in the promotion process, the Company has established a cross-departmental joint review mechanism. An employee's promotion eligibility requires joint evaluation and approval by their respective business department head and the Human Resources Department, with a comprehensive assessment based on multiple dimensions including work performance, professional competence, overall quality, and future development potential. This mechanism aims to minimise subjective factors in decision-making, ensuring the objectivity and credibility of promotion outcomes, and making employees' career paths clear and trustworthy.

6.2.2 Training and Growth

We highly value the comprehensive development of our employees. Based on a practical understanding of their growth needs, we continuously optimise a rich and varied training system. In 2025, the Company's training initiatives closely aligned with business development strategies. Anticipating the launch rhythm of new products, we proactively organized specialized ADC product training covering all employees. Simultaneously, we customized modular learning programs like 'Daily Practice' for the sales team, effectively empowering the team with knowledge and capability enhancement, achieving synergy between training and business strategy. During the Reporting Period, we conducted over 1,040 training sessions cumulatively throughout the year, with a total learning duration of 12,200 hours.

Regarding training channels and methods, we have built a digital learning matrix centred on three core online learning platforms: Moxueyuan, Lconcile, and Yunci. This supports multi-terminal, flexible learning modes. Training content covers key areas including R&D, production, quality, marketing, and functions. Adopting primarily internal courses, supplemented by external resources' approach, we systematically conduct training in critical areas such as GMP/GCP compliance, job skills, document processes, and safe operations. This forms a comprehensive cultivation system integrating online and offline methods, and balancing theory with practical application.

Key Performance Indicator		Unit	2025
Percentage of Trained Employees		%	100
Total Training Hours Completed by Employees, by Gender	Male	Hours	8,997
	Female	Hours	10,062
Total Training Hours Completed by Employees, by Employee Category	Senior Management	Hours	34
	Middle Management	Hours	5,064
	General Staff	Hours	13,961
Average Training Hours Completed per Employee, by Gender	Male	Hours/person	25
	Female	Hours/person	28
Average Training Hours Completed per Employee, by Employee Category	Senior Management	Hours/person	9
	Middle Management	Hours/person	30
	General Staff	Hours/person	26

6.3 Excellence in Care

Lepu Biopharma consistently focuses on fostering a warm and sustainable organizational atmosphere, supporting employees in achieving a harmonious work-life balance while pursuing their professional development. During the Reporting Period, we continued to enhance the multi-dimensional benefits system, including health care and flexible working arrangements, thereby strengthening employees' sense of belonging and team cohesion.

6.3.1 Employee Communication

Lepu Biopharma highly values employees' opinions and suggestions, viewing feedback from all business units as important guidance for the Company's continuous development. We have established dedicated internal communication channels, encouraging employees to proactively report difficulties encountered at work and share their suggestions. Furthermore, the Company actively gathers employee feedback through various means such as regular face-to-face meetings between administrative personnel and department heads, as well as online communication sessions. We actively coordinate internal resources, promptly address employee expectations, and effectively transform feedback into momentum for management improvement and organizational growth.

Additionally, we have established a performance communication mechanism. Through structured performance review interviews covering all employees and organized by function, we systematically collect constructive opinions from staff regarding the operations of various company departments, institutional processes, and management styles. This feedback, after being collated and analysed, is directed to relevant management levels, forming an effective information pathway from the grassroots to decision-makers. This enhances management transparency and boosts employees' sense of engagement.

6.3.2 Employee Care

Lepu Biopharma always regards the fruits of the Company's development as an important part to be shared with its employees. We continuously translate market achievements into tangible employee benefits. By improving a multi-dimensional welfare system encompassing health security and life support and organising a variety of team-building and cultural care activities, we provide comprehensive support for employees' work and life. This helps alleviate stress, enhances a sense of belonging, and achieves the common growth of the enterprise and individuals.

Birthday Care:
Each month, employees with birthdays receive personalized greetings and thoughtful gifts, conveying organisational care in subtle ways and fostering a warm, family-like workplace atmosphere.

Team-Building Activities:
Regular departmental team-building and outdoor development activities are organized to help employees relieve stress, enhance interaction, and strengthen team cohesion through collaborative engagement.

Annual Gala and Recognition:
A comprehensive annual gala is held at year-end, integrating year-end summaries, recognition of outstanding performers, cultural performances, and interactive prize draws. This event collectively showcases team spirit and the company's human touch.

Festive Care:
Throughout the year, we continuously implement regular caring initiatives such as festive benefits and health care activities. This allows employees to consistently feel the company's thoughtful companionship, building a harmonious and warm environment for development.

6.4 Occupational Health and Safety

We consistently uphold 'safety first' as an unwavering core principle of production, placing high importance on and systematically managing the occupational health and safety of our employees. To this end, we have built and continue to improve a systematic safety management framework and a clear organisational structure. Simultaneously, through safety training and awareness campaigns covering all employees, we are committed to embedding a safety-conscious mindset, transforming it into daily behavioural habits, and solidifying the safety foundation for the Company's sustainable development.

6.4.1 Production Safety Management

Based on strict compliance with national laws and regulations such as the *Work Safety Law of the People's Republic of China*, the *Law of the People's Republic of China on the Prevention and Treatment of Infectious Diseases*, the *Regulations on the Safety Management of Hazardous Chemicals*, and the *Regulations on Work-Related Injury Insurance of the People's Republic of China*, we have systematically established an internal standardized safety management system. We have formulated and implemented a series of policy documents, including the *Safety Production Standardization Management Manual,* the *Hazardous Chemicals Safety Management System,* the *Special Chemical Emergency Response Plan,* the *Fire Safety Management System,* the *Management System for Prevention and Control of Occupational Hazards* and the *Hazardous Work Management System*. These comprehensively cover and clearly regulate all aspects of work safety.

During the Reporting Period, in accordance with the latest requirements of regulations such as the *Technical Specifications for Occupational Health Surveillance*, the Company promptly updated its internal health surveillance and work safety systems. This update incorporated newly mandated inspection scenarios, classifications for emergency and post-employment examinations, as well as refined inspection cycles and records management protocols. Furthermore, we fully implemented the 'Three Responsibilities and Three Musts' principle of the *Work Safety Law of the People's Republic of China*. By revising management manuals and conducting specialized training, we continuously strengthened employees' capabilities in health risk prevention and emergency response, earnestly fulfilling our compliance responsibilities for occupational health and safety.

Regarding specific production safety management measures, we provide all personnel with basic personal protective equipment (PPE) compliant with national standards, such as safety helmets, gas masks, and protective gloves. For specific environments like laboratories, we additionally supply fire-resistant and acid/alkali-resistant lab coats. Through the establishment of usage logs and strict enforcement of immediate replacement policies for damaged or expired items (e.g., safety goggles, filter canisters), we ensure the effectiveness of protection.

In terms of promoting a production safety culture, we have established a regular safety training and emergency drill mechanism to continuously enhance employees' awareness of safety risks and their practical response capabilities. Combining online courses with offline practical exercises, we conduct training for all employees on regulations, risk identification, and emergency response awareness. We reinforce operational procedure education for new hires and focus on responsibility fulfilment for management. Additionally, we organize specialized skills training for areas such as laboratory safety and fire safety.

During the Reporting Period, the overall work safety situation at the Company remained stable. No fatal accidents occurred, and two minor work-related injuries were properly handled. In the future, we will continue to prioritise employee safety and constantly consolidate the foundation of our safety work.

6.4.2 Occupational Health Management

Lepu Biopharma strictly complies with national laws and regulations, including the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases*, placing the protection of employees' occupational health and safety at a vital position within company operations. We are committed to creating a safe, healthy, and compliant working environment for our employees, earnestly fulfilling the Company's long-term responsibility towards their well-being.

During the Reporting Period, the Company continued to advance occupational health protection for employees. By conducting specialized occupational health and safety training covering all staff and organising annual health check-ups, we consistently implement comprehensive care and risk prevention for employees' physical and mental health, striving to build a safer and healthier work environment.

Case: Organizing Occupational Health Check-ups and Establishing Individual Health Records

In October 2025, we organized occupational health check-ups covering all employees. The program included routine examinations such as blood tests and ultrasounds, as well as specialized screenings for occupational diseases for specific roles, such as noise exposure. The Company established an "individual health record" for each employee, enabling continuous tracking of their health status and facilitating precise interventions.

Case: Conducting Multi-Scenario Emergency Drills to Fortify Safety Defences

Following the 2025 annual drill plan, the Company systematically carried out a series of emergency drills. Throughout the year, five specialized drills were organized, covering key risk scenarios including confined space incidents, fire emergencies, hazardous chemical leaks, and biosafety breaches. These drills aimed to comprehensively test and enhance personnel's emergency response, coordination, and safety assurance capabilities in complex, unexpected situations, thereby continuously reinforcing the effectiveness and reliability of the Company's emergency management system.

7. COMPASSIONATE CARE FOR THE WORLD, BENEFITING MILLIONS

7.1 Universal Healthcare

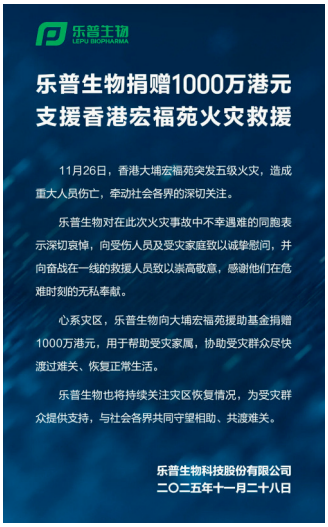
Lepu Biopharma continuously focuses on the actual clinical needs of a broad patient population, actively exploring diversified medical payment pathways to enhance drug accessibility. For products in 2025 that were not yet included in the National Centralized Drug Procurement and remained self-paid, the Company actively promoted their integration into the multi-level medical security system. By participating in local supplementary medical insurance schemes, we effectively reduced patients' out-of-pocket expenses and alleviated family financial burdens. To date, we have successfully included relevant products in 33 regional City-based Commercial Health Insurance across the country.

In advancing the translation and sharing of our products' clinical value, the Company consistently discloses the latest R&D and therapeutic progress to the international academic community, providing solid evidence-based medical support for global oncology clinical practice. We officially released the marketing clinical trial data for MEIYOUHENG (Becotatug Vedotin Injection) at the American Society of Clinical Oncology (ASCO) Annual Meeting. Subsequently, we further disclosed Phase II clinical trial data for the MEIYOUHENG (Becotatug Vedotin Injection) combination immunotherapy regimen at the European Society for Medical Oncology (ESMO) Congress.

7.2 Public Charity

Lepu Biopharma actively fulfils its corporate social responsibility, incorporating giving back to society into its long-term development considerations. The Company consistently pays attention to the practical difficulties faced by vulnerable patient groups, working to substantially reduce their treatment-related economic burdens through upgraded charitable assistance initiatives. We have partnered with the Huaxia Charity Foundation to jointly launch the "Pu You Yu Sheng" (Protecting the Rest of Life) project, providing standardized medical assistance and support to eligible patients with solid tumours.

In responding to sudden disaster events, the Company's heart is with the affected areas, and we respond swiftly. In November 2025, a major Category 5 fire broke out at Hong Fu Court in Tai Po, Hong Kong, resulting in significant casualties. We express our deepest condolences to the compatriots who tragically lost their lives in this incident, extend our sincere sympathies to the affected families, and pay our highest respects to the frontline rescue personnel. To assist the affected families and residents in overcoming difficulties and returning to normal life as soon as possible, the Company donated HKD10 million to the Tai Po Hong Fu Court Assistance Fund.


乐普生物
LEPU BIOPHARMA

乐普生物捐赠1000万港元
支援香港宏福苑火灾救援

11月26日，香港大埔宏福苑突发五级火灾，造成重大人员伤亡，牵动社会各界的深切关注。

乐普生物对在此次火灾事故中不幸遇难的同胞表示深切哀悼，向受伤人员及受灾家庭致以诚挚慰问，并向奋战在一线的救援人员致以崇高敬意，感谢他们在危难时刻的无私奉献。

心系灾区，乐普生物向大埔宏福苑援助基金捐赠1000万港元，用于帮助受灾家属，协助受灾群众尽快渡过难关、恢复正常生活。

乐普生物也将持续关注灾区恢复情况，为受灾群众提供支持，与社会各界共同守望相助、共渡难关。

乐普生物科技股份有限公司
二〇二五年十一月二十八日

Lepu Biopharma Donates to Support Hong Kong Hong Fu Court Fire Rescue Efforts

APPENDIX I: INDEX TO THE ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING CODE

Subject Areas, Aspects, General Disclosures and KPIs			Chapters
Environmental			
Aspect A1: Emissions	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Building on Ecological Foundations, Fostering Green Coexistence – Emissions Management
	A1.1	The types of emissions and respective emissions data.	Building on Ecological Foundations, Fostering Green Coexistence – Emissions Management
	A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Building on Ecological Foundations, Fostering Green Coexistence – Emissions Management
	A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Building on Ecological Foundations, Fostering Green Coexistence – Emissions Management
	A1.5	Description of emissions target(s) set, and steps taken to achieve them.	Building on Ecological Foundations, Fostering Green Coexistence – Emissions Management
	A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Building on Ecological Foundations, Fostering Green Coexistence – Emissions Management

Subject Areas, Aspects, General Disclosures and KPIs			Chapters
Environmental			
Aspect A2: Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Building on Ecological Foundations, Fostering Green Coexistence – Resource Management
	A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Building on Ecological Foundations, Fostering Green Coexistence – Resource Management
	A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Building on Ecological Foundations, Fostering Green Coexistence – Resource Management
	A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Building on Ecological Foundations, Fostering Green Coexistence – Resource Management
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Building on Ecological Foundations, Fostering Green Coexistence – Resource Management
	A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Building on Ecological Foundations, Fostering Green Coexistence – Resource Management
A3: Aspect A3: The Environment and Natural Resources	General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	Building on Ecological Foundations, Fostering Green Coexistence – Resource Management
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Building on Ecological Foundations, Fostering Green Coexistence – Resource Management

Subject Areas, Aspects, General Disclosures and KPIs			Chapters
Climate Change			
(I) Governance	1.	An issuer shall disclose information about:	
	(a)	the governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of climate-related risks and opportunities. Specifically, the issuer shall identify that body(s) or individual(s) and disclose information about:	
	(i)	how the body(s) or individual(s) determines whether appropriate skills and competencies are available or will be developed to oversee strategies designed to respond to climate-related risks and opportunities;	Building on Ecological Foundations, Fostering Green Coexistence – Climate Change Response
	(ii)	how and how often the body(s) or individual(s) is informed about climate-related risks and opportunities;	Building on Ecological Foundations, Fostering Green Coexistence – Climate Change Response
	(iii)	how the body(s) or individual(s) takes into account climate-related risks and opportunities when overseeing the issuer's strategy, its decisions on major transactions, and its risk management processes and related policies, including whether the body(s) or individual(s) has considered trade-offs associated with those risks and opportunities;	Building on Ecological Foundations, Fostering Green Coexistence – Climate Change Response
	(iv)	how the body(s) or individual(s) oversees the setting of, and monitors progress towards, targets related to climate-related risks and opportunities, including whether and how related performance metrics are included in remuneration policies; and	Building on Ecological Foundations, Fostering Green Coexistence – Climate Change Response Given that the impact of climate-related risks and opportunities does not constitute materiality, it has not been incorporated into the compensation policy
	(b)	management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities, including information about:	
	(i)	whether the role is delegated to a specific management-level position or management-level committee and how oversight is exercised over that position or committee; and	Building on Ecological Foundations, Fostering Green Coexistence – Climate Change Response
	(ii)	whether management uses controls and procedures to support the oversight of climate-related risks and opportunities and, if so, how these controls and procedures are integrated with other internal functions.	Building on Ecological Foundations, Fostering Green Coexistence – Climate Change Response

Subject Areas, Aspects, General Disclosures and KPIs			Chapters
Climate Change			
(II) Strategy	**Climate-related risks and opportunities**		
	2.	An issuer shall disclose information to enable an understanding of climate-related risks and opportunities that could reasonably be expected to affect the issuer's cash flows, its access to finance or cost of capital over the short, medium or long term. Specifically, the issuer shall:	
	(a)	describe climate-related risks and opportunities that could reasonably be expected to affect the issuer's cash flows, its access to finance or cost of capital over the short, medium or long term;	Building on Ecological Foundations, Fostering Green Coexistence – Climate Change Response
	(b)	explain, for each climate-related risk the issuer has identified, whether the issuer considers the risk to be a climate-related physical risk or climate-related transition risk;	Building on Ecological Foundations, Fostering Green Coexistence – Climate Change Response
	(c)	specify, for each climate-related risk and opportunity the issuer has identified, over which time horizons – short, medium or long term – the effects of each climate-related risk and opportunity could reasonably be expected to occur; and	Building on Ecological Foundations, Fostering Green Coexistence – Climate Change Response
	(d)	explain how the issuer defines 'short term', 'medium term' and 'long term' and how these definitions are linked to the planning horizons used by the issuer for strategic decision-making.	Building on Ecological Foundations, Fostering Green Coexistence – Climate Change Response
	Business model and value chain		
	3.	An issuer shall disclose information that enables an understanding of the current and anticipated effects of climate-related risks and opportunities on the issuer's business model and value chain. Specifically, the issuer shall disclose:	
	(a)	a description of the current and anticipated effects of climate-related risks and opportunities on the issuer's business model and value chain; and	Building on Ecological Foundations, Fostering Green Coexistence – Climate Change Response
	(b)	a description of where in the issuer's business model and value chain climate related risks and opportunities are concentrated (for example, geographical areas, facilities and types of assets).	Building on Ecological Foundations, Fostering Green Coexistence – Climate Change Response

Subject Areas, Aspects, General Disclosures and KPIs		Chapters
Climate Change		
	Strategy and decision-making	
	4. An issuer shall disclose information that enables an understanding of the effects of climate-related risks and opportunities on its strategy and decision-making. Specifically, the issuer shall disclose:	
	(a) information about how the issuer has responded to, and plans to respond to, climate-related risks and opportunities in its strategy and decision-making, including how the issuer plans to achieve any climate-related targets it has set and any targets it is required to meet by law or regulation. Specifically, the issuer shall disclose information about:	
	(i) current and anticipated changes to the issuer's business model, including its resource allocation, to address climate-related risks and opportunities;	Building on Ecological Foundations, Fostering Green Coexistence – Climate Change Response Building on Ecological Foundations, Fostering Green Coexistence – Resource Management
	(ii) current and anticipated adaptation and mitigation efforts (whether direct or indirect);	Building on Ecological Foundations, Fostering Green Coexistence – Climate Change Response Building on Ecological Foundations, Fostering Green Coexistence – Resource Management
	(iii) any climate-related transition plan the issuer has (including information about key assumptions used in developing its transition plan, and dependencies on which the issuer's transition plan relies), or an appropriate negative statement where the issuer does not have a climate-related transition plan; and	The climate-related impacts are not considered material; therefore, no transition plan is currently in place
	(iv) how the issuer plans to achieve any climate-related targets (including any greenhouse gas emissions targets (if any); and	Building on Ecological Foundations, Fostering Green Coexistence – Climate Change Response
	(b) information about how the issuer is resourcing, and plans to resource, the activities disclosed in accordance with paragraph 4(a).	Building on Ecological Foundations, Fostering Green Coexistence – Climate Change Response

Subject Areas, Aspects, General Disclosures and KPIs		Chapters
Climate Change		
5.	An issuer shall disclose information about the progress of plans disclosed in previous reporting periods in accordance with paragraph 4(a).	Building on Ecological Foundations, Fostering Green Coexistence – Climate Change Response
Financial position, financial performance and cash flows Current financial effect 6.	An issuer shall disclose qualitative and quantitative information about:	
(a)	how climate-related risks and opportunities have affected its financial position, financial performance and cash flows for the reporting period; and	Building on Ecological Foundations, Fostering Green Coexistence – Climate Change Response
(b)	the climate-related risks and opportunities identified in paragraph 6(a) for which there is a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the related financial statements.	No relevant risks were identified
Financial position, financial performance and cash flows Anticipated financial effect 7.	The issuer shall provide qualitative and quantitative disclosures about:	
(a)	how the issuer expects its financial position to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities, taking into consideration:	
(i)	its investment and disposal plans; and	Climate-related risks and opportunities are not expected to have a material impact in the future; therefore, no related plans are currently in place
(ii)	its planned sources of funding to implement its strategy; and	Climate-related risks and opportunities are not expected to have a material impact in the future; therefore, no related plans are currently in place
(b)	how the issuer expects its financial performance and cash flows to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities.	Climate-related risks and opportunities are not expected to have a material impact in the future; therefore, no related plans are currently in place

Subject Areas, Aspects, General Disclosures and KPIs		Chapters
Climate Change		
	Climate resilience	
8.	An issuer shall disclose information that enables an understanding of the resilience of the issuer's strategy and business model to climate-related changes, developments and uncertainties, taking into consideration the issuer's identified climate-related risks and opportunities. An issuer shall use climate-related scenario analysis to assess its climate resilience using an approach that is commensurate with an issuer's circumstances. In providing quantitative information, the issuer may disclose a single amount or a range. Specifically, the issuer shall disclose:	
(a)	the issuer's assessment of its climate resilience as at the reporting date, which shall enable an understanding of:	
(i)	the implications, if any, of the issuer's assessment for its strategy and business model, including how the issuer would need to respond to the effects identified in the climate-related scenario analysis;	Building on Ecological Foundations, Fostering Green Coexistence – Climate Change Response
(ii)	the significant areas of uncertainty considered in the issuer's assessment of its climate resilience; and	Building on Ecological Foundations, Fostering Green Coexistence – Climate Change Response
(iii)	the issuer's capacity to adjust, or adapt its strategy and business model to climate change over the short, medium or long term;	Building on Ecological Foundations, Fostering Green Coexistence -Climate Change Response
(b)	how and when the climate-related scenario analysis was carried out, including:	

Subject Areas, Aspects, General Disclosures and KPIs			Chapters
Climate Change			
	(i)	information about the inputs used, including: (1) which climate-related scenarios the issuer used for the analysis and the sources of such scenarios; (2) whether the analysis included a diverse range of climate-related scenarios; (3) whether the climate-related scenarios used for the analysis are associated with climate-related transition risks or climate-related physical risks; (4) whether the issuer used, among its scenarios, a climate-related scenario aligned with the latest international agreement on climate change; (5) why the issuer decided that its chosen climate-related scenarios are relevant to assessing its resilience to climate-related changes, developments or uncertainties; (6) time horizons the issuer used in the analysis; and (7) what scope of operations the issuer used in the analysis (for example, the operation, locations and business units used in the analysis);	Building on Ecological Foundations, Fostering Green Coexistence – Climate Change Response
	(ii)	the key assumptions the issuer made in the analysis; and	Building on Ecological Foundations, Fostering Green Coexistence – Climate Change Response
	(iii)	the reporting period in which the climate-related scenario analysis was carried out.	Building on Ecological Foundations, Fostering Green Coexistence – Climate Change Response
(III) Risk Management	9.	An issuer shall disclose information about:	
	(a)	the processes and related policies it uses to identify, assess, prioritise and monitor climate-related risks, including information about:	
	(i)	the inputs and parameters the issuer uses (for example, information about data sources and the scope of operations covered in the processes);	Building on Ecological Foundations, Fostering Green Coexistence – Climate Change Response
	(ii)	whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related risks;	Building on Ecological Foundations, Fostering Green Coexistence – Climate Change Response
	(iii)	how the issuer assesses the nature, likelihood and magnitude of the effects of those risks (for example, whether the issuer considers qualitative factors, quantitative thresholds or other criteria);	Building on Ecological Foundations, Fostering Green Coexistence – Climate Change Response

Subject Areas, Aspects, General Disclosures and KPIs			Chapters
Climate Change			
	(iv)	whether and how the issuer prioritises climate-related risks relative to other types of risks;	Building on Ecological Foundations, Fostering Green Coexistence – Climate Change Response
	(v)	how the issuer monitors climate-related risks; and	Building on Ecological Foundations, Fostering Green Coexistence – Climate Change Response
	(vi)	whether and how the issuer has changed the processes it uses compared with the previous reporting period;	No change to the process
	(b)	the processes the issuer uses to identify, assess, prioritise and monitor climate related opportunities (including information about whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related opportunities); and	Building on Ecological Foundations, Fostering Green Coexistence – Climate Change Response
	(c)	the extent to which, and how, the processes for identifying, assessing, prioritising and monitoring climate-related risks and opportunities are integrated into and inform the issuer's overall risk management process.	Building on Ecological Foundations, Fostering Green Coexistence – Climate Change Response
(IV) Metrics and Targets	**Greenhouse gas emissions**		
	10.	An issuer shall disclose its absolute gross greenhouse gas emissions generated during the reporting period, expressed as metric tons of CO2 equivalent, classified as:	
	(a)	Scope 1 greenhouse gas emissions;	Building on Ecological Foundations, Fostering Green Coexistence – Climate Change Response
	(b)	Scope 2 greenhouse gas emissions; and	Building on Ecological Foundations, Fostering Green Coexistence – Climate Change Response
	(c)	Scope 3 greenhouse gas emissions.	Building on Ecological Foundations, Fostering Green Coexistence – Climate Change Response
	11.	An issuer shall: (a) measure its greenhouse gas emissions in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) unless required by a jurisdictional authority or another exchange on which the issuer is listed to use a different method for measuring greenhouse gas emissions;	Building on Ecological Foundations, Fostering Green Coexistence – Climate Change Response

Subject Areas, Aspects, General Disclosures and KPIs		Chapters
Climate Change		
(b)	disclose the approach it uses to measure its greenhouse gas emissions including:	
(i)	the measurement approach, inputs and assumptions the issuer uses to measure its greenhouse gas emissions;	Building on Ecological Foundations, Fostering Green Coexistence – Climate Change Response
(ii)	the reason why the issuer has chosen the measurement approach, inputs and assumptions it uses to measure its greenhouse gas emissions; and	Building on Ecological Foundations, Fostering Green Coexistence – Climate Change Response
(iii)	any changes the issuer made to the measurement approach, inputs and assumptions during the reporting period and the reasons for those changes;	Building on Ecological Foundations, Fostering Green Coexistence – Climate Change Response
(c)	for Scope 2 greenhouse gas emissions disclosed in accordance with paragraph 10(b), disclose its location-based Scope 2 greenhouse gas emissions, and provide information about any contractual instruments that is necessary to enable an understanding of the issuer's Scope 2 greenhouse gas emissions; and	Building on Ecological Foundations, Fostering Green Coexistence – Climate Change Response
(d)	for Scope 3 greenhouse gas emissions disclosed in accordance with paragraph 10(c), disclose the categories included within the issuer's measure of Scope 3 greenhouse gas emissions, in accordance with the Scope 3 categories described in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011).	Building on Ecological Foundations, Fostering Green Coexistence – Climate Change Response
Climate-related transition risks		Relevant transition risks have been identified and assessed. No circumstances were identified that would have a material impact on assets or business activities. Consequently, no quantified disclosure was made during the reporting period. In the future, relevant assessment work will continue to be conducted in conjunction with climate change trends
12.	An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related transition risks.	

Subject Areas, Aspects, General Disclosures and KPIs	Chapters
Climate Change	
Climate-related physical risks 13. An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related physical risks.	Relevant physical risks have been identified and assessed. No circumstances were identified that would have a material impact on assets or business activities. Consequently, no quantified disclosure was made during the reporting period. In the future, relevant assessment work will continue to be conducted in conjunction with climate change trends
Climate-related opportunities 14. An issuer shall disclose the amount and percentage of assets or business activities aligned with climate-related opportunities.	Given the Company's current business model and stage of development, the impact of climate-related opportunities on assets or business activities has not yet reached a quantifiable scale; therefore, no monetary amount was disclosed during the reporting period. The Company will continue to monitor potential development opportunities arising from low-carbon transformation and will progressively enhance relevant assessments and disclosures
Capital deployment 15. An issuer shall disclose the amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities.	During the Reporting Period, the Company had not undertaken any specific capital expenditures or independent financing arrangements regarding climate-related risks and opportunities; therefore, no related amounts were disclosed. In the future, the Company will gradually explore relevant investment mechanisms and disclosure mechanisms in conjunction with the progress of climate management initiatives

Subject Areas, Aspects, General Disclosures and KPIs		Chapters
Climate Change		
Internal carbon prices		
16.	An issuer shall disclose:	
(a)	an explanation of whether and how the issuer is applying a carbon price in decision making (for example, investment decisions, transfer pricing, and scenario analysis); and	The Company has not yet established an internal carbon pricing mechanism. In the future, the applicability of an internal carbon pricing mechanism will be assessed based on relevant national policies and industry development trends
(b)	the price of each metric tonne of greenhouse gas emissions the issuer uses to assess the costs of its greenhouse gas emissions;	
Remuneration		Given that the impact of climate-related risks and opportunities does not constitute materiality, it has not yet been incorporated into the remuneration policy
17.	An issuer shall disclose whether and how climate-related considerations are factored into remuneration policy, or an appropriate negative statement. This may form part of the disclosure under paragraph 1(a)(iv).	
Industry-based metrics		Not Applicable
18.	An issuer is encouraged to disclose industry-based metrics that are associated with one or more particular business models, activities or other common features that characterise participation in an industry. In determining the industry-based metrics that the issuer discloses, an issuer is encouraged to refer to and consider the applicability of the industry based metrics associated with disclosure topics described in the IFRS S2 Industry based Guidance on implementing Climate-related Disclosures and other industry-based disclosure requirements prescribed under other international ESG reporting frameworks.	
Climate-related targets		
19.	An issuer shall disclose (a) the qualitative and quantitative climate-related targets the issuer has set to monitor progress towards achieving its strategic goals; and (b) any targets the issuer is required to meet by law or regulation, including any greenhouse gas emissions targets. For each target, the issuer shall disclose:	

Subject Areas, Aspects, General Disclosures and KPIs		Chapters
Climate Change		
(a)	the metric used to set the target;	The greenhouse gas emission targets currently established by the Company are principle-based management objectives. They do not involve absolute emission reductions or net-zero commitments, nor were they formulated based on specific industry decarbonization pathway models. The relevant target system will be progressively refined in subsequent stages, aligned with business development and climate management initiatives
(b)	the objective of the target (for example, mitigation, adaptation or conformance with science-based initiatives);	
(c)	the part of the issuer to which the target applies (for example, whether the target applies to the issuer in its entirety or only a part of the issuer, such as a specific business unit or geographic region);	
(d)	the period over which the target applies;	
(e)	the base period from which progress is measured;	
(f)	milestones or interim targets (if any);	
(g)	if the target is quantitative, whether the target is an absolute target or an intensity target; and	
(h)	how the latest international agreement on climate change, including jurisdictional commitments that arise from that agreement, has informed the target.	
20.	An issuer shall disclose information about its approach to setting and reviewing each target, and how it monitors progress against each target, including:	
(a)	whether the target and the methodology for setting the target has been validated by a third party;	The greenhouse gas emission targets currently established by the Company are principle-based management objectives. They do not involve absolute emission reductions or net-zero commitments, nor were they formulated based on specific industry decarbonization pathway models. The Company will subsequently refine the relevant target system in conjunction with business development and climate management initiatives
(b)	the issuer's processes for reviewing the target;	
(c)	the metrics used to monitor progress towards reaching the target; and	
(d)	any revisions to the target and an explanation for those revisions.	
21.	An issuer shall disclose information about its performance against each climate-related target and an analysis of trends or changes in the issuer's performance.	

Subject Areas, Aspects, General Disclosures and KPIs		Chapters
Climate Change		
22.	For each greenhouse gas emissions target disclosed in accordance with paragraphs 19 to 21, an issuer shall disclose:	
(a)	which greenhouse gases are covered by the target;	The greenhouse gas emission targets currently established by the Company are principle-based management objectives. They do not involve absolute emission reductions or net-zero commitments, nor were they formulated based on specific industry decarbonization pathway models. The Company will subsequently refine the relevant target system in conjunction with business development and climate management initiatives
(b)	whether Scope 1, Scope 2 or Scope 3 greenhouse gas emissions are covered by the target;	
(c)	whether the target is a gross greenhouse gas emissions target or a net greenhouse gas emissions target. If the issuer discloses a net greenhouse gas emissions target, the issuer is also required to separately disclose its associated gross greenhouse gas emissions target;	
(d)	whether the target was derived using a sectoral decarbonisation approach; and	
(e)	the issuer's planned use of carbon credits to offset greenhouse gas emissions to achieve any net greenhouse gas emissions target. In explaining its planned use of carbon credits, the issuer shall disclose:	
(i)	the extent to which, and how, achieving any net greenhouse gas emissions target relies on the use of carbon credits;	The Company has not currently established a net greenhouse gas emission reduction target, nor are there arrangements related to achieving emission reduction targets through carbon credit offsets. Consequently, no work regarding the use, certification, or type management of carbon credits has been conducted. The Company will continue to monitor relevant mechanisms in light of the development of climate management objectives
(ii)	which third-party scheme(s) will verify or certify the carbon credits;	
(iii)	the type of carbon credit, including whether the underlying offset will be nature-based or based on technological carbon removals, and whether the underlying offset is achieved through carbon reduction or removal; and	
(iv)	any other factors necessary to enable an understanding of the credibility and integrity of the carbon credits the issuer plans to use (for example, assumptions regarding the permanence of the carbon offset).	
Applicability of cross-industry metrics and industry-based metrics		Not Applicable
23.	In preparing disclosures to meet the requirements in paragraphs 3 to 8 and 19 to 20, an issuer shall refer to and consider the applicability of (i) cross-industry metrics (see paragraphs 10 to 17) and (ii) industry-based metrics (see paragraph 18).	

Subject Areas, Aspects, General Disclosures and KPIs			Chapters
Social			
	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Building Talent, Strengthening Foundations, and Moving Forward Together: Compliance employment
Aspect B1: Employment	B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Building Talent, Strengthening Foundations, and Moving Forward Together: Compliance employment
	B1.2	Employee turnover rate by gender, age group and geographical region.	Building Talent, Strengthening Foundations, and Moving Forward Together: Compliance employment
	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Building Talent, Strengthening Foundations, and Moving Forward Together: Occupational Health and Safety
Aspect B2: Health and Safety	B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Building Talent, Strengthening Foundations, and Moving Forward Together: Occupational Health and Safety
	B2.2	Lost days due to work injury.	Building Talent, Strengthening Foundations, and Moving Forward Together: Occupational Health and Safety
	B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Building Talent, Strengthening Foundations, and Moving Forward Together: Occupational Health and Safety

Subject Areas, Aspects, General Disclosures and KPIs			Chapters
Social			
Aspect B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Building Talent, Strengthening Foundations, and Moving Forward Together: Talent Development
	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Building Talent, Strengthening Foundations, and Moving Forward Together: Talent Development
	B3.2	The average training hours completed per employee by gender and employee category.	Building Talent, Strengthening Foundations, and Moving Forward Together: Talent Development
B4: Aspect B4: Labor Standards	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Building Talent, Strengthening Foundations, and Moving Forward Together: Compliance employment
	B4.1	Description of measures to review employment practices to avoid child and forced labor.	Building Talent, Strengthening Foundations, and Moving Forward Together: Compliance employment
	B4.2	Description of steps taken to eliminate such practices when discovered.	Building Talent, Strengthening Foundations, and Moving Forward Together: Compliance employment

Subject Areas, Aspects, General Disclosures and KPIs			Chapters
Social			
Aspect B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	Synergy for Creation, Sustainable Future through Supply Chain – Supply Chain Management
	B5.1	Number of suppliers by geographical region.	Synergy for Creation, Sustainable Future through Supply Chain – Supply Chain Management
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Synergy for Creation, Sustainable Future through Supply Chain – Supply Chain Management
	B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Synergy for Creation, Sustainable Future through Supply Chain – Supply Chain Management Synergy for Creation, Sustainable Future through Supply Chain – Sustainable Supply Chain
	B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Synergy for Creation, Sustainable Future through Supply Chain – Sustainable Supply Chain

Subject Areas, Aspects, General Disclosures and KPIs			Chapters
Social			
Aspect B6: Product Responsibility	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labeling and privacy matters relating to products and services provided and methods of redress.	Quality and Efficiency in Tandem, Steady Progress for Enduring Success: Quality Management
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Quality and Efficiency in Tandem, Steady Progress for Enduring Success: Quality Management
	B6.2	Number of products and service-related complaints received and how they are dealt with.	Quality and Efficiency in Tandem, Steady Progress for Enduring Success: Quality Management
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	Quality and Efficiency in Tandem, Steady Progress for Enduring Success: Quality Management
	B6.4	Description of quality assurance process and recall procedures.	Quality and Efficiency in Tandem, Steady Progress for Enduring Success: Quality Management
	B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Quality and Efficiency in Tandem, Steady Progress for Enduring Success: Quality Management

Subject Areas, Aspects, General Disclosures and KPIs			Chapters
Social			
Aspect B7: Anti-corruption	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Steady Progress, Governance as the Foundation: Compliance and Responsible Operations
	B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases.	Steady Progress, Governance as the Foundation: Compliance and Responsible Operations
	B7.2	Description of preventive measures and whistleblowing procedures, and how they are implemented and monitored.	Steady Progress, Governance as the Foundation: Compliance and Responsible Operations
	B7.3	Description of anti-corruption training provided to directors and staff.	Steady Progress, Governance as the Foundation: Compliance and Responsible Operations
Aspect B8: Community Investment	General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Compassionate Care for the World, Benefiting Millions – Universal Healthcare Building on Ecological Foundations, Fostering Green Coexistence – Environmental Management
	B8.1	Focus areas of contribution	Compassionate Care for the World, Benefiting Millions – Universal Healthcare Compassionate Care for the World, Benefiting Millions – Public Charity
	B8.2	Resources contributed to the focus area.	Compassionate Care for the World, Benefiting Millions – Universal Healthcare Compassionate Care for the World, Benefiting Millions – Public Charity

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Lepu Biopharma Co., Ltd.
(incorporated in the People's Republic of China with limited liability)

OPINION

We have audited the consolidated financial statements of Lepu Biopharma Co., Ltd. (the "**Company**") and its subsidiaries (the "**Group**") set out on pages 167 to 251, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 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 requirement of Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

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

KEY AUDIT MATTERS (CONTINUED)

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of goodwill As at 31 December 2025, the Group's goodwill amounted to approximately RMB52,636,000 arisen from the acquisition of a wholly-owned subsidiary, Shanghai Miracogen Inc., and management has performed an annual impairment assessment on the goodwill. To assess the impairment, the goodwill has been allocated to the relevant cash generating unit ("**CGU**") at the acquisition date and management has engaged an independent valuer to assist them to assess the recoverable amounts of the CGU. The recoverable amounts of the CGU were determined by management based on value in use ("**VIU**"). We focused on this matter due to the significance of goodwill and significant judgement and estimates which were involved in determining the recoverable amounts. As a result, we identified the impairment assessment of goodwill as key audit matter. Relevant disclosures are included in Notes 4.3 and 17 to the consolidated financial statements.	In response to this key audit matter, we have performed the following procedures: • We obtained an understanding of management's key control on goodwill impairment test; • We assessed the competence, capabilities and objectivity of the independent valuer; • We evaluated management's identification of CGUs and allocation of goodwill based on the Group's accounting policy and our understanding of the Group's business; • We involved our internal valuation specialists to assist us in evaluating the appropriateness of the valuation model and the key valuation parameters such as the discount rate and the terminal growth rate applied by benchmarking market data and comparable companies; • We evaluated the reasonableness of the key assumptions as adopted by management in the discounted cash flow model by reference to internal operation information and external industry data; • We tested the mathematical accuracy of the calculations of the discounted cash flow and the recoverable amounts of the CGUs; • We evaluated the sensitivity analysis prepared by management around the key assumptions and estimates applicable to the CGUs to assess the potential impact of a range of possible outcomes; and • We assessed the adequacy of related disclosures in the consolidated financial statements.

KEY AUDIT MATTERS (CONTINUED)

Key audit matter	How our audit addressed the key audit matter
Fair value measurement of financial liabilities at fair value through profit or loss ("FVTPL") – variable consideration payable for transaction with the then non-controlling interests	
As at 31 December 2025, the financial liabilities at FVTPL in relation to the variable consideration payable arisen from acquiring 40% share of interests of Taizhou Hanzhong Biotechnology Co., Ltd. ("**Taizhou Hanzhong**") from the then non-controlling interests in 2019, amounted to approximately RMB281,335,000. Management has engaged an independent valuer to assist them for performing the fair value valuation of the variable consideration payable as at 31 December 2025. The fair value of the variable consideration payable was determined by using discounted cash flow method. We focused on this matter due to the significance of balance as at 31 December 2025 and significant management judgements and estimates which were involved in determining the fair values of the financial instruments. As a result, we identified the fair value measurement of financial liabilities at FVTPL – variable consideration payable for transaction with the then non-controlling interests as key audit matter. Relevant disclosures are included in Notes 3.3(b), 4.5, 10 and 34 to the consolidated financial statements.	In response to this key audit matter, we have performed the following procedures: • We obtained an understanding of management's key control on fair value measurement of variable consideration payable; • We assessed the competence, capabilities and objectivity of the independent valuer; • We involved our internal valuation specialists to assist us in evaluating the appropriateness of the valuation model and the key valuation parameters such as the discount rate; • We evaluated the reasonableness of the key assumptions as adopted by management in the future revenue forecast by reference to internal operation information and external industry data; • We tested the mathematical accuracy of the calculations of the discounted cash flow; and • We assessed the adequacy of related disclosures in the consolidated financial statements.

KEY AUDIT MATTERS (CONTINUED)

Key audit matter

Cut-off of research and development expenditures

For the year ended 31 December 2025, the Group incurred expenditures on research and development ("**R&D**") activities of approximately RMB488,261,000, out of which, approximately RMB400,708,000 were recognised as R&D expenses in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2025 and approximately RMB87,553,000 were capitalised as intangible assets in the consolidated statement of financial position during the year.

A material portion of the R&D expenditures is the service fees paid to contract research organisations ("**CROs**") and clinical site management operators ("**SMOs**") (collectively referred to as "**Outsourced Service Providers**"). The R&D activities with these Outsourced Service Providers are documented in agreements and are typically performed over an extended period. These expenditures are recognized based on the progress of the R&D projects.

We focused on this matter due to the significance of R&D expenditures and significant management judgement and estimates which were involved in determining the completeness and allocation of these expenditures to the appropriate reporting periods based on the progress of the R&D projects. As a result, we identified the cut-off of research and development expenditures as key audit matter.

Relevant disclosures are included in Note 4.1, 8, 17(b) and 43.7(c) to the consolidated financial statements.

How our audit addressed the key audit matter

In response to this key audit matter, we have performed the following procedures:

- We obtained an understanding of management's key controls over the R&D expenditures process.
- We inquired management about the reasons for periodical fluctuations in R&D expenditures and assessed the reasonableness of those fluctuations based on our understanding of the progress of the major R&D projects during the year ended 31 December 2025.
- For the service fees paid/payable to the Outsourced Service Providers, we, on a sample basis, reviewed the key terms set out in the agreements with the Outsourced Service Providers, evaluated the completion status of the R&D projects with reference to the progress reported by the project managers which were based on inputs such as number of patient enrolments, time elapsed and milestone achieved, and inspected the supporting documents and obtained confirmations from the Outsourced Service Providers, to determine whether the service fees were properly recorded in the appropriate financial reporting periods.
- We evaluated the adequacy of the R&D expenditures by comparing the subsequent milestone billings and payments with the accrued R&D expenditures to determine whether the R&D expenditures were recorded in the appropriate financial reporting periods.
- We assessed the adequacy of related disclosures in the consolidated financial statements.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

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

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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 Mr. Wong Man Kit (practising certificate number: [P04453]).

Ernst & Young
Certified Public Accountants

Hong Kong
25 March 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
Revenue	6	**934,869**	367,794
Cost of sales	8	**(89,591)**	(74,824)
Gross profit		**845,278**	292,970
Other income	7	**7,196**	8,499
Other expenses		**(375)**	(69)
Selling and marketing expenses		**(240,332)**	(145,951)
Administrative expenses		**(114,129)**	(91,943)
Research and development expenses		**(400,708)**	(437,697)
Fair value changes on financial instruments at fair value through profit or loss ("**FVTPL**")	10	**(31,249)**	5,077
Other gains/(losses), net	11	**219,449**	(21,651)
Operating profit/(loss)		**285,130**	(390,765)
Finance income		**12,328**	5,996
Finance costs		**(29,309)**	(22,985)
Finance costs, net	12	**(16,981)**	(16,989)
Share of loss of investments accounted for using the equity method	18	**(7,513)**	(16,439)
Profit/(loss) before income tax		**260,636**	(424,193)
Income tax expense	13	**(1,750)**	–
Profit/(loss) for the year		**258,886**	(424,193)
Profit/(loss) attributable to:			
Owners of the Company		**261,364**	(411,376)
Non-controlling interests		**(2,478)**	(12,817)
		258,886	(424,193)
Other comprehensive income/(loss)			
Items that may be subsequently reclassified to profit or loss			
Currency translation differences		**423**	76
Share of other comprehensive income of associate		**–**	901
Items that will not be subsequently reclassified to profit or loss			
Change in fair value of equity investments at fair value through other comprehensive income ("**FVTOCI**")		**5,921**	–
Share of other comprehensive income/(loss) of associate		**(1,652)**	–
Total comprehensive income/(loss)		**263,578**	(423,216)
Total comprehensive income/(loss) attributable to:			
Owners of the Company		**266,056**	(410,399)
Non-controlling interests		**(2,478)**	(12,817)
		263,578	(423,216)
Earnings/(losses) per share attributable to owners of the Company for the year (expressed in RMB per share)			
– Basic earnings/(loss) per share	14	**0.15**	(0.24)
– Diluted earnings/(loss) per share	14	**0.15**	(0.24)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2025

	Notes	31 December 2025 RMB'000	31 December 2024 RMB'000
Assets			
Non-current assets			
Property, plant and equipment	15	**927,130**	930,106
Right-of-use assets	16	**100,285**	120,932
Intangible assets	17	**501,070**	435,250
Investments accounted for using the equity method	18	**669**	114,073
Financial assets at FVTOCI	22	**396,677**	–
Other receivables, prepayments and deposits	21	**31,562**	34,816
Total non-current assets		**1,957,393**	1,635,177
Current assets			
Inventories	19	**51,827**	22,787
Trade receivables	20	**66,883**	45,821
Other receivables, prepayments and deposits	21	**64,825**	111,986
Financial assets at FVTPL	22	**105,726**	63,628
Cash and cash equivalents	23	**853,030**	401,286
Total current assets		**1,142,291**	645,508
Total assets		**3,099,684**	2,280,685
Equity			
Equity attributable to owners of the Company			
Share capital	25	**1,804,440**	1,710,615
Reserves	26	**2,086,213**	1,757,172
Accumulated losses		**(2,504,349)**	(2,764,962)
		1,386,304	702,825
Non-controlling interests		**(23,500)**	(21,022)
Total equity		**1,362,804**	681,803

	Notes	31 December 2025 RMB'000	31 December 2024 RMB'000
Liabilities			
Non-current liabilities			
Borrowings	30	**275,551**	255,940
Lease liabilities	31	**–**	11,455
Deferred government grants	32	**17,660**	18,020
Deferred tax liabilities	33	**37,687**	37,687
Financial liabilities at FVTPL	34	**243,923**	232,267
Total non-current liabilities		**574,821**	555,369
Current liabilities			
Borrowings	30	**756,320**	538,411
Trade payables	28	**183,827**	236,135
Other payables and accruals	29	**195,292**	233,684
Lease liabilities	31	**26,206**	34,378
Contract liabilities		**414**	905
Total current liabilities		**1,162,059**	1,043,513
Total liabilities		**1,736,880**	1,598,882
Total equity and liabilities		**3,099,684**	2,280,685

Executive Director: **Dr. Pu Zhongjie**

Executive Director: **Dr. Sui Ziye**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2025

	Notes	Attributable to owners of the Company			Non-controlling interests RMB'000	Total RMB'000
		Share capital RMB'000	Reserves RMB'000	Accumulated losses RMB'000		
At 1 January 2024		1,659,445	1,591,046	(2,353,586)	(8,205)	888,700
Comprehensive loss						
Loss for the year		–	–	(411,376)	(12,817)	(424,193)
Other comprehensive loss		–	977	–	–	977
Issuance of shares	25	51,170	157,821	–	–	208,991
Share-based payments	27	–	4,402	–	–	4,402
Share of reserves of associates		–	2,926	–	–	2,926
At 31 December 2024		1,710,615	1,757,172	(2,764,962)	(21,022)	681,803
At 1 January 2025		**1,710,615**	**1,757,172**	**(2,764,962)**	**(21,022)**	**681,803**
Comprehensive Income						
Profit/(loss) for the year		**–**	**–**	**261,364**	**(2,478)**	**258,886**
Other comprehensive income		**–**	**4,692**	**–**	**–**	**4,692**
Issuance of shares		**93,825**	**326,523**	**–**	**–**	**420,348**
Share of reserves of an associate		**–**	**779**	**–**	**–**	**779**
Impact of loss of significant influence over an associate		**–**	**(2,953)**	**(751)**	**–**	**(3,704)**
At 31 December 2025		**1,804,440**	**2,086,213**	**(2,504,349)**	**(23,500)**	**1,362,804**

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
Cash flows from operating activities			
Cash used in operations	35	**(16,002)**	(201,061)
Interest received		**5,277**	4,667
Income tax paid		**(1,504)**	–
Net cash used in operating activities		**(12,229)**	(196,394)
Cash flows from investing activities			
Payments for property, plant and equipment		**(45,411)**	(32,917)
Proceeds from disposal of property, plant and equipment		**3,990**	–
Payments for financial assets at FVTPL		**(35,000)**	–
Proceeds from disposal of financial assets at FVTPL		**35,055**	–
Payments for intangible assets		**(73,767)**	(28,831)
Refund of deposits for land use rights		**10,113**	–
Net cash flows used in investing activities		**(105,020)**	(61,748)
Cash flows from financing activities			
Payments for transactions with non-controlling interests		**(48,138)**	(44,436)
Proceeds from issuance of shares	25	**428,865**	213,379
Payments for share issuance costs		**(8,517)**	(4,388)
New bank borrowings		**795,450**	584,405
Repayments of bank borrowings		**(557,983)**	(484,389)
Payments of lease liabilities			
– Principal		**(19,627)**	(4,240)
– Interest		**(753)**	(1,207)
Bank loan interest paid		**(27,355)**	(27,040)
Net cash generated from financing activities		**561,942**	232,084
Net increase/(decrease) in cash and cash equivalents		**444,693**	(26,058)
Cash and cash equivalents at the beginning of year		**401,286**	426,015
Effects of exchange rate changes on cash and cash equivalents		**7,051**	1,329
Cash and cash equivalents at end of year		**853,030**	401,286

1. GENERAL INFORMATION

Lepu Biopharma Co., Ltd. (the "**Company**") was established in Shanghai, the People's Republic of China (the "**PRC**") on 19 January 2018 as a limited liability company. Upon approval by the shareholders' general meeting held on 10 December 2020, the Company was converted into a joint stock company with limited liability under the Company Law of the PRC.

The Company, together with its subsidiaries (collectively referred to as the "**Group**"), are principally focused on the discovery, development and commercialisation of drugs for cancer – targeted therapy and immunotherapy globally.

The consolidated financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

2. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES

2.1 Basis of preparation

(a) Compliance with IFRS Accounting Standards and the disclosure requirements of the Hong Kong Companies Ordinance

The consolidated financial statements of the Group have been prepared in accordance with IFRS Accounting Standards and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622.

IFRS Accounting Standards comprise the following authoritative literature:

- IFRS Accounting Standards
- International Accounting Standards
- Interpretations developed by the IFRS Interpretations Committee or its predecessor body, the Standing Interpretations Committee

For the year ended 31 December 2025, the Group has incurred net profits of approximately RMB258.9 million, while net cash used in operating activities was approximately RMB12.2 million. As at 31 December 2025, the Group had cash and cash equivalents of approximately RMB853.0 million and net current liabilities of approximately RMB19.8 million. Historically, the Group has relied principally on non-operational sources of financing from investors and banks as well as cash generated from sales activities to fund its operations and business development. The Group's ability to continue as a going concern is dependent on management's ability to successfully execute its business plan. The directors of the Company believes that the cash and cash equivalents, unutilised bank facilities and cash generated from operating activities are sufficient to meet the cash requirements to fund planned operations and other commitments for at least the next twelve months from 31 December 2025. The Group therefore continues to prepare consolidated financial statement on a going concern basis.

2. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

(b) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for financial assets and liabilities at FVTPL or FVTOCI, which are measured at fair value.

2.2 Changes in accounting policies

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

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

In addition, the Amendments to Illustrative Examples on IFRS 7, IFRS 18, IAS 1, IAS 8, IAS 36 and IAS 37 Disclosures about Uncertainties in the Financial Statements, added illustrative examples in the corresponding IFRS Accounting Standards. These examples reflect existing requirements in the corresponding IFRS Accounting Standards to report the effects of uncertainties in the financial statements using climate-related examples. Therefore, the amendments do not have an effective date or transitional provisions. The Group has assessed and concluded that the amendments did not have any impact on the Group's financial statements.

2. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES (CONTINUED)

2.3 Issued but not yet effective IFRS accounting standards

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

- IFRS 18-*Presentation and Disclosure in Financial Statements*[2]
- IFRS 19 and its amendments-*Subsidiaries without Public Accountability: Disclosures*[2]
- Amendments to IFRS 9 and IFRS 7-*Amendments to the Classification and Measurement of Financial Instruments*[1]
- Amendments to IFRS 9 and IFRS 7 – *Contracts Referencing Nature-dependent Electricity*[1]
- Amendments to IFRS 10 and IAS 28-*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
- Amendments to IAS 21 – *Translation to a Hyperinflationary Presentation Currency*[2]
- Annual Improvements to IFRS Accounting Standards – Volume 11-Amendments to IFRS 1, IFRS7, IFRS 9, IFRS 10 and IAS 7[1]

[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

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.

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

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on addressing the Group's financial position.

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions or recognised assets and liabilities are denominated in a currency other than the Group entities' functional currency.

The Group manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposures. The Group did not hedge against any fluctuation in foreign currency during the reporting period. The Group's subsidiaries in the PRC are exposed to foreign exchange risk arising from recognised financial assets and liabilities denominated in United States dollars ("**USD**").

As at 31 December 2025, if the USD had strengthened/weakened by 5% against the RMB,with all other variables held constant, the profit before income tax for the year would have been approximately RMB75,000 higher/lower (2024: the loss before income tax would have been approximately RMB57,000 lower/higher), mainly as a result of foreign exchange gain or loss on translation of USD-denominated cash and cash equivalents.

(ii) Interest rate risk

The Group's main interest rate risk arises from long-term borrowings with variable rates, which exposes the Group to cash flow interest rate risk. Management assesses a 10 basis points increase or decrease as reasonably possible change in interest rates. If interest rates had been 10 basis points higher, with all other variables held constant, the Group's profit before income tax for (through the impact on floating rate borrowings) the year ended 31 December 2025 would have decreased by approximately RMB375,000 (2024: RMB343,000).

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk

(i) Risk management

Credit risk is managed on a group basis.

The Group is exposed to credit risk primarily in relation to its cash and cash equivalents, trade receivables, as well as other receivables and deposits. The carrying amount of each class of the above financial assets represents the Group's maximum exposure to credit risk in relation to the corresponding class of financial assets.

To manage credit risk, cash and cash equivalents are mainly placed with state-owned or reputable financial institutions in Chinese mainland and reputable financial institutions outside Chinese mainland. There has been no recent history of default in relation to these financial institutions. Thus, the directors of the Company are of the view that the credit risk related to cash and cash equivalents is insignificant.

(ii) Impairment of financial assets

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

The Group only has the following types of financial assets that are subject to the expected loss model:

- Trade receivables
- Other receivables and deposits

Trade receivables

The Group applies the IFRS 9 simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics of business segments and the days past due.

The expected loss rate is assessed based on the historical loss experience of each business segment, combined with the credit ratings of trade receivables counterparties and the non-performing loan rate of commercial banks in their respective industries. Moreover, adjustments have been made to account for the impact of macroeconomic changes on the historical loss rates of each counterparty's industry, in order to reflect current and forward-looking information about macroeconomic factors that affect customers' ability to settle trade receivables.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (continued)

(ii) Impairment of financial assets (continued)

Trade receivables (continued)

On that basis, the loss allowances for trade receivables as at 31 December 2025 and 2024 were determined as follows:

As at 31 December 2024	
Expected loss rate	0.9%
Gross carrying amount-trade receivables (RMB'000)	46,232
Loss allowance (RMB'000)	411
As at 31 December 2025	
Expected loss rate	**1.1%**
Gross carrying amount-trade receivables (RMB'000)	**67,646**
Loss allowance (RMB'000)	**763**

The loss allowances for trade receivables as at 31 December 2025 and 2024 reconcile to the opening loss allowances as follows:

	Trade receivables RMB'000
Opening loss allowance as at 1 January 2024	212
Increase in the allowance recognised in profit or loss during the year	199
Closing loss allowance as at 31 December 2024	411
Opening loss allowance as at 1 January 2025	**411**
Increase in the allowance recognised in profit or loss during the year	**352**
Closing loss allowance as at 31 December 2025	**763**

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (continued)

(ii) Impairment of financial assets (continued)

Other receivables and deposits

The Group considers the probability of default upon initial recognition of other receivables and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default on other receivables as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information, with particular attention to the following indicators:

- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtors' ability to meet its obligations;
- actual or expected significant changes in the operating results of the debtors;
- significant increases in credit risk on other financial instruments of the same debtors; or
- significant changes in the expected performance and behaviour of the debtors, including changes in the payment status of debtors, etc.

For the other receivables and deposits, management applies the 3-stage model to assess the expected credit loss. Management makes periodic collective assessments as well as individual assessments of the recoverability of other receivables based on historical settlement records and past experience.

In view of the history of cooperation with the debtors and collection from them, the management of the Group believes that the credit risk inherent in the Group's outstanding other receivables is not significant. The expected credit loss rate of other receivables as at 31 December 2025 was approximately 1.74% (31 December 2024: 0.43%).

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (continued)

(ii) Impairment of financial assets (continued)

Other receivables and deposits

The loss allowance for other receivables and deposits as at 31 December 2025 and 2024 reconciled to the opening loss allowance as follows:

	Other receivables and deposits RMB'000
Opening loss allowance as at 1 January 2024	480
Decrease in the allowance recognised in profit or loss during the year	(420)
Closing loss allowance as at 31 December 2024	60
Opening loss allowance as at 1 January 2025	**60**
Decrease in the allowance recognised in profit or loss during the year	**4**
Closing loss allowance as at 31 December 2025	**64**

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(c) Liquidity risk

The Group aims to maintain sufficient cash and cash equivalents to meet its operating capital requirements.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
At 31 December 2025					
Borrowings	**775,213**	**283,338**	**–**	**–**	**1,058,551**
Trade payables	**183,827**	**–**	**–**	**–**	**183,827**
Other payables and accruals (excluding non-financial liabilities)	**149,254**	**–**	**–**	**–**	**149,254**
Lease liabilities	**26,416**	**–**	**–**	**–**	**26,416**
Total	**1,134,710**	**283,338**	**–**	**–**	**1,418,048**
At 31 December 2024					
Borrowings	555,747	142,865	122,614	–	821,226
Trade payables	236,135	–	–	–	236,135
Other payables and accruals (excluding non-financial liabilities)	183,942	–	–	–	183,942
Lease liabilities	35,106	11,690	–	–	46,796
Total	1,010,930	154,555	122,614	–	1,288,099

Variable consideration payable as described in Note 34 was recognised as financial liabilities at FVTPL which are managed on a fair value basis and no contractual maturity date is applicable.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.2 Capital management

The Group monitors capital (including shares and borrowings) by regularly reviewing the capital structure. The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to deliver returns to shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may issue new shares or sell assets to reduce debt.

The Group monitors its capital structure using the liability-to-asset ratio, which is calculated as total liabilities divided by total assets. The liability-to-asset ratio of the Group as at 31 December 2025 and 2024 was as follows:

	As at 31 December	
	2025	2024
The liability-to-asset ratio	**56%**	70%

There were no changes in the Group's approach to capital management during the reporting periods.

Neither the Company nor any of its subsidiaries is subject to externally imposed capital requirements.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the consolidated financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are classified as Level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is classified as Level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is classified as Level 3. This applies to unlisted equity securities and variable consideration payable arising from the acquisition.

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments, and
- discounted cash flow analysis for other financial instruments.

The following table presents the Group's assets and liabilities that were measured at fair value as at 31 December 2025 and 2024:

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
At 31 December 2025				
Financial assets				
Financial assets at FVTPL (Note 22)	–	–	**105,726**	**105,726**
Financial assets at FVTOCI (Note 22)	–	–	**396,677**	**396,677**
Total	–	–	**502,403**	**502,403**
Financial liabilities				
Financial liabilities at FVTPL (Note 34)	–	–	**281,335**	**281,335**

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation (Continued)

The following table presents the Group's assets and liabilities that were measured at fair value as at 31 December 2025 and 2024: (continued)

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
At 31 December 2024				
Financial assets				
Financial assets at FVTPL (Note 22)	–	–	63,628	63,628
Financial liabilities				
Financial liabilities at FVTPL (Note 34)	–	–	263,112	263,112

There were no transfers between Level 1 and Level 2 for recurring fair value measurements during the years ended 31 December 2025 and 2024.

(a) Financial assets at fair value in Level 3

The following table presents the changes in Level 3 items for the years ended 31 December 2025 and 2024:

	Unlisted equity investment at FVTPL RMB'000	Unlisted equity investment designated at FVTOCI RMB'000	Structured deposits RMB'000
Opening balance as at 1 January 2024	63,628	–	–
Net unrealised gains for the year	–	–	–
Closing balance as at 31 December 2024	63,628	–	–
Additions	42,596	390,756	35,000
Net unrealised gains for the year	57	5,921	55
Settlements	–	–	(35,055)
Exchange realignment	(555)	–	–
Balance as at 31 December 2025	**105,726**	**396,677**	**–**

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation (Continued)

(b) Financial liabilities at FVTPL in Level 3

Financial liabilities at FVTPL represent the variable consideration payable arising from the acquisition of 40% equity interests in Taizhou Hanzhong Biotechnology Co., Ltd. ("**Taizhou Hanzhong**") from the then non-controlling interests.

As at 31 December 2025 and 2024, the fair value of the variable consideration payable arising from the acquisition of 40% equity interests in Taizhou Hanzhong from the then non-controlling interests was determined by the management of the Company with reference to valuation reports issued by an independent qualified valuer. Key assumptions of valuation are as follows:

	As at 31 December	
	2025	2024
Expected revenue growth rate during the forecast period	**39% to -1%**	45% to -1%
Expected revenue growth rate beyond the forecast period	**-1%**	-2%
Expected success rate of commercialisation	**0% to 100%**	25% to 100%
Discount rate	**14.5%**	14.5%

The changes in and valuations of the variable consideration payable arising from the acquisition of 40% equity interests in Taizhou Hanzhong from the then non-controlling interests for the years ended 31 December 2025 and 2024 are presented in Note 34.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies. Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

4.1 Development expenditures

Development expenditures incurred on the Group's development activities, including conducting clinical studies and other activities related to regulatory filings for the Group's drug candidates, are capitalised as intangible assets only when they meet the capitalisation criteria set out in Note 17(b). Development expenditures that do not meet these capitalisation criteria are recognised as research and development expenses.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

4.2 Accrual of research and development costs

The Group engages contract research organizations ("**CROs**") and contract manufacturing organizations ("**CMOs**") (collectively referred as "**Outsourced Service Providers**") to conduct, supervise, and monitor the Group's ongoing clinical trials, or to develop manufacturing processes to support the Group's own manufacturing capacities. Determining the amounts of research and development costs incurred up to the end of each reporting period requires the management of the Group to estimate and measure the progress of receiving research and development services under the contracts with Outsourced Service Providers using inputs such as number of patient enrolments, time elapsed and milestone achieved when the Group has not yet been invoiced or otherwise notified of the actual costs.

4.3 Impairment of goodwill

The Group tests whether goodwill has suffered any impairment at the balance sheet date. The recoverable amount of a cash-generating unit ("**CGU**") is determined based on value-in-use calculations which require the use of assumptions. The calculations are developed from cash flow forecasts based on financial budgets approved by management covering the forecast period.

Cash flows beyond the forecast period are extrapolated using the growth rates estimated by management by reference to certain internal and external market data. Details of key assumptions are disclosed in Note 17(c).

4.4 Impairment of non-financial assets (other than goodwill)

Where an indication of impairment exists, or when annual impairment testing for a non-financial asset is required (other than inventories, deferred tax assets and other non-current assets), the asset's recoverable amount is estimated. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

4.5 Fair value of financial liabilities at FVTPL

The Group has recognised the variable consideration payable arising from the acquisition of 40% interests in Taizhou Hanzhong from the then non-controlling interests as at 31 December 2025 and 2024 as financial liabilities at FVTPL as set out in Note 34.

The Group evaluates the fair value of the variable consideration payable periodically using the discounted cash flow method, where key assumptions are adopted to determine the fair value of the variable consideration payable. Further details are disclosed in Note 3.3(b).

Management's estimates are reviewed periodically and are adjusted if necessary. Should any of the estimates and assumptions changed, it may lead to a change in the fair value to be recognised in profit or loss.

4.6 Fair value of financial assets at fair value

The Group has recognised the unlisted equity as at 2025 and 2024 as financial assets at FVTPL or FVTOCI as set out in Note 22.

The Group evaluates the fair value of unlisted equity periodically using quoted market prices or dealer quotes for similar instruments, where key assumptions are adopted to determine the fair value of the unlisted equity securities. Further details are disclosed in Note 3.3(a).

4.7 Current and deferred income taxes

The Group encounters numerous transactions and events for which the ultimate tax determination is uncertain during the ordinary course of business. Significant judgment is required from the Group in determining the provision for income taxes. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The Group recognises deferred income tax assets based on estimates that it is probable to generate sufficient taxable profits in the foreseeable future against which the deductible losses will be utilised. The recognition of deferred income tax assets mainly involves management's judgments and estimations about the timing and the amount of taxable profits of the companies that had tax losses.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

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

The Group's management determines the estimated useful lives and residual values for its property, plant and equipment, and reviews the useful lives and residual values periodically to ensure that the method and rates of depreciation are consistent with the expected pattern of realisation of economic benefits from property, plant and equipment. This estimate is based on the management's experience of the actual practice of a similar nature and function and normal terms in the PRC. In addition, management assesses impairment whenever events or changes in circumstances indicate that the carrying amount of an item of property, plant and equipment may not be recoverable. Management will adjust the depreciation charge where useful lives are estimated to change compared with previous estimates. Any change in these estimates may have a material impact on the results of the Group.

4.9 Estimated useful lives of intangible assets

The intangible assets are amortised on the straight-line basis by taking into account the residual value. The Group reviews the estimated useful lives periodically to determine the related amortization charges for its intangible assets. The estimation is based on the historical experience of the actual useful lives of intangible assets of similar nature and functions, with consideration of market conditions. Management will increase the amortisation charges when useful lives become shorter than previously estimated.

5. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker ("**CODM**"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the Group.

During the year ended 31 December 2025, the Group has been principally engaged in the sale of pharmaceutical products and research and development of new drugs. Management reviews the operating results of the business as one operating segment to make decisions about the allocation of resources. Therefore, the CODM of the Company regards that there is only one segment which is used to make strategic decisions.

The major operating entity of the Group is domiciled in Chinese mainland. Accordingly, the Group's results were primarily derived in Chinese mainland during the reporting period, and its non-current assets were also primarily located in Chinese mainland.

6. REVENUE

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Revenue recognised at a point in time		
– Sale of pharmaceutical products	**501,021**	300,333
– Licensing related income	**424,249**	21,964
	925,270	322,297
Revenue recognised over time		
– CDMO services	**9,599**	45,497
Total	**934,869**	367,794

Information about the geographical markets of the Group's revenue is presented based on the locations of the customers.

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Geographical markets		
– Chinese mainland	**571,080**	345,830
– Overseas	**363,789**	21,964
Total	**934,869**	367,794

For the year ended 31 December 2025, revenue of approximately RMB307,186,000 was derived from Customer A, RMB167,433,000 from Customer B, RMB141,570,000 from Customer C and RMB102,882,000 from Customer D. Other than the aforementioned customer, the revenue derived from each of the remaining external customers was less than 10% of the Group's total revenue.

The corresponding revenue of these customers for the prior year is not disclosed as the amount attributable to each customer did not individually account for 10% or more of the Group's revenue for the relevant periods.

6. REVENUE (CONTINUED)

(a) Accounting policies of revenue recognition

(i) Sale of goods

The Group produces and sells pharmaceutical products to customers. The Group transports the products to the agreed location in accordance with the sales contract, and the sales are recognised after the customer has accepted the products and both parties have signed the goods delivery notes. The Group adopts advance collection or a credit term of 7 days, 10 days or 30 days with its customers, and the transaction price does not have a significant financing component.

(ii) Licensing income

The Group generates revenue from licensing of intellectual property ("**IP**") to customers. As the customers are able to direct the use of, and obtain substantially all of the benefits from, the licence at the time control of the licence is transferred to the licensee, the licences that provide a right to use an entity's IP are performance obligations satisfied at a point in time. Revenue is recognised when or as control of the licences is transferred to the licensee.

The Group recognises revenue for a sales-based or usage-based royalty promised in exchange for a licence of IP only when (or as) the later of the following events occurs:

- the subsequent sale or usage occurs; and
- the performance obligation to which some or all of the sales-based or usage-based royalty has been allocated has been satisfied (or partially satisfied).

6. REVENUE (CONTINUED)

(a) Accounting policies of revenue recognition (Continued)

(iii) Revenue from CDMO services

The CDMO services are integrated services including project management, drug manufacturing, development, optimisation, trial production, and other relevant services. The duration of the contracts ranges from months to year. The contracts contain multiple deliverable units, which are generally in the form of technical laboratory reports, samples and/or products for manufacturing, and each deliverable unit has an individual selling price specified within the contract. The Group has assessed whether each deliverable is distinct to determine the performance obligation within the contract. Any deliverable in the contract is identified as a performance obligation if the deliverable is distinct. If the deliverables are highly interdependent or highly interrelated, those deliverables are not separately identifiable, and are combined into a single performance obligation.

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

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- 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 criteria 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 using output method. Otherwise, revenue is recognised at the point in time when the customer obtains control of the service.

The transaction price allocated to the remaining performance obligations, all of which pertain to CDMO services, amounted to RMB3,858,000 and is expected to be recognized as revenue over the next five years.

7. OTHER INCOME

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Government grants (a)	**5,556**	7,577
Others	**1,640**	922
Total	**7,196**	8,499

(a) Government grants

The Group recognised government grants of RMB5,556,000 in profit or loss for the year (2024: RMB7,577,000). This amount included RMB5,196,000 (2024: RMB7,397,000) in income-related grants, which were systematically recognised in the periods when the associated costs were incurred, as there were no unfulfilled conditions attached. The remaining RMB360,000 (2024: RMB180,000) related to grants for qualifying assets, which are deferred and amortised on a straight-line basis over the assets' remaining useful lives following the commissioning of the related assets.

8. PROFIT/(LOSS) BEFORE TAX

		Year ended 31 December	
	Notes	**2025**	2024
		RMB'000	RMB'000
Cost of sales		**89,591**	74,824
Depreciation of property, plant and equipment	15	**48,559**	51,997
Depreciation of right-of-use assets	16	**14,109**	17,864
Amortisation of other intangible assets	17	**31,058**	30,318
Research and development costs (excluding depreciation, amortisation and employee benefit expense)		**267,539**	274,524
Lease payments not included in the measurement of lease liabilities	16	**827**	616
Auditors' remuneration		**2,642**	2,650
Employee benefit expense:			
Wages, salaries and welfare		**193,155**	158,012
Share-based payment expenses		**–**	4,402
Pension scheme contributions*		**21,606**	18,399
Other social security costs, housing benefits and other employee benefits		**27,251**	31,067
Less: amount capitalised		**(17,698)**	(3,129)
Foreign exchange difference, net	12	**(7,051)**	(1,329)
Bank interest income	12	**(5,277)**	(4,667)

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

9. FIVE HIGHEST PAID INDIVIDUALS

The five individuals whose emoluments were the highest in the Group for the year included one (2024: two) directors whose emoluments are reflected in the analysis shown in Note 39. The emoluments payable to the remaining four (2024: three) individuals during the year are as follows:

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Wages and salaries	**7,221**	4,264
Bonuses	**3,190**	707
Pension costs – defined contribution plans	**235**	141
Other social security costs, housing benefits and other employee benefits	**299**	165
Share-based payment expenses	**–**	3,444
Total	**10,945**	8,721

The remaining highest paid individuals fell within the following bands:

	Year ended 31 December	
	2025	2024
Emolument bands (in HK$)		
HK$2,000,001 to HK$2,500,000	**2**	1
HK$2,500,001 to HK$3,000,000	**1**	1
HK$3,000,001 to HK$3,500,000	**–**	–
HK$4,000,001 to HK$4,500,000	**1**	1
Total	**4**	3

No share options have been granted during the current year.

10. FAIR VALUE CHANGES ON FINANCIAL ASSETS AND LIABILITIES AT FVTPL

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Financial assets at FVTPL	**112**	–
Financial liabilities at FVTPL (Note 34)	**(31,361)**	5,077
Total	**(31,249)**	5,077

11. OTHER GAINS/(LOSSES), NET

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Net gains on reclassification of investment in an associate using equity method to FVTOCI (Note 18)	**289,442**	–
Net gains on disposal of right-of-use assets	**–**	11
Net gains/(losses) on disposal of property, plant and equipment	**913**	(18)
Expected credit losses	**(356)**	221
Donation	**(70,394)**	(19,852)
Others	**(156)**	(2,013)
Total	**219,449**	(21,651)

12. FINANCE INCOME AND COSTS, NET

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Bank interest income	**5,277**	4,667
Net exchange gain	**7,051**	1,329
Finance income	**12,328**	5,996
Interest on bank borrowings	**(27,408)**	(27,076)
Interest on lease liabilities (Note 16)	**(753)**	(1,207)
Bank charges and others	**(1,148)**	(1,335)
	(29,309)	(29,618)
Less: Amount capitalised	**–**	6,633
Finance costs	**(29,309)**	(22,985)
Finance costs, net	**(16,981)**	(16,989)

13. INCOME TAX EXPENSE

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Current income tax expense	**1,750**	–
Deferred income tax expense	**–**	–
Income tax expense	**1,750**	–

The Group's principal applicable taxes and tax rates are as follows:

Chinese mainland

Pursuant to the Corporate Income Tax Law of the PRC and the respective regulators, the entities which operate in Chinese mainland are subject to corporate income tax at a rate of 25% on the taxable income except for those entities which were subject to tax concession set out below.

The Company was qualified as a High and New Technology Enterprise ("**HNTE**") under the relevant PRC laws and regulations in 2025. Accordingly, it was entitled to a preferential corporate income tax rate of 15% on its taxable income. The qualification as a HNTE is subject to renew by tax authority in the PRC every three years.

Shanghai Miracogen Inc. ("**Shanghai Miracogen**") renewed its qualification as a HNTE under the relevant PRC laws and regulations in 2023. Accordingly, it was entitled to a preferential corporate income tax rate of 15% on its taxable income for a three-year period since 2023.

Lepu (Beijing) Biopharma Co., Ltd. ("**Lepu Beijing**") renewed its qualification as a HNTE under the relevant PRC laws and regulations in 2024. Accordingly, it was entitled to a preferential corporate income tax rate of 15% on its taxable income for a three-year period since 2024.

CtM Bio Co., Ltd. ("**CtM Bio**") was qualified as a HNTE under the relevant PRC laws and regulations on 12 December 2023. Accordingly, it was entitled to a preferential corporate income tax rate of 15% on its taxable income for a three-year period since 2023.

United States of America

The subsidiary incorporated in Texas, the United States of America was subject to statutory United States federal corporate income tax at a rate of 21%.

The Company's other subsidiaries established and operated in Chinese mainland are subject to the PRC corporate income tax at the rate of 25%.

13. INCOME TAX EXPENSE (CONTINUED)

A reconciliation of the expected income tax calculated at the applicable corporate income tax rate and profit/(loss) before income tax, with the actual corporate income tax is as follows:

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Profit/(loss) before income tax	**260,636**	(424,193)
Tax calculated at applicable corporate income tax rates of 25%	**65,159**	(106,048)
Tax effects of:		
Impact of applying preferential tax rate	**(25,089)**	15,655
Super deduction for research and development expenses	**(14,216)**	(41,184)
Expenses not deductible for tax purposes	**1,092**	11,490
Impact on fair value changes of FVTPL	**4,690**	(1,269)
Impact on investments accounted for using equity method	**1,131**	4,195
Utilization of deductible tax losses not recognized as deferred tax assets in prior years	**(46,162)**	–
Deductible temporary differences not recognised as deferred tax assets	**12,101**	14,200
Tax losses not recognised as deferred tax assets	**3,044**	102,961
Income tax expense	**1,750**	–

(i) Accounting for super deduction for research and development expenses

Pursuant to Caishui [2023] circular No.7 in 2023, the Company and certain subsidiaries enjoy a super deduction of 200% (2024: 200%) on qualifying research and development expenditures for the year ended 31 December 2025.

As at 31 December 2025, the Group had unused tax losses of approximately RMB3,356,765,000 (31 December 2024: RMB3,451,853,000) that can be carried forward against future taxable income. No deferred tax asset has been recognised in respect of such tax losses due to the unpredictability of future taxable income.

The unused tax losses of the Group were mainly from the entities incorporated in Chinese mainland, where the accumulated tax losses normally expire within 5 years. Pursuant to the relevant regulations on the extension of expiry periods for unused tax losses of HNTE and Small and Medium-sized Technological Enterprises issued in August 2018, the accumulated tax losses which did not expire from 2018 will have expiries extending from 5 years to 10 years.

14. EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

Basic earnings/(loss) per share is calculated by dividing:

- the earnings/(loss) attributable to the owners of the Company.
- by the weighted average number of ordinary shares outstanding during the financial year.

	Year ended 31 December	
	2025	2024
Earnings/(loss) for the year attributable to owners of the Company (in RMB'000)	**261,364**	(411,376)
Weighted average number of ordinary shares in issue (in thousands)	**1,755,085**	1,690,482
Basic earnings/(loss) per share (in RMB)	**0.15**	(0.24)

(b) Diluted earnings/(loss) per share

Diluted earnings/(loss) per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential shares into ordinary shares. For the years ended 31 December 2025 and 2024, the Company had no dilutive potential shares. Accordingly, diluted earnings/(loss) per share for the years ended 31 December 2025 and 2024 is the same as the basic earnings/(loss) per share for the respective years.

15. PROPERTY, PLANT AND EQUIPMENT

	Buildings and facilities RMB'000	Equipment and instruments RMB'000	Office equipment and furniture RMB'000	Motor vehicles RMB'000	Freehold and leasehold improvements, together with antibody purification resin RMB'000	Construction-in-progress RMB'000	Total RMB'000
At 1 January 2024							
Cost	45,551	328,091	36,341	951	106,029	628,147	1,145,110
Accumulated depreciation	(1,442)	(78,918)	(18,734)	(738)	(97,089)	–	(196,921)
Net book value	44,109	249,173	17,607	213	8,940	628,147	948,189
Year ended 31 December 2024							
Opening net book value	44,109	249,173	17,607	213	8,940	628,147	948,189
Additions	–	2,390	5,286	–	4,139	23,600	35,415
Transfer upon completion	614,682	4,132	1,806	–	8,746	(629,366)	–
Disposals	–	(18)	–	–	–	–	(18)
Depreciation charge	(10,562)	(31,080)	(4,375)	(92)	(7,371)	–	(53,480)
Closing net book value	648,229	224,597	20,324	121	14,454	22,381	930,106
At 31 December 2024							
Cost	660,233	334,253	43,433	951	118,914	22,381	1,180,165
Accumulated depreciation	(12,004)	(109,656)	(23,109)	(830)	(104,460)	–	(250,059)
Net book value	648,229	224,597	20,324	121	14,454	22,381	930,106
Year ended 31 December 2025							
Opening net book value	**648,229**	**224,597**	**20,324**	**121**	**14,454**	**22,381**	**930,106**
Additions	**52,961**	**696**	**1,251**	**282**	**1,756**	**753**	**57,699**
Transfer upon completion	**–**	**2,546**	**–**	**–**	**–**	**(2,546)**	**–**
Disposals	**–**	**(3,077)**	**–**	**–**	**–**	**–**	**(3,077)**
Depreciation charge	**(19,895)**	**(29,630)**	**(4,427)**	**(54)**	**(3,592)**	**–**	**(57,598)**
Closing net book value	**681,295**	**195,132**	**17,148**	**349**	**12,618**	**20,588**	**927,130**
At 31 December 2025							
Cost	**713,194**	**334,419**	**44,684**	**1,233**	**120,670**	**20,588**	**1,234,788**
Accumulated depreciation	**(31,899)**	**(139,287)**	**(27,536)**	**(884)**	**(108,052)**	**–**	**(307,658)**
Net book value	**681,295**	**195,132**	**17,148**	**349**	**12,618**	**20,588**	**927,130**

15. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) As at 31 December 2025, certain of the Group's property, plant and equipment located in Shanghai ("**Shanghai Biological Park**") with carrying amount of approximately RMB681,290,000 (31 December 2024: RMB648,299,000) had been pledged to the bank as security in RMB for the bank borrowings of RMB200,137,000 (31 December 2024: RMB260,261,000) (Note 30).

(b) For the year ended 31 December 2025, depreciation charge for property, plant and equipment of approximately RMB9,039,000 (2024: RMB1,483,000) was capitalised into product development costs.

(c) The addition to construction in progress for the year ended 31 December 2025 included the finance costs capitalised amounting to nil (2024: RMB6,633,000) (Note 12).

(d) Depreciation methods and useful lives

Depreciation is calculated using the straight-line method to allocate their costs or revalued amounts, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements and certain leased plant and equipment, the shorter lease term as follows:

— Buildings and facilities	35 years
— Equipment and instruments	5-20 years
— Office equipment and furniture	3-5 years
— Motor vehicles	4-10 years
— Leasehold improvements	Shorter of remaining lease term or estimated useful life
— Antibody purification resin	3-5 years

See note 43.6 for the other accounting policies relevant to property, plant and equipment.

16. RIGHT-OF-USE ASSETS

	Land use rights RMB'000	Leased properties RMB'000	Total RMB'000
At 1 January 2024			
Cost	128,817	55,198	184,015
Accumulated depreciation	(29,846)	(15,113)	(44,959)
Net book value	98,971	40,085	139,056
Year ended 31 December 2024			
Opening net book value	98,971	40,085	139,056
Additions	–	3,385	3,385
Disposals	–	(756)	(756)
Depreciation charge	(6,444)	(14,309)	(20,753)
Closing net book value	92,527	28,405	120,932
At 31 December 2024 and 1 January 2025			
Cost	128,817	57,262	186,079
Accumulated depreciation	(36,290)	(28,857)	(65,147)
Net book value	92,527	28,405	120,932
Year ended 31 December 2025			
Opening net book value	**92,527**	**28,405**	**120,932**
Depreciation charge	**(6,444)**	**(14,203)**	**(20,647)**
Closing net book value	**86,083**	**14,202**	**100,285**
At 31 December 2025			
Cost	**128,817**	**57,262**	**186,079**
Accumulated depreciation	**(42,734)**	**(43,060)**	**(85,794)**
Net book value	**86,083**	**14,202**	**100,285**

16. RIGHT-OF-USE ASSETS (CONTINUED)

Depreciation charges have been expensed in the profit or loss as follows:

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Depreciation charge of right-of-use assets		
– Land use rights (a)	**6,444**	4,588
– Leased properties (b)	**7,665**	13,276
	14,109	17,864
Interest costs included in finance costs (Note 12)	**753**	1,207
Expenses relating to short-term leases (included in research and development expenses and administrative expenses)	**643**	546
Expenses relating to leases of low-value assets (included in research and development expenses and administrative expenses)	**184**	70

(a) As at 31 December 2025, land use rights with carrying amounts of approximately RMB46,708,000 (31 December 2024: RMB50,421,000) were pledged to the bank as security for the bank borrowings of RMB200,137,000 (31 December 2024: RMB260,261,000) (Note 30).

(b) For the year ended 31 December 2025, depreciation charge of leased properties amounting to approximately RMB6,538,000 (2024: RMB1,033,000) was capitalised into capitalised product development costs.

(c) For the year ended 31 December 2025, no depreciation charge of land use rights was capitalised into construction-in-progress (2024: RMB1,856,000).

(d) For the year ended 31 December 2025, the total cash outflow for leases was approximately RMB20,380,000 (2024: RMB6,063,000).

17. INTANGIBLE ASSETS

	Capitalised product development costs RMB'000	Goodwill RMB'000	Intellectual properties RMB'000	Software RMB'000	Total RMB'000
At 1 January 2024					
Cost	11,654	52,636	520,908	1,543	586,741
Accumulated amortisation	–	–	(152,375)	(145)	(152,520)
Net book value	11,654	52,636	368,533	1,398	434,221
Year ended 31 December 2024					
Opening net book value	11,654	52,636	368,533	1,398	434,221
Additions	20,673	–	10,674	–	31,347
Amortisation charge	–	–	(30,164)	(154)	(30,318)
Closing net book value	32,327	52,636	349,043	1,244	435,250
At 31 December 2024 and 1 January 2025					
Cost	32,327	52,636	531,582	1,543	618,088
Accumulated amortisation	–	–	(182,539)	(299)	(182,838)
Net book value	32,327	52,636	349,043	1,244	435,250
Year ended 31 December 2025					
Opening net book value	**32,327**	**52,636**	**349,043**	**1,244**	**435,250**
Additions	**87,553**	**–**	**9,325**	**–**	**96,878**
Amortisation charge	**–**	**–**	**(30,904)**	**(154)**	**(31,058)**
Closing net book value	**119,880**	**52,636**	**327,464**	**1,090**	**501,070**
At 31 December 2025					
Cost	**119,880**	**52,636**	**540,907**	**1,543**	**714,966**
Accumulated amortisation	**–**	**–**	**(213,443)**	**(453)**	**(213,896)**
Net book value	**119,880**	**52,636**	**327,464**	**1,090**	**501,070**

17. INTANGIBLE ASSETS (CONTINUED)

(a) Amortisation methods and periods

The Group amortises intangible assets with a limited useful life using the straight-line method over the following periods:

— Intellectual properties	11 to 23 years
— Software	10 years

(b) Capitalised product development costs

The Group incurs significant costs and efforts on research and development activities. Research expenditures, mainly including clinical study related expenses, pre-clinical study costs, depreciation and amortisation, employee benefit expenses and raw materials and consumables used in research activities, are charged to profit or loss as an expense in the period the expenditure is incurred. Development costs are recognised as assets if they are directly attributable to a newly developed product and all the following are demonstrated:

- it is technically feasible to complete the development project so that it will be available for use;
- management intends to complete the development project and use or sell the product;
- there is an ability to use or sell the product;
- it can be demonstrated how the development project will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development project and to use or sell the product are available, and
- the expenditure attributable to the asset during its development can be reliably measured.

The Group generally considers that the capitalisation criteria for internally generated intangible assets are met when obtaining marketing approval from the regulatory authority.

The costs of an internally generated intangible asset are the sum of the expenditure incurred from the date the recognition criteria above are met to the date when the asset is available for use. The capitalised costs in connection with the intangible asset include cost of materials and services used or consumed, employee costs incurred in the creation of the asset and an appropriate portion of relevant overheads.

Capitalised development costs are amortised using the straight-line method over the life of the related product. Amortisation begins when the intangible asset is available for its intended use.

Development expenditures not satisfying the above criteria are recognised in profit or loss as incurred.

17. INTANGIBLE ASSETS (CONTINUED)

(b) Capitalised product development costs (Continued)

During the year ended 31 December 2025, the Group capitalised product development costs of RMB87,553,000 (2024: RMB20,673,000) for the PD-1 and the antibody drug conjugate ("**ADC**") which has satisfied the criteria for capitalisation.

The management has involved an independent qualified valuer to perform an impairment assessment of the capitalized product development costs and intellectual properties related to the PD-1 pipeline, to to determine their "value-in-use" (as defined by management as the recoverable amount) for the CGU as of 31 December 2025 and 2024, using the discounted cash flow model.

The management of the Company measured the recoverable amounts of the capitalised product development costs and concluded that no provision for impairment has to be recognised as at 31 December 2025 (2024: nil).

(c) Impairment assessment for goodwill

Goodwill of approximately RMB52,636,000 resulted from the acquisition of Shanghai Miracogen from a third party during 2018, which is principally engaged in the provision of research and development focusing on ADC related pipelines.

The management has involved an independent qualified valuer to perform goodwill impairment assessment to assess the "value-in-use" of the CGU as at 31 December 2025 and 2024 by using the discounted cash flow model.

These calculations use pre-tax cash flow forecast based on financial budgets prepared by management with forecast period longer than 5 years. The management considers that the length of the forecast period is appropriate because it generally takes longer for a biopharma company to reach a perpetual growth mode, compared to companies in other industries, especially when ADC related products are still under clinical study and the market of such products is at an early stage of development with substantial growth potential. Hence, the management believes that a forecast period for the CGU of Shanghai Miracogen, which is longer than five years, is feasible and consistent with industry practice. Key assumptions are disclosed as below:

	As at 31 December	
	2025	2024
The first commercialisation year of ADC related pipelines	**2025**	2026
Expected revenue growth rate during the forecast period from second year of commercialisation	**214% to 12%**	150% to 14%
Expected revenue growth rate beyond the forecast period	**11% to 0%**	8% to 0%
Expected market penetration rate	**0% to 26%**	0% to 26%
Expected success rate of commercialisation	**15% to 100%**	15% to 60%
Pre-tax discount rate	**15.4%**	14.6%

17. INTANGIBLE ASSETS (CONTINUED)

(c) Impairment assessment for goodwill (Continued)

Management has determined the values assigned to certain key assumptions as follows:

Assumption	Approach used to determine values
Revenue growth rate	Revenue growth rate covering the forecast period was estimated based on management's expectations of market development and industry data from industry research report issued by a third-party consultation company
Market penetration rate	Based on the expected selling conditions, considering the features of marketing and technological development
Success rate of commercialisation	By reference to the practices of biopharmaceutical industries, development of technology and related regulations from administrations
Pre-tax discount rate	Reflect specific risks relating to the operation of the business in the PRC

The management believes that any reasonable possible change in any of the key assumptions would not cause the carrying amount of the CGU to exceed its recoverable amount.

The management of the Company concluded that no provision for impairment on the goodwill has to be recognised as at 31 December 2025 (31 December 2024: nil).

18. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
At the beginning of the year	**114,073**	126,685
Share of loss on investments	**(7,513)**	(16,439)
Share of other comprehensive income	**(1,652)**	901
Share of other reserves	**779**	2,926
Transfer from equity method to FVTOCI (a)	**(105,018)**	–
At the end of the year	**669**	114,073

18. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)

(a) The Company no longer had significant influence over Binhui Biopharmaceutical Co., Ltd. ("**Wuhan Binhui**") during the year ended 31 December 2025, given the Company ceased to have a director representative appointed on the board of Wuhan Binhui as a result of Wuhan Binhui's election of directors for its new session of the board. Upon the change of significant influence over Wuhan Binhui, the Group measured and recognised the investment in Wuhan Binhui at its fair value and irrevocably designated the investment in Wuhan Binhui at FVTOCI as the Group considered the investment to be strategic in nature (note 22). The difference between the carrying amount of Wuhan Binhui upon loss of significant influence and the fair value of the retained investment is recognised in profit or loss and recorded in other gains/(losses), net (note 11).

Set out below are the associates of the Group as at 31 December 2025. The entities listed below have share capital consisting solely of ordinary shares, which are held directly by the Group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

Name of entity	Place of business/ country of incorporation	% of ownership interest		Nature of relationship	Measurement method	Principal activities
		2025	2024			
KYM	The United States	30%	30%	Associate	Equity method	Technological development of biotechnology

The associates of the Group have been accounted for using the equity method based on the financial information of the associates prepared under the accounting policies consistent with the Group.

All associates are engaged in the biotechnology industry and are at an early stage of development or pre-clinical. Management periodically reviewed their business performance, including development progress of pipelines, the plan of business as well as subsequent financing, and no impairment indicator was noted as at 31 December 2025, respectively.

19. INVENTORIES

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Raw materials	**17,514**	19,614
Finished goods	**2,963**	2,678
Working in progress	**31,350**	495
Total	**51,827**	22,787

20. TRADE RECEIVABLES

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Trade receivables	**67,646**	46,232
Less: Loss allowance	**(763)**	(411)
Total	**66,883**	45,821

The Group allows a credit period within 30 days to its customers. As at 31 December 2025 and 2024, the ageing analysis of the trade receivables (net of loss allowance) based on the invoice date is as follows:

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
0 to 30 days	**66,868**	44,007
Over 30 days	**15**	1,814
Total	**66,883**	45,821

20. TRADE RECEIVABLES (CONTINUED)

(a) Classification as trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and are therefore classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

Details about the Group's impairment policies and the calculation of the loss allowance are provided in Note 3.1.

21. OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Value added tax recoverable	**32,705**	42,093
Deposits	**3,430**	13,761
Prepayments for:		
– property, plant and equipment	**24,087**	26,020
– clinical study related expenses	**35,974**	63,889
Prepayments for listing expenses	**–**	1,047
Others	**255**	52
	96,451	146,862
Less: Loss allowance for other receivables and deposits	**(64)**	(60)
	96,387	146,802
Less: Non-current portion (a)	**(31,562)**	(34,816)
Current portion	**64,825**	111,986

21. OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS (CONTINUED)

(a) The non-current portion of other receivables, prepayments and deposits includes prepayments to suppliers for property, plant and equipment, value-added tax recoverable that can not be utilised in the coming 12 months, and deposits are as follows:

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Non-current assets		
Value added tax recoverable	**4,817**	6,060
Prepayments for property, plant and equipment	**24,087**	26,020
Deposits	**2,658**	2,736
Total	**31,562**	34,816

22. FINANCIAL ASSETS AT FAIR VALUE

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Unlisted equity investment at FVTPL	**105,726**	63,628
Unlisted equity investment designated at FVTOCI (note 18)	**396,677**	–
Total	**502,403**	63,628

23. CASH AND CASH EQUIVALENTS

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Cash at bank	**853,030**	401,286

Cash and cash equivalents which are denominated in the following currencies are as follows:

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
RMB	**848,250**	399,083
USD	**4,235**	1,523
HKD	**545**	680
Total	**853,030**	401,286

23. CASH AND CASH EQUIVALENTS (CONTINUED)

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 earns interest at floating rates based on daily bank deposit rates. Short-term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

24. FINANCIAL INSTRUMENTS BY CATEGORY

The Group holds the following financial instruments:

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Financial assets		
Financial assets at amortised cost		
– Other receivables, prepayments and deposits excluding non-financial assets	**3,621**	13,752
– Trade receivables	**66,883**	45,821
– Cash and cash equivalents	**853,030**	401,286
Financial assets at fair value		
– Unlisted equity investment at FVTPL	**105,726**	63,628
– Unlisted equity investment designated at FVTOCI	**396,677**	–
Total	**1,425,937**	524,487
Financial liabilities		
Financial liabilities at amortised cost		
– Borrowings	**1,031,871**	794,351
– Trade payables	**183,827**	236,135
– Other payables and accruals excluding non-financial liabilities	**111,842**	153,097
Financial liabilities at FVTPL	**281,335**	263,112
Total	**1,608,875**	1,446,695

25. SHARE CAPITAL

	Number of shares	Nominal value of shares RMB'000
Authorised, issued and fully paid		
At 1 January 2024	1,659,444,838	1,659,445
Issuance of shares	51,170,000	51,170
At 31 December 2024	1,710,614,838	1,710,615
Issuance of shares	93,825,000	93,825
At 31 December 2025	**1,804,439,838**	**1,804,440**

On 24 May 2024, the Company completed a placing of 51,170,000 H Shares with a par value of RMB1.00 each at the price of HK$4.58 per H Share (the "**Placing**"). The gross proceeds from the Placing amounted to approximately HK$234 million (equivalent to RMB213,379,000), of which, RMB51,170,000 were credited to the Company's share capital and the remaining proceeds deducting the share issue costs of RMB4,388,000 were credited to the share premium.

On 11 July 2025, the Company completed a placing of 93,825,000 H Shares with a par value of RMB1.00 each at the price of HK$5.02 per H Share (the "**Placing**"). The gross proceeds from the Placing amounted to approximately HK$471 million (equivalent to RMB428,865,000), of which, RMB93,825,000 were credited to the Company's share capital and the remaining proceeds deducting the share issue costs of RMB326,523,000 were credited to the share premium.

26. RESERVES

	Share premium RMB'000	Capital reserves RMB'000	Share-based payment reserves RMB'000	Other reserves RMB'000	Total RMB'000
Balance at 1 January 2024	2,419,845	(401,514)	167,666	(594,951)	1,591,046
Share-based payments (Note 27)	–	–	4,402	–	4,402
Issuance of shares	157,821	–	–	–	157,821
Currency translation differences	–	–	–	76	76
Share of other comprehensive income of associates	–	–	–	901	901
Share of reserves of associates	–	–	–	2,926	2,926
Balance at 31 December 2024	2,577,666	(401,514)	172,068	(591,048)	1,757,172
Balance at 1 January 2025	**2,577,666**	**(401,514)**	**172,068**	**(591,048)**	**1,757,172**
Issuance of shares	**326,523**	**–**	**–**	**–**	**326,523**
Change in fair value of equity investments at fair value through other comprehensive income	**–**	**–**	**–**	**5,921**	**5,921**
Currency translation differences	**–**	**–**	**–**	**423**	**423**
Share of other comprehensive loss of an associate	**–**	**–**	**–**	**(1,652)**	**(1,652)**
Share of reserves of an associate	**–**	**–**	**–**	**779**	**779**
Impact of loss of significant influence over an associate	**–**	**–**	**–**	**(2,953)**	**(2,953)**
Balance at 31 December 2025	**2,904,189**	**(401,514)**	**172,068**	**(588,530)**	**2,086,213**

27. SHARE-BASED PAYMENTS

Huarui Zongheng (Beijing) Technology Co., Ltd. (華瑞縱橫(北京)科技有限公司), Shanghai Zupai Technology Partnership (Limited Partnership) (上海築湃科技合夥企業(有限合夥)), Shanghai Zulin Technology Partnership (Limited Partnership)(上海築麟科技合夥企業(有限合夥)), Shanghai Renhong Technology Partnership (Limited Partnership) (上海韌宏科技合夥企業(有限合夥)) and Shanghai Progeun Technology Co., Ltd. (上海芃槿科技有限責任公司) (collectively referred to as the "**Vehicles**") were all established in the PRC under the Company Law of the PRC as a vehicle to hold the ordinary shares for the Company's employees under the ESOP in 2020.

(a) ESOP

On 7 December 2020, 151 eligible employees (the "**Grantees**") were granted 45,149,702 shares of the Company at a consideration of RMB1.00 per share which are vested when Grantees complete a contractual term of service with the authorisation from the Board of Directors of the Company to acquire their long-term service in the future.

27. SHARE-BASED PAYMENTS (CONTINUED)

(a) ESOP (Continued)

The grants under the plan vest over a period of four years of continuous service, with one-fourth (1/4) vesting upon each anniversary date of the stated vesting commencement date.

Set out below is the movement in the number of awarded restricted shares under the ESOP:

	Number of awarded restricted shares
At 1 January 2024	6,085,684
Vested during the year	(4,643,137)
Forfeited during the year	(1,442,547)
At 31 December 2024	–

(b) Expenses arising from share-based payment transactions

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Administrative expenses	**–**	(206)
Research and development expenses	**–**	4,608
Total	**–**	4,402

28. TRADE PAYABLES

The ageing analysis of the trade payables based on their respective invoice dates is as follows:

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Less than 1 year	**176,671**	211,469
Over 1 year	**7,156**	24,666
Total	**183,827**	236,135

Trade payables are unsecured and are usually paid within 30 days from the date of initial recognition.

The carrying amounts of trade payables are considered to be the same as their fair values, due to their short-term nature.

The trade payables are primarily denominated in RMB.

29. OTHER PAYABLES AND ACCRUALS

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Fixed payables for acquisition/investments (a)	**–**	35,000
Variable payables for acquisition/investments ((a) and Note 34)	**37,412**	30,845
Payables for purchase of property, plant and equipment	**97,823**	87,468
Payroll and welfare payables	**38,557**	32,831
Leases and utilities payables	**5,760**	9,980
Payables for employee reimbursement	**82**	15,167
Payables for professional fees	**1,785**	1,651
Other taxes and surcharges payables	**7,481**	16,911
Deposits from suppliers	**1,119**	592
Others	**5,273**	3,239
Total	**195,292**	233,684

(a) On 29 September 2019, the Group entered into an equity purchase agreement with Hangzhou HanX Biomedical Co., Ltd. ("**HanX**") to acquire 40% equity interests in Taizhou Hanzhong held by HanX at (i) a fixed consideration of RMB350,000,000; and (ii) a variable consideration payable at 4.375% of the annual net sales revenue of PD-1 products, which will be settled annually after the PD-1 products are launched into the market.

30. BORROWINGS

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Current		
Bank borrowings, non-secured (b)	**676,153**	478,150
Bank borrowings, secured (a)	**80,167**	60,261
Non-current		
Bank borrowings, non-secured (b)	**155,581**	55,940
Bank borrowings, secured (a)	**119,970**	200,000
Total	**1,031,871**	794,351

30. BORROWINGS (CONTINUED)

As at 31 December 2025 and 2024, the Group's borrowings were repayable as follows:

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Within 1 year	**756,320**	538,411
Between 1 and 2 years	**275,551**	135,940
Between 2 and 5 years	**–**	120,000
Total	**1,031,871**	794,351

(a) Details of the assets of the Group that have been pledged as the security for the bank borrowings as at 31 December 2025 and 2024 are set out in Note 15 and 16. The borrowings bear interest at a floating rate ranging from 2.90% to 3.00% per annum during 2025 (2024: from 3.45% to 3.80%). Interest is payable quarterly. The principal amounts for the borrowings are payable in batches from 20 June 2022 to 1 September 2027.

(b) The borrowings bear interests at floating rates range from 2.20% to 3.15% per annum during 2025 (2024: from 2.65% to 3.45%). Interest is payable quarterly.

The fair value of borrowings approximated their carrying amounts as at 31 December 2025 and 2024 as the borrowings carried interest rates which were benchmarked against rates announced by the People's Bank of China from time to time.

31. LEASE LIABILITIES

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Minimum lease payments due		
– Within 1 year	**26,416**	35,106
– Over 1 year	**–**	11,690
	26,416	46,796
Less: Future finance charges	**(210)**	(963)
Present value of lease liabilities	**26,206**	45,833
Portion classified as current liabilities	**26,206**	34,378
Portion classified as non-current liabilities	**–**	11,455
The present value of lease liabilities is as follows:		
– Within 1 year	**26,206**	34,378
– Over 1 year	**–**	11,455
Total	**26,206**	45,833

32. DEFERRED GOVERNMENT GRANTS

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Government grants		
Asset-related grants (a)	**11,460**	11,820
Income-related grants	**6,200**	6,200
Total	**17,660**	18,020

(a) The asset-related grants are subsidies received from the government to compensate the Group's project of Shanghai Biological Park for high-efficiency monoclonal antibody drug production.

33. DEFERRED INCOME TAX

Deferred income taxes are calculated in full on temporary differences under the liability method using the tax rates which are expected to be applied at the time of reversal of the temporary differences.

The deferred income tax assets and liabilities are mainly derived from the acquisition of subsidiaries and reclassification of investment in an associate using equity method to FVTOCI. The amount of offsetting deferred income tax assets and liabilities as at 31 December 2025 was RMB51,229,000 (31 December 2024: RMB11,490,000).

The analysis of deferred income tax assets and liabilities before offsetting is as follows:

(a) Deferred tax assets

	Tax losses
	RMB'000
At 1 January 2024	14,201
Charged to profit or loss	(2,711)
At 31 December 2024	11,490
At 1 January 2025	**11,490**
Charged to profit or loss	**39,739**
At 31 December 2025	**51,229**

33. DEFERRED INCOME TAX (CONTINUED)

The analysis of deferred income tax assets and liabilities before offsetting is as follows: (continued)

(b) Deferred tax liabilities

	Property, plant and equipment acquired in business combination RMB'000	Intangible assets acquired in business combination RMB'000	Unlisted equity investment designated at FVTOCI RMB'000	Total RMB'000
At 1 January 2024	(91)	(51,797)	–	(51,888)
Credited to profit or loss	15	2,696	–	2,711
At 31 December 2024	(76)	(49,101)	–	(49,177)
At 1 January 2025	**(76)**	**(49,101)**	**–**	**(49,177)**
Credited to profit or loss	**15**	**2,696**	**(42,450)**	**(39,739)**
At 31 December 2025	**(61)**	**(46,405)**	**(42,450)**	**(88,916)**

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:

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Net deferred tax liabilities recognised in the consolidated statement of financial position	**(37,687)**	(37,687)

34. FINANCIAL LIABILITIES AT FVTPL

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Variable consideration payable arising from the acquisition of 40% equity interests in Taizhou Hanzhong from the then non-controlling interests (Note 29(a))	**281,335**	263,112
Less: Current portion	**(37,412)**	(30,845)
Non-current portion	**243,923**	232,267

As described in Note 29(a), the fair value of variable consideration payable as at 31 December 2025 and 2024 was determined by an independent valuer (Note 3.3(b)), and the changes in fair value were recognised in the profit or loss.

The movements of financial liabilities at FVTPL for the years ended 31 December 2025 and 2024 are set out below:

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Opening balance	**263,112**	272,625
Change in fair value (Note 10)	**31,361**	(5,077)
Variable consideration paid to Hangzhou HanX Biomedical Co., Ltd.	**(13,138)**	(4,436)
Closing balance	**281,335**	263,112

35. CASH FLOW INFORMATION

(a) Cash generated from operations

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Cash flows from operating activities		
Profit/(loss) before income tax	**260,636**	(424,193)
Adjustments for:		
– Revenue from non-cash consideration	**(42,596)**	–
– Expected credit losses	**356**	(221)
– Depreciation of property, plant and equipment	**48,559**	51,997
– Amortisation of intangible assets	**31,058**	30,318
– Depreciation of right-of-use assets	**14,109**	17,864
– Share-based payments	**–**	4,402
– Net (gains)/losses on disposal of property, plant and equipment	**(913)**	18
– Net gains on disposal of right-of-use assets	**–**	(11)
– Change in fair value of financial liabilities at FVTPL	**31,361**	(5,077)
– Change in fair value of financial assets at FVTPL	**(112)**	–
– Transfer of investment from equity method to FVTOCI	**(289,442)**	–
– Finance costs, net	**15,833**	15,654
– Deferred government grants related to asset	**(360)**	(180)
– Listing expenses	**1,047**	3,904
– Share of loss of investments accounted for using the equity method	**7,513**	16,439
Operating cash flows before movements in working capital	**77,049**	(289,086)
(Increase)/decrease in inventories	**(29,040)**	6,625
Increase in trade receivables	**(21,414)**	(8,218)
Decrease in other receivables, prepayments and deposits	**38,296**	26,031
(Decrease)/increase in contract liabilities	**(491)**	905
Increase in deferred government grants related to income	**–**	6,200
(Decrease)/increase in trade payables	**(56,958)**	28,524
(Decrease)/increase in other payables and accruals	**(23,444)**	27,958
Cash used in operations	**(16,002)**	(201,061)

35. CASH FLOW INFORMATION (CONTINUED)

(b) Non-cash investing and financing activities

Non-cash investing and financing activities disclosed in other notes are:

- Capitalisation of depreciation charge of property, plant and equipment – Note 15
- Capitalisation of depreciation charge of right-of-use assets and land use rights – Note 16
- Additions to right-of-use assets and lease liabilities – Note 16
- Additions to financial assets at fair value – Note 22

(c) Changes in liabilities arising from financing activities

	Borrowings RMB'000	Lease liabilities RMB'000	Fixed payables for acquisition/ investments included in other payables and accruals RMB'000	Variable payables for acquisition/ investments included in financial liabilities at FVTPL RMB'000	Total RMB'000
At 1 January 2024	(694,299)	(47,455)	(75,000)	(272,625)	(1,089,379)
Changes from financing cash flows	(72,976)	5,447	40,000	4,436	(23,093)
New leases	–	(3,385)	–	–	(3,385)
Interest expense	(27,076)	(1,207)	–	–	(28,283)
Lease termination	–	767	–	–	767
Fair value changes	–	–	–	5,077	5,077
At 31 December 2024	(794,351)	(45,833)	(35,000)	(263,112)	(1,138,296)
At 1 January 2025	**(794,351)**	**(45,833)**	**(35,000)**	**(263,112)**	**(1,138,296)**
Changes from financing cash flows	**(210,112)**	**20,380**	**35,000**	**13,138**	**(141,594)**
Interest expense	**(27,408)**	**(753)**	**–**	**–**	**(28,161)**
Fair value changes	**–**	**–**	**–**	**(31,361)**	**(31,361)**
At 31 December 2025	**(1,031,871)**	**(26,206)**	**–**	**(281,335)**	**(1,339,412)**

36. COMMITMENTS

(a) Capital commitments

Capital expenditure contracted for at the end of the year but not yet incurred is as follows:

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Property, plant and equipment	**438,980**	456,840

(b) Operating lease commitments

At the end of the reporting period, the Group's commitments for future minimum lease payments under non-cancellable short-term leases are as follows:

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
No later than 1 year	**504**	528

37. SUBSIDIARIES

The Group's principal subsidiaries as at 31 December 2025 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Name of subsidiary	Place of incorporation/ registration and kind of legal entity	Principal activities and place of operation	Particulars of issued share capital and debt securities	Ownership interest held by the Group		Ownership interest held by non-controlling interests	
				2025	2024	2025	2024
Shanghai Miracogen (上海美雅珂生物技術有限責任公司) *	The PRC, limited liability company	Research and development focusing on ADC related pipelines in the PRC	RMB99,371,981	100%	100%	–	–
Taizhou Hanzhong (泰州翰中生物醫藥有限公司)	The PRC, limited liability company	Research and development focusing on PD-1 related pipelines in the PRC	RMB7,692,308	91%	91%	9%	9%
Taizhou Houde Aoke Technology Co., Ltd. ("**Taizhou Aoke**") (泰州厚德奧科科技有限公司)	The PRC, limited liability company	Research and development focusing on PD-L1 related pipelines in the PRC	RMB262,000,000	70%	70%	30%	30%
CtM Bio Co., Ltd. ("**CtM Bio**") (樂普創一生物科技(上海)有限公司)	The PRC, limited liability company	Discovery of new drug candidates in the PRC	RMB30,000,000	70%	70%	30%	30%
Lepu Beijing (樂普(北京)生物科技有限公司)	The PRC, limited liability company	Operation of manufacturing site in Beijing, the PRC	RMB100,000,000	100%	100%	–	–
Innocube Limited	The British Virgin Islands, limited liability company	Investment holdings in the British Virgin Islands	USD50,000	100%	100%	–	–
Shanghai Lepu Biopharma Investment Co., Ltd. ("**Lepu Shanghai**") (上海樂普生物投資有限公司)	The PRC, limited liability company	Investment holdings in the Chinese mainland	RMB50,000,000	100%	100%	–	–
Lepu Hangjia (Shanghai) Venture Capital Co., Ltd. ("**Lepu Hangjia**") (樂普航嘉(上海)創業孵化器管理有限公司)	The PRC, limited liability company	Business incubator management in the Chinese mainland	RMB50,000,000	100%	100%	–	–
Innocube Biosciences Inc.	The United States, limited liability company	Platform for clinical development overseas in the United States	USD10,000	100%	100%	–	–
CtM Bio (Nanjing) Co., Ltd. (樂普創一生物科技(南京)有限公司)	The PRC, limited liability company	Discovery of new drug candidates in the Chinese mainland	RMB3,000,000	70%	70%	30%	30%
Innocube (Hongkong) Limited	The PRC, limited liability company	HongKong	–	100%	–	–	–

* Shanghai Miracogen was deregistered in February 2026 as merged into the Company.

38. RELATED PARTY TRANSACTIONS

The Group is controlled by the following entity:

			Ownership interests in the Company As at 31 December	
Name	**Type**	**Place of registration**	**2025**	2024
Ningbo Houde Yimin	Immediate parent entity	Ningbo, the PRC	**25.33%**	25.33%

The Company was ultimately controlled by Dr. Pu Zhongjie.

The directors are of the view that the following parties excluding subsidiaries and associates, are other related parties that had transactions or balances with the Group:

Name	**Relationship with the Group**
Beijing Pufeng Medical Management Co., Ltd. (北京普峰醫療管理有限公司)	A subsidiary of an entity of which the director is a close family member of Dr. Pu Zhongjie
Beijing Volt Technology Co., Ltd. (北京伏爾特技術有限公司)	A subsidiary of an entity of which the director is a close family member of Dr. Pu Zhongjie
Lepu Pharmaceuticals, Inc (樂普藥業股份有限公司)	Controlled by a shareholder which has significant influence over the Group
Beijing Lepu Pharmaceutical (北京樂普醫藥科技有限公司)	Controlled by a shareholder which has significant influence over the Group
Beijing Lejian Dongwai Clinic Co., Ltd. (北京樂健東外門診部有限公司)	Controlled by a shareholder which has significant influence over the Group
Lepu Ruikang (Beijing) Technology Co., Ltd. (樂普睿康(北京)科技有限公司)	Controlled by a shareholder which has significant influence over the Group
Beijing Lepu Hushengtang Network Technology Co., Ltd. (北京樂普護生堂網絡科技有限公司)	Controlled by a shareholder which has significant influence over the Group
Beijing Aipuyi Medical Testing Center Co. Ltd. (北京愛普益醫學檢驗中心有限公司)	Controlled by a shareholder which has significant influence over the Group
Beijing Lepu Medical Technology Co.. Ltd. (北京樂普診斷科技股份有限公司)	Controlled by a shareholder which has significant influence over the Group
Excalipoint Group *	Controlled by a member of key management personnel prior to his resignation from the Group at the end of September 2025
CG Oncology, Inc.	An entity of which the director is a close family member of Dr. Pu Zhongjie
KYM	An associate of the entity

* Excalipoint Group refers to Excalipoint Therapeutics Inc. ("Excalipoint Cayman") and its subsidiaries.

38. RELATED PARTY TRANSACTIONS (CONTINUED)

The following significant transactions were carried out between the Group and its related parties during the reporting period. In the opinion of the directors of the Company, the related party transactions were carried out in the normal course of business and at terms negotiated between the Group and the respective related parties.

38.1 Transactions with other related parties

(a) Purchase and sale of raw materials and various services

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Licensing income from related party (i)	**91,711**	–
Licensing income from an associate	**13,992**	20,987
CDMO services income from related parties	**9,599**	45,497
Assets disposal income from related party	**3,968**	–
Purchase of professional services from related party	**2,663**	6,138
Purchase of raw materials from related parties	**3,627**	1,378
Purchase of finished goods from related party	**1,311**	–

(i) Pursuant to the intellectual property assignment and license agreement and the share purchase agreement entered into between the Company and Excalipoint Group on 1 August 2025, and subject to the terms and conditions thereof, Excalipoint Group will obtain the exclusive rights to develop and commercialize the target products worldwide, in consideration for which the Company shall receive (I) an upfront payment in cash of USD10 million in aggregate, development and commercial milestone payments and sales royalties, and (II) ordinary shares to be issued by Excalipoint Cayman representing 10% of the enlarged issue capital of Excalipoint Cayman, through Innocube Limited (a wholly-owned subsidiary of the Company). As at 31 December 2025, the Company has received an upfront payment in cash of USD8 million and 425,403 ordinary shares of Excalipoint Cayman.

38. RELATED PARTY TRANSACTIONS (CONTINUED)

38.1 Transactions with other related parties (Continued)

(b) Rental services

	Type of Leased Asset	Rental expenses for short-term leases and leases of low-value assets treated in a simplified manner RMB'000	Rent Paid RMB'000
2025			
Beijing Pufeng Medical Management Co., Ltd.	**Production Facility**	**593**	**13,892**
2024			
Beijing Pufeng Medical Management Co., Ltd.	Production Facility	484	4,443

38.2 Balances with related parties

	As at 31 December	
	2025 RMB'000	**2024 RMB'000**
Balances due from related parties		
Prepayment to a related party	**–**	1,520
Other receivables from a related party	**1,390**	1,390
Trade receivables from a related party	**373**	5,180
Balances due to related parties		
Trade payables to related parties	**1,557**	–
Other payables and accruals to related parties	**5,515**	9,544
Lease liabilities to related party	**19,607**	33,013

As at 31 December 2025 and 2024, there was no non-trade nature balance with related parties. All balances with related parties were non-interest bearing and trade in nature, and their fair values approximated their carrying amounts due to their short maturities.

38. RELATED PARTY TRANSACTIONS (CONTINUED)

38.3 Key management compensation

Key management includes executive directors, supervisors and senior managements. The compensation paid or payable to key management personnel other than directors and supervisors disclosed in Note 39 is shown as below:

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Salaries, bonuses and other allowances	**3,599**	4,971
Pension costs – defined contribution plans	**125**	141
Other social security costs, housing benefits, and other employee benefits	**150**	165
Share-based payment expenses	**–**	3,444
Total	**3,874**	8,721

39. BENEFITS AND INTERESTS OF DIRECTORS AND SUPERVISORS

(a) Directors and supervisors

Details of the emoluments paid or payable to the directors and supervisors for the reporting period are set out as follows:

For the year ended 31 December 2025:

Name	Fees RMB'000	Salaries RMB'000	Bonuses and other allowances RMB'000	Share-based payments RMB'000	Defined contribution plans RMB'000	Total RMB'000
Directors:						
Dr. Pu Zhongjie	–	–	–	–	–	–
Dr. Sui Ziye	–	2,349	960	–	165	3,474
Ms. Pu Jue	–	–	–	–	–	–
Mr. Yang Hongbing **	–	–	–	–	–	–
Ms. Qin Yiran ***	–	–	–	–	–	–
	–	2,349	960	–	165	3,474
Independent non-executive directors:						
Mr. Zhou Demin	250	–	–	–	–	250
Mr. Yang Haifeng	250	–	–	–	–	250
Mr. Hua Fengmao	250	–	–	–	–	250
	750	–	–	–	–	750
Supervisors:						
Mr. Xu Yang	250	–	–	–	–	250
Mr. Yang Ming *	–	–	–	–	–	–
Ms. Zhao Lixuan	–	409	74	–	165	648
Total	250	409	74	–	165	898

* Yang Ming retired from his position as a supervisor on 31 October 2025.
** Yang Hongbing resigned from his position as a director on 27 June 2025.
*** Qin Yiran was appointed as a director on 27 June 2025.

39. BENEFITS AND INTERESTS OF DIRECTORS AND SUPERVISORS (CONTINUED)

(a) Directors and supervisors (Continued)

Details of the emoluments paid or payable to the directors and supervisors for the reporting period are set out as follows: (continued)

For the year ended 31 December 2024:

Name	Fees RMB'000	Salaries RMB'000	Bonuses and other allowances RMB'000	Share-based payments RMB'000	Defined contribution plans RMB'000	Total RMB'000
Directors:						
Dr. Pu Zhongjie	–	–	–	–	–	–
Dr. Sui Ziye	–	1,702	607	2,237	161	4,707
Dr. Hu Chaohong *	–	1,861	–	(3,388)	–	(1,527)
Ms. Pu Jue	–	–	–	–	–	–
Mr. Yang Hongbing	–	–	–	–	–	–
Mr. Lin Xianghong **	–	–	–	–	–	–
	–	3,563	607	(1,151)	161	3,180
Independent non-executive directors:						
Mr. Zhou Demin	250	–	–	–	–	250
Mr. Yang Haifeng	250	–	–	–	–	250
Mr. Hua Fengmao	250	–	–	–	–	250
	750	–	–	–	–	750
Supervisors:						
Mr. Xu Yang	250	–	–	–	–	250
Mr. Yang Ming	–	–	–	–	–	–
Mr. Wang Jiwei ***	–	9	–	–	4	13
Ms. Zhao Lixuan ****	–	409	82	–	161	652
Total	250	418	82	–	165	915

* Hu Chaohong retired from 31 January 2024.
** Lin Xianghong retired from 31 January 2024.
*** Wang Jiwei retired from 31 January 2024.
**** Zhao Lixuan was appointed as a supervisor on 31 January 2024.

39. BENEFITS AND INTERESTS OF DIRECTORS AND SUPERVISORS (CONTINUED)

(a) Directors and supervisors (Continued)

No directors or supervisors waived or agreed to waive any emoluments during the reporting period. No emoluments were paid to directors or supervisors as an inducement to join or upon joining the Group or as compensation for loss of office during the reporting period.

(b) Directors and supervisors' retirement benefits

None of the directors or supervisors received any retirement benefits during the reporting period.

(c) Directors and supervisors' termination benefits

None of the directors or supervisors received any termination benefits during the reporting period.

(d) Information about loans, quasi-loans and other dealings in favour of directors, supervisors and bodies corporate controlled by or entities connected with directors

Other than as disclosed in Note 38, there were no loans, quasi-loans and other dealings in favour of directors, supervisors or bodies corporate controlled by and entities connected with such directors or supervisors during the reporting period.

(e) Directors and supervisors' material interests in transactions, arrangements or contracts

Other than as disclosed in Note 38, there were no other significant transactions, arrangements and contracts in relation to the Group's business to which the Group was a party and in which a director or supervisor of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the reporting period.

40. DIVIDEND

No dividend has been paid or declared by the Company or companies comprising the Group during the years ended 31 December 2025 and 2024.

41. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

Balance sheet of the Company

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Assets		
Non-current assets		
Property, plant and equipment	**830,071**	814,645
Right-of-use assets	**86,083**	92,527
Intangible assets	**44,736**	24,059
Investments in subsidiaries	**2,022,376**	2,022,376
Investments accounted for using the equity method	**–**	113,432
Financial assets at FVTOCI	**396,677**	–
Other receivables, prepayments and deposits	**20,943**	22,600
Total non-current assets	**3,400,886**	3,089,639
Current assets		
Inventories	**37,113**	5,011
Trade receivables	**68,298**	51,526
Other receivables, prepayments and deposits	**1,701,902**	2,039,738
Financial assets at FVTPL	**63,628**	63,628
Cash and cash equivalents	**694,632**	336,110
Total current assets	**2,565,573**	2,496,013
Total assets	**5,966,459**	5,585,652

41. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (CONTINUED)

Balance sheet of the Company (Continued)

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Equity		
Share capital	**1,804,440**	1,710,615
Reserves	**3,098,831**	2,770,213
Accumulated losses	**(585,411)**	(635,244)
Total equity	**4,317,860**	3,845,584
Liabilities		
Non-current liabilities		
Borrowings	**275,551**	255,940
Deferred government grants	**15,260**	15,620
Financial liabilities at FVTPL	**243,923**	232,267
Total non-current liabilities	**534,734**	503,827
Current liabilities		
Borrowings	**756,320**	538,411
Trade payables	**183,191**	444,907
Other payables and accruals	**173,940**	252,018
Contract liabilities	**414**	905
Total current liabilities	**1,113,865**	1,236,241
Total liabilities	**1,648,599**	1,740,068
Total equity and liabilities	**5,966,459**	5,585,652

Executives Director: **Dr. Pu Zhongjie**

Executives Director: **Dr. Sui Ziye**

41. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (CONTINUED)

Reserve movement of the Company

	Share premium RMB'000	Capital reserves RMB'000	Share-based payment reserves RMB'000	Other reserves RMB'000	Total RMB'000
Balance at 1 January 2024	2,419,845	–	167,666	16,652	2,604,163
Issuance of shares	157,821	–	–	–	157,821
Share-based payments (Note 27)	–	–	4,402	–	4,402
Share of other comprehensive income of associates	–	–	–	901	901
Share of reserves of associates	–	–	–	2,926	2,926
Balance at 31 December 2024	2,577,666	–	172,068	20,479	2,770,213
Balance at 1 January 2025	**2,577,666**	**–**	**172,068**	**20,479**	**2,770,213**
Issuance of shares	**326,523**	**–**	**–**	**–**	**326,523**
Change in fair value of equity investments at fair value through other comprehensive income	**–**	**–**	**–**	**5,921**	**5,921**
Share of other comprehensive loss of an associate	**–**	**–**	**–**	**(1,652)**	**(1,652)**
Share of reserves of an associate	**–**	**–**	**–**	**779**	**779**
Impact of loss of significant influence over an associate	**–**	**–**	**–**	**(2,953)**	**(2,953)**
Balance at 31 December 2025	**2,904,189**	**–**	**172,068**	**22,574**	**3,098,831**

42. EVENTS OCCURRING AFTER THE REPORTING PERIOD

There is no significant event occurred after the balance sheet date which has material impact on the consolidated financial statements of the Group.

43. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES

This note provides a list of other potentially material accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all years presented, unless otherwise stated. The financial statements are for the Group.

43.1 Principles of consolidation and equity accounting

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group except for business combination under common control.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries are adjusted, where necessary, to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in profit or loss, statement of changes in equity and the balance sheet.

(b) 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.

43. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

43.1 Principles of consolidation and equity accounting (Continued)

(c) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The accounting policies of equity-accounted investees are adjusted, where necessary, to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 43.8.

(d) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment to the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Company.

Contingent consideration is initially measured at fair value and classified either as equity or a financial liability. Amounts classified as financial liabilities are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

43. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

43.2 Business combinations

Non-common control business combinations

The Group applies the acquisition method to account for business combination, except for business combinations under common control. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred;
- liabilities incurred to the former owners of the acquired business;
- equity interests issued by the Group;
- fair value of any asset or liability resulting from a contingent consideration arrangement; and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity.

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

43. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

43.2 Business combinations (Continued)

Non-common control business combinations (continued)

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

43.3 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

43.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the CODM. The CODM, responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the Group that make strategic decisions.

43.5 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). Since the operations of the Group are located in the PRC, the consolidated financial statements are presented in RMB, which is the Company's primary functional and presentation currency.

43. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

43.5 Foreign currency translation (Continued)

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation. Foreign exchange gains and losses are presented in profit or loss, within finance costs.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at financial assets at FVTPL are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as fair value through other comprehensive income ("**FVTOCI**") are recognised in other comprehensive income ("**OCI**").

(c) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each statement of profit or loss and statement of comprehensive loss are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

43. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

43.6 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical costs include expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the profit or loss.

Construction-in-progress (the "**CIP**") represents equipment and decorations under construction, and is stated at costs less accumulated impairment losses, if any. Costs include the costs of construction and acquisition and capitalised borrowing costs. No provision for depreciation is made on CIP until such time as the relevant assets are completed and ready for intended use. When the assets concerned are available for use, the costs are transferred to leasehold improvements as well as equipment and instruments and depreciated in accordance with the policy as stated above.

43.7 Intangible assets

(a) Goodwill

Goodwill is measured as described in Note 43.2. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment at balance sheet date, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes.

43. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

43.7 Intangible assets (Continued)

(b) Intellectual properties

Separately acquired intellectual properties are shown at historical cost. Intellectual properties acquired in a business combination are recognised at fair value at the acquisition date. Intellectual properties have a finite useful life and are amortised using the straight-line method over their estimated useful lives of 11 to 23 years, which are determined based on the shorter of authorised useful lives and the management's estimation of the period of returns on the intellectual properties. Intellectual properties are subsequently carried at cost less accumulated amortisation and impairment losses.

The Group might acquire intellectual properties for an initial payment plus contractually agreed additional payments contingent on future events and outcomes occurred. Based on the costs accumulation model chosen by the Group, intellectual properties are recognised at acquisition at the cost paid, and variable payments are not included in the carrying amount of the asset at acquisition. Subsequently, the Group capitalises the variable payments as part of the costs of the asset when paid, on the basis that these payments represent the direct costs of acquisition.

(c) Research and development

Research expenditure and development expenditure that do not meet the criteria for capitalisation as set out in Note 17(b) above are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

43.8 Impairment of non-financial assets

Capitalised product development costs and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

43. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

43.9 Investments and other financial assets

(a) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVTOCI.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

43. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

43.9 Investments and other financial assets (Continued)

(c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

(i) Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in "other gains/(losses), net" together with foreign exchange gains and losses.

- FVTOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in "other gains/(losses), net". Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in "other gains/(losses), net".

- FVTPL: Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within "other gains/(losses), net" in the period in which it arises.

During the reporting period, no amount is recognised in respect of financial assets at fair value through other comprehensive income.

43. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

43.9 Investments and other financial assets (Continued)

(c) Measurement (continued)

(ii) Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in "other gains/(losses), net" in profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value.

(d) Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For other receivables, prepayments and deposits, at each reporting date, the Group shall assess whether the credit risk on a financial instrument has increased significantly since initial recognition.

The measurement of expected credit losses reflects: An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes; the time value of money; and reasonable and supportable information that is available without undue costs or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

43. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

43.10 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where the Group currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

43.11 Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the amount determined in accordance with the expected credit loss model under IFRS 9 *Financial Instruments*.

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where guarantees in relation to loans or other payables of associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

43.12 Inventories

Inventories including finished goods, raw materials and consumable materials are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

43.13 Trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade and other receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less allowance for impairment.

43. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

43.14 Prepayments

Prepayments of the Group represent upfront cash payments made to contract research organisations ("**CROs**"), contract manufacture organisations ("**CMOs**"), contract development and manufacturing organisations ("**CDMOs**"), hospitals and suppliers of equipment.

Prepayments to CROs, CMOs, CDMOs and hospitals, which are organisations that provide support, such as chemistry, manufacturing, and controls processes in the development, licensure, manufacturing, and ongoing marketing of pharmaceutical products ("**CMC**"), to the pharmaceutical, biotechnology and medical device industries in the form of research services outsourced on a contract basis, will be subsequently recorded as research and development expenses in accordance with the applicable performance requirements within one year or less and therefore are all classified as current assets.

Prepayments for purchasing of equipment which are due for transfer to property, plant and equipment and therefore are classified as non-current assets.

43.15 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

43.16 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

43.17 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

43. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

43.18 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

43.19 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Other borrowing costs are expensed in the period in which they are incurred.

43. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

43.20 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

43. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

43.21 Employee benefits

(a) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(b) Post-employment obligations

Employees of the Group are covered by defined contribution pension plans under which the employees are entitled to a monthly pension based on certain formulas. The relevant government agencies are responsible for the pension liability to these employees when they retire. The Group contributes on a monthly basis to these pension plans for the employees which are determined at a certain percentage of their salaries. Under these plans, the Group has no obligation for post-retirement benefits beyond the contribution made. Contributions to these plans are expensed as incurred and contributions paid to the defined contribution pension plans for a staff are not available to reduce the Group's future obligations to such defined contribution pension plans even if the staff leaves the Group.

(c) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (i) when the Group can no longer withdraw the offer of those benefits; and (ii) when the entity recognises costs for a restructuring and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

(d) Housing funds

The PRC employees of the Group are also entitled to participate in various government-sponsored housing funds. The Group contributes on a monthly basis to those funds based on a certain percentage of the employee's salaries. The Group's liabilities in respect of these funds are limited to the contributions payable in each period and the Group has no further obligation beyond the contributions made. The non-PRC employees are not covered by the housing funds.

43. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

43.22 Share-based payments

The fair value of awarded shares granted to employees under the Employee Share Ownership Plan (the "**ESOP**") less amount paid by employees is recognised as an employee benefits expense over the relevant service period, being the vesting period of the shares, and the credit is recognised in the share-based payment reserves in equity. The fair value of the shares is measured at the grant date. The number of shares expected to vest is estimated based on the non-market vesting conditions. The estimates are revised at the end of each reporting period and adjustments are recognised in profit or loss and the share-based payment reserves. Where shares are forfeited due to a failure by the employee to satisfy the service conditions, any expenses previously recognised in relation to such shares are reversed effective at the date of the forfeiture.

43.23 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Note 7 provides further information on how the Group accounts for government grants.

43.24 Interest income

Interest income from financial assets at FVTPL is included in the net fair value gains on these assets.

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes.

43. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

43.25 Earnings per share

To calculate earnings per share, the weighted average number of ordinary shares in issue before the conversion into a joint stock company was determined assuming the paid-in capital had been fully converted into share capital at the same conversion ratio of 1:1 as upon conversion into joint stock company.

(a) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to the owners of the Company, excluding any costs of servicing equity other than ordinary shares, and
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(b) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

43.26 Dividend income

Dividends are received from financial assets measured at fair value through profit or loss (FVTPL) and at fair value through other comprehensive income (FVTOCI). Dividends are recognised as other income in profit or loss when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits, unless the dividend clearly represents a recovery of part of the cost of an investment. In this case, the dividend is recognised in OCI if it relates to an investment measured at FVTOCI. However, the investment may need to be tested for impairment as a consequence.

43. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

43.27 Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

43. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

43.27 Leases (Continued)

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Right-of-use assets are subject to impairment.

Payments associated with short-term leases of equipment and vehicles and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months. Low-value assets comprise IT equipment and small items of office furniture.

43.28 Financial liabilities at FVTPL

Financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. At initial recognition, the Group measures a financial liability at its fair value plus or minus, in the case of a financial liability not at FVTPL, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial liability, such as fees and commissions. Transaction costs of financial liabilities carried at FVTPL are expensed in profit and loss.

Financial liabilities at FVTPL includes derivatives and financial liabilities designated as FVTPL. The Group shall present a gain or loss on those financial liabilities designated as at FVTPL as follows: the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability shall be presented in other comprehensive income, and the remaining amount of change in the fair value of the liability shall be presented in profit or loss unless the treatment of the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch in profit or loss.

The financial liability is derecognised when the obligation under the liability is discharged 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.

43. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

43.29 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; (If the Group is itself such a plan) and the sponsoring employers of the post-employment benefit plan;

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

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

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

43.30 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).

FINANCIAL SUMMARY

	December 31,2025 RMB'000	December 31,2024 RMB'000	December 31,2023 RMB'000	December 31,2022 RMB'000	December 31,2021 RMB'000
Total assets	**3,099,684**	2,280,685	2,384,306	2,529,172	2,082,061
Total liabilities	**1,736,880**	1,598,882	1,495,606	1,628,410	1,234,978
Total equity	**1,362,804**	681,803	888,700	900,762	847,083
Revenue	**934,869**	367,794	225,352	15,572	–
Cost of sales	**(89,591)**	(74,824)	(28,277)	(2,005)	–
Gross profit	**845,278**	292,970	197,075	13,567	–
Other income	**7,196**	8,499	7,251	11,284	10,572
Other expenses	**(375)**	(69)	(3)	(729)	(1,074)
Selling and marketing expenses	**(240,332)**	(145,951)	(43,296)	(1,749)	–
Administrative expenses	**(114,129)**	(91,943)	(86,657)	(138,830)	(156,237)
Research and development expenses	**(400,708)**	(437,697)	(458,073)	(524,285)	(791,210)
Fair value changes on financial instruments at fair value through profit or loss	**(31,249)**	5,077	174,976	(62,816)	(76,285)
Other gains/(losses), net	**219,449**	(21,651)	213,523	(924)	4,598
Operating profit/(loss)	**285,130**	(390,765)	4,796	(704,482)	(1,009,636)
Finance (costs)/income, net	**(16,981)**	(16,989)	(7,756)	37,272	(1,538)
Share of loss of investments accounted for using the equity method	**(7,513)**	(16,439)	(27,341)	(32,231)	(17,695)
Profit/(loss) before income tax	**260,636**	(424,193)	(30,301)	(699,441)	(1,028,869)

"2024 Placing"	the placing of 51,170,000 H Shares of the Company at the price of HK$4.58 per H Share under a general mandate approved at the 2022 annual general meeting, completed on May 24, 2024
"2025 Placing"	the placing of 93,825,000 new H Shares of the Company at the price of HK$5.02 per H Share under a general mandate approved at the 2024 annual general meeting, completed on July 11, 2025
"AACR"	American Association for Cancer Research
"actual controller"	the individual or entity that can control a company by way of investment
"ADC"	antibody drug conjugate, a class of biopharmaceutical drugs that combine monoclonal antibodies specific to surface antigens present on particular tumor cells with highly potent antitumor small molecule agents linked via a chemical linker
"Adoption Date"	December 18, 2025, being the date on which the RSU Scheme is approved and adopted by the Shareholders at a general meeting of the Company
"AGM"	the annual general meeting of the Company for the year ended December 31, 2025 to be convened and held on May 19, 2026
"ArriVent"	ArriVent BioPharma, Inc., a clinical-stage biopharmaceutical company listed on the Nasdaq Global Market (ticker symbol: AVBP) which, to the best knowledge and belief of the Company, is independent of and not connected with the Company and its connected persons (as defined under the Listing Rules)
"Articles"	the articles of association of the Company, as amended, modified or supplemented from time to time
"ASCO"	American Society of Clinical Oncology
"ASH"	American Society of Hematology
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"AstraZeneca"	AstraZeneca AB, a global pharmaceutical company which, to the best knowledge and belief of the Company, is independent of and not connected with the Company and its connected persons (as defined under the Listing Rules)

"Audit Committee"	the audit committee of the Board
"Authorised Representative(s)"	the authorized representative(s) of the Company
"B cell"	a type of white blood cell that differs from other types of lymphocytes by expressing B cell receptors on its surface, and responsible for producing antibodies
"Bacillus Calmette-Guerin" or "BCG"	a type of bacteria that causes a reaction in a patient's immune system that can destroy cancer cells located in the lining of the bladder. It is also widely used as a vaccine against tuberculosis
"BC"	breast cancer
"BD"	business development
"Beijing Houde Yimin"	Beijing Houde Yimin Investment Management Co., Ltd.(北京厚德義民投資管理有限公司), a limited liability company incorporated in the PRC on August 17, 2009
"Board Committee(s)"	the board committees of our Company, namely the Audit Committee, the Remuneration and Appraisal Committee, the Nomination Committee and the Strategy Committee
"Board of Directors" or "Board"	the board of Directors of the Company
"BTD"	Breakthrough Therapy Designation
"BTK"	Bruton's tyrosine kinase
"CC"	cervical cancer
"CD20"	a B-lymphocyte antigen that is expressed on the surface of B cells, starting at the pre-B cell stage and also on mature B cells in the bone marrow and in the periphery
"CDE"	藥品審評中心(the Center for Drug Evaluation* of the NMPA)

"CDMO"	contract development and manufacturing organization, a pharmaceutical company that develops and manufactures drugs for other pharmaceutical companies on a contractual basis
"CDX"	Cell derived xenograft
"CG Code"	the Corporate Governance Code contained in Appendix C1 to the Listing Rules
"CG Oncology"	CG Oncology, Inc. (previously known as Cold Genesys, Inc.), a clinical-stage immuno-oncology company headquartered in the U.S., of which Lepu Medical holds approximately 7.73% equity interest through Lepu Holdings Limited, a company wholly owned by Lepu Medical, and Ms. Pu Jue(蒲珏)serves as a director
"chemotherapy"	a category of cancer treatment that uses one or more anti-cancer small molecule chemical agents as part of its standardized regimen
"China", "Mainland China" or "PRC"	the People's Republic of China excluding, for the purpose of this annual report, Hong Kong, Macau Special Administrative Region and Taiwan
"CLDN18.2"	Claudin 18.2, a highly specific tissue junction protein for gastric tissue
"CMC"	chemistry, manufacturing, and controls processes in the development, licensure, manufacturing, and ongoing marketing of pharmaceutical products
"combination therapy"	a treatment modality that combines two or more therapeutic agents
"Company" or "our Company" or "Lepu Biopharma"	Lepu Biopharma Co., Ltd.(樂普生物科技股份有限公司), a joint stock company incorporated in the PRC with limited liability, the H Shares of which are listed on the Stock Exchange (Stock code: 2157)
"Company Law" or "PRC Company Law"	the Company Law of the PRC《(中華人民共和國公司法》), enacted by the Standing Committee of the Eighth National People's Congress on December 29, 1993 and effective on July 1, 1994, and subsequently amended on December 25, 1999, August 28, 2004, October 27, 2005, December 28, 2013 and October 26, 2018, as amended, supplemented or otherwise modified from time to time
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Compliance Adviser"	has the meaning ascribed to it under the Listing Rules

"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Controlling Shareholder"	has the meaning ascribed under the Listing Rules and unless the context otherwise requires, refers to Dr. Pu Zhongjie
"Core Product(s)"	has the meaning ascribed to it in Chapter 18A of the Listing Rules; for purposes of this report, our core products include MEIYOUHENG (Becotatug Vedotin Injection), MRG002 and PUYOUHENG (Pucotenlimab Injection)
"CR"	complete response, the disappearance of all signs of cancer in response to treatment
"CSCO"	Chinese Society of Clinical Oncology
"CSGO"	Chinese Society of Gynecological Oncology
"CSRC"	China Securities Regulatory Commission(中國證券監督管理委員會)
"CtM Bio"	CtM Bio Co., Ltd.(樂普創一生物科技(上海)有限公司), a limited liability company incorporated in the PRC on March 26, 2020, and our non-wholly owned subsidiary
"Date of Grant"	the date on which the Board resolves to make an Offer of that Share Award to the Participant, which date must be a business day
"Director(s)"	the director(s) of the Company
"DLBCL"	diffuse large B cell lymphoma
"EGFR"	epidermal growth factor receptor
"EGM"	extraordinary general meeting of the Company
"Employee Participant(s)"	any director (including executive directors, non executive directors but not independent non-executive directors) and employee (whether full-time or part-time) of the Company or any of its subsidiaries (including any persons who are granted Share Awards under the Scheme as an inducement to enter into employment contracts with these companies), in each case provided that the Board considers, in its sole discretion, have contributed or will contribute to the Group

"ESMO"	European Society for Medical Oncology
"Excalipoint"	Excalipoint Cayman and Excalipoint Biotechnology (Shanghai) Co., Limited (艾科聯生物科技(上海)有限公司), an indirect wholly-owned subsidiary of Excalipoint Cayman
"Excalipoint Cayman"	Excalipoint Therapeutics Inc., a company incorporated in the Cayman Islands
"FDA"	Food and Drug Administration of the United States
"FIC"	first-in-class
"first-line" or "1L"	with respect to any disease, the first line therapy, which is the treatment regimen or regimens that are generally accepted by the medical establishment for initial treatment. It is also called primary treatment or therapy
"FISH"	fluorescence in situ hybridization, a test that maps the genetic material in human cells, including specific genes or portions of genes
"FPI"	first-patient-in
"FTD"	Fast Track Designation
"GC"	gastric cancer
"GEJ"	gastroesophageal junction
"GI cancer"	gastrointestinal cancer
"Global Offering"	the offer of the H Shares for subscription as described in the Prospectus
"GLP-1"	glucagon-like peptide-1
"GMP"	a system for ensuring that products are consistently produced and controlled according to quality standards, which is designed to minimize the risks involved in any pharmaceutical production that cannot be eliminated through testing the final product. It is also the practice required in order to conform to the guidelines recommended by agencies that control the authorization and licensing of the manufacture and sale of pharmaceutical products
"GPC-3"	Glypican-3

"Grantee"	any Employee Participant who accepts an Offer in accordance with the terms of the Scheme, or (where the context so permits) any person who is entitled in accordance with applicable laws of succession to any such Share Award in consequence of the death of the original Grantee, or the legal personal representative of such person
"Group", "we", "us" or "our"	the Company and its subsidiaries
"HanX"	Hangzhou HanX Biomedical Co., Ltd.(杭州翰思生物醫藥有限公司), a limited liability company incorporated in the PRC on August 3, 2016, which is a biopharmaceutical company principally engaged in biological products, biotechnology, medical technology development and consulting, and held by Mr. Zhang Faming, the former director of Miracogen Shanghai as to 53.75% and four Independent Third Parties as to 46.25% in aggregate with each Independent Third Party holding no more than 20% of the equity interest of HanX
"HealSun Biopharma"	Hangzhou HealSun Biopharma Co., Ltd.(杭州皓陽生物技術有限公司), a limited liability company incorporated in the PRC
"HER2"	human epidermal growth factor receptor 2
"HER2-expressing"	HER2 status of tumor cells identified with a test score of IHC 1+ or above
"HER2 over-expressing" or "HER2-positive"	HER2 status of tumor cells identified with a test score of either IHC 3+ or (IHC 2+ plus FISH (or ISH)+)
"HG-EFS"	High-Grade Event-Free Survival
"HK$" or "Hong Kong dollars"	Hong Kong dollars, the lawful currency of Hong Kong
"HNSCC"	head and neck squamous cell carcinoma
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"H Share(s)"	overseas listed foreign invested ordinary share(s) in the ordinary share capital of the Company, with a nominal value of RMB1.00 each, listed on the Main Board of the Stock Exchange
"H Share Registrar"	Computershare Hong Kong Investor Services Limited

"IFRS"	International Financial Reporting Standards, which include standards, amendments and interpretations issued by the International Accounting Standards Board
"IgG"	human immunoglobulin G, the most common antibody type found in blood circulation that plays an important role in antibody-based immunity against invading pathogens
"IgG4"	immunoglobulin G subclass 4
"IHC"	immunohistochemistry, the most common application of immunostaining. It involves the process of selectively identifying antigens in cells of a tissue section by exploiting the principle of antibodies binding specifically to antigens in biological tissues
"IND"	investigational new drug or investigational new drug application, also known as clinical trial application in China or the U.S.
"Independent Shareholder(s)"	the Shareholders other than Lepu Medical and Ningbo Houde Yimin
"Independent Third Party(ies)"	person(s) or company(ies) and their respective ultimate beneficial owner(s), who/which, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, is/are not a connected person of the Company within the meaning ascribed thereto under the Listing Rules
"Intellectual Property Assignment and License Agreement"	the framework agreement in respect of the transfer or grant certain rights and interests over the Target Products to, among other things, allow Excalipoint to conduct R&D, register, manufacture, and commercialize the Target Products. entered into between the Company and Excalipoint on August 1, 2025
"IO"	immuno-oncology
"I-Mab Shanghai"	I-Mab Biopharma Co., Ltd.(天境生物科技(上海)有限公司), a limited liability company incorporated in the PRC on August 24, 2016, as the case may be, its affiliated entities
"Keymed"	Keymed Bioscience (Chengdu) Co., Ltd.(康諾亞生物醫藥科技(成都)有限公司), a limited liability company incorporated in the PRC on September 1, 2016, which is a third-party biotechnology company focusing on the inhouse discovery and development of innovative biological therapies in the autoimmune and oncology therapeutic areas

"KOL"	key opinion leader, who are professionals that influence their peers' medical practice, including but not limited to prescribing behavior
"KYM"	KYM Biosciences Inc., a Delaware corporation and a joint venture formed in the U.S. by Keymed and our Group
"LA"	locally advanced
"LBA"	Late-Breaking Abstracts
"Latest Practicable Date"	April 21, 2026, being the latest practicable date prior to the printing of this annual report for the purpose of ascertaining certain information contained in this annual report
"Lepu Beijing"	Lepu (Beijing) Biopharma Co., Ltd.(樂普(北京)生物科技有限公司), a limited liability company incorporated in the PRC on July 30, 2018, and a wholly owned subsidiary of the Company
"Lepu Medical"	Lepu Medical Technology (Beijing) Co., Ltd.(樂普(北京)醫療器械股份有限公司), a joint stock company incorporated in the PRC on June 11, 1999 and listed on the Shenzhen Stock Exchange (stock code: 300003), and the promoter of the Company
"Listing"	the listing of the H Shares of the Company on the Main Board of the Stock Exchange
"Listing Date"	February 23, 2022
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"M1c"	a classification that indicates distant metastasis in multiple organs
"mAb"	monoclonal antibody, an antibody generated by identical cells that are all clones of the same parent cell
"Macau"	the Macau Special Administrative Region of the PRC
"Main Board"	the Main Board of the Stock Exchange

"mDoR"	median duration of response
"metastatic"	in reference to any disease, including cancer, disease producing organisms or of malignant or cancerous cells transferred to other parts of the body by way of the blood or lymphatic vessels or membranous surfaces
"Miracogen HK"	Miracogen Limited, a limited liability company established under the laws of Hong Kong and a special purpose investment vehicle wholly-owned by Miracogen Inc., which in turn is a company wholly-owned by Dr. Hu Chaohong, our executive Director and co-chief executive officer of our Company during the Reporting Period
"Miracogen Shanghai"	Shanghai Miracogen Inc.(上海美雅珂生物技術有限責任公司), a limited liability company incorporated in the PRC on January 27, 2014, and a wholly owned subsidiary of the Company
"MMAE"	monomethyl auristatin E, a potent tubulin binder with a half maximal inhibitory concentration (IC50) in the subnanomolar range
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
"mOS"	median overall survival
"mPFS"	median progression free survival
"MRCT"	multi-regional clinical trial
"MSI-H/dMMR"	high levels of microsatellite instability/deficient mismatch repair
"NDA"	new drug application
"NHL"	non-Hodgkin's lymphoma
"Ningbo Houde Yimin"	Ningbo Houde Yimin Information Technology Co., Ltd.(寧波厚德義民信息科技有限公司), a limited liability company incorporated in the PRC on March 29, 2017, and the promoter of the Company
"NK Cell"	natural killer cell, a kind of cells that play important roles in immunity against viruses and in the immune surveillance of tumors

"NMIBC"	non-muscle invasive bladder cancer
"NMPA"	the National Medical Products Administration of the PRC (國家藥品監督管理局)
"Nomination Committee"	the nomination committee of the Board
"NPC"	nasopharyngeal cancer
"ODD"	Orphan-drug Designation
"Offer"	the offer of the grant of a Share Award made in accordance with the Scheme
"ORR"	overall response rate
"OS"	overall survival
"PC"	pancreatic cancer
"PD-1"	programmed cell death protein 1, an immune checkpoint receptor expressed on T cells, B cells and macrophages
"PDAC"	pancreatic ductal adenocarcinoma
"PD-L1"	PD-1 ligand 1, which is a protein on the surface of a normal cell or a cancer cell that binds to its receptor, PD-1, on the surface of the T cell that causes the T cell to turn off its ability to kill the cancer cell
"PD-L2"	PD-1 ligand 2, which is a protein on the surface of a normal cell or a cancer cell that attaches to certain proteins on the surface of the T cell that causes the T cell to turn off its ability to kill the cancer cell
"PDX"	patient derived xenografts, models of cancer where the tissue or cells from a patient's tumor are implanted into an immunodeficient mouse
"PFS"	progression-free-survival
"Pgp"	a drug transporter which plays important roles in multidrug resistance and drug pharmacokinetics

"Phase I clinical trial(s)" or "Phase I clinical study(ies)"	study in which a drug is introduced into healthy human subjects or patients with the target disease or condition and tested for safety, dosage tolerance, absorption, metabolism, distribution, excretion, and if possible, to gain an early indication of its effectiveness
"Phase II clinical trial(s)" or "Phase II clinical study(ies)"	study in which a drug is administered to a limited patient population to identify possible adverse effects and safety risks, to preliminarily evaluate the efficacy of the product for specific targeted diseases, and to determine dosage tolerance and optimal dosage
"Phase III clinical trial(s)" or "Phase III clinical study(ies)"	study in which a drug is administered to an expanded patient population generally at geographically dispersed clinical trial sites, in well-controlled clinical trials to generate enough data to statistically evaluate the efficacy and safety of the product for approval, to provide adequate information for the labelling of the product
"placebo"	any dummy medical treatment administered to the control group in a controlled clinical trial in order that the specific and non-specific effects of the experimental treatment can be distinguished
"PRC Legal Adviser"	Zhong Lun Law Firm, our legal adviser as to the laws of the PRC
"pre-clinical studies"	studies or programs testing a drug on non-human subjects, to gather efficacy, toxicity, pharmacokinetic and safety information and to decide whether the drug is ready for clinical trials
"Prospectus"	the prospectus issued by the Company dated February 10, 2022
"registrational trial"	a clinical trial or study intended to provide evidence for a drug marketing approval
"Remuneration and Appraisal Committee"	the remuneration and appraisal committee of the Board
"Reporting Period"	the year ended December 31, 2025
"Restricted Share Unit Scheme" or "RSU Scheme"	the restricted share unit scheme adopted by the Company in accordance with the RSU Scheme Rules
"RMB"	Renminbi, the lawful currency of the PRC

"R/M"	recurrent/metastatic
"R/R"	relapsed/refractory
"RSU Scheme Rules"	the rules relating to the RSU Scheme as amended from time to time
"R&D"	research and development
"Scheme Mandate Limit"	has the meaning given to that term in the Scheme
"second-line" or "2L"	with respect to any disease, the therapy or therapies that are tried when the first-line treatments do not work adequately
"SFO"	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
"Shanghai Lvyuan"	Lvyuan (Shanghai) Technology Co., Ltd.(律元(上海)科技有限公司), a limited liability company incorporated in the PRC on April 11, 2019, and the promoter of our Company
"Shanghai Stock Exchange"	the Shanghai Stock Exchange(上海證券交易所)
"Shareholder(s)"	holder(s) of the Shares
"Share(s)"	shares in the share capital of the Company, with a nominal value of RMB1.00 each, comprising H Shares
"Share Award(s)"	an award of H Shares granted pursuant to the RSU Scheme
"Shenzhen Stock Exchange"	the Shenzhen Stock Exchange(深圳證券交易所)
"solid tumors"	an abnormal mass of tissue that usually does not contain cysts or liquid areas. Solid tumors may be benign (not cancer), or malignant (cancer). Different types of solid tumors are named for the type of cells that form them
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Strategy Committee"	the strategy committee of the Company
"subsidiaries"	has the meaning ascribed to it in section 15 of the Companies Ordinance
"substantial shareholder(s)"	has the meaning ascribed to it under the Listing Rules

"Supervisor(s)"	supervisor(s) of the Company
"Supervisory Committee"	the supervisory committee of the Company
"Taizhou Aoke"	Taizhou Houde Aoke Technology Co., Ltd. (泰州厚德奥科科技有限公司), a limited liability company incorporated in the PRC on March 23, 2018, and a non-wholly owned subsidiary of the Company
"Taizhou Hanzhong"	Taizhou Hanzhong Biotechnology Co., Ltd.
"Target Products"	the pharmaceutical preparation or products under the Intellectual Property Assignment and License Agreement: (1) CTM012 and its candidate molecules, together with other antibody products with the same target as CTM012 and any optimized, modified, improved, altered, substituted or derivative products of the aforementioned in the form of a T-cell engager; (2) CTM013 and its candidate molecules, together with other antibody products with the same target as CTM013 and any optimized, modified, improved, altered, substituted or derivative products of the aforementioned in the form of a T-cell engager; and (3) all T cell engager products developed by Excalipoint (independently or through third parties) based on the transferred patents and/or the licensed patents, including any subsequent, optimized, modified, improved, altered, substituted or derivative T cell engager products, but does not include any ADC product candidates and the follow on pipelines optimized, modified, improved, altered, substituted or derived from any of such ADC product candidates as defined under the Intellectual Property Assignment and License Agreement.
"T cell"	a lymphocyte of a type produced or processed by the thymus gland and actively participating in the immune response, which plays a central role in cell-mediated immunity. T cells can be distinguished from other lymphocytes, such as B cells and NK cells, by the presence of a T cell receptor on the cell surface
"Ta/T1 Disease"	non-muscle-invasive bladder cancer that has not progressed to muscle-invasive disease
"TCE assets"	CTM012 and CTM013

"TCR"	a protein complex found on the surface of T cells that is responsible for recognizing fragments of antigen as peptides bound to major histocompatibility complex molecules
"tissue factor" or "TF"	a protein encoded by the F3 gene, present in subendothelial tissue and leukocytes. Many cancer cells express high level of TF
"TNBC"	triple-negative breast cancer
"topoisomerase I inhibitor"	a chemical compound that blocks the action of type I topoisomerases
"Trust"	the trust constituted or to be constituted by the Trust Deed
"Trust Deed"	a trust deed entered or to be entered into between the Company and the Trustee (as restated, supplemented and amended from time to time) in respect of the Scheme
"Trustee(s)"	the trustee or trustee(s) (which is/are independent of and not connected with the Company) appointed or to be appointed by the Company for the administration of the Scheme or any additional or replacement trustee(s)
"Treasury Shares"	has the meaning ascribed to it under the Listing Rules
"UC"	urothelial cancer
"United States" or "the U.S."	the United States of America, its territories and possessions, any State of the United States, and the District of Columbia
"US$"	United States dollars, the lawful currency of the United States
"vc linker"	valine-citrulline linker, which is adequately stable in blood circulation and cleaved effectively by the lysosomal cathepsin enzyme after the ADC is internalized and enters lysosome
"%"	per cent

* *For identification purposes only*