



Medtide

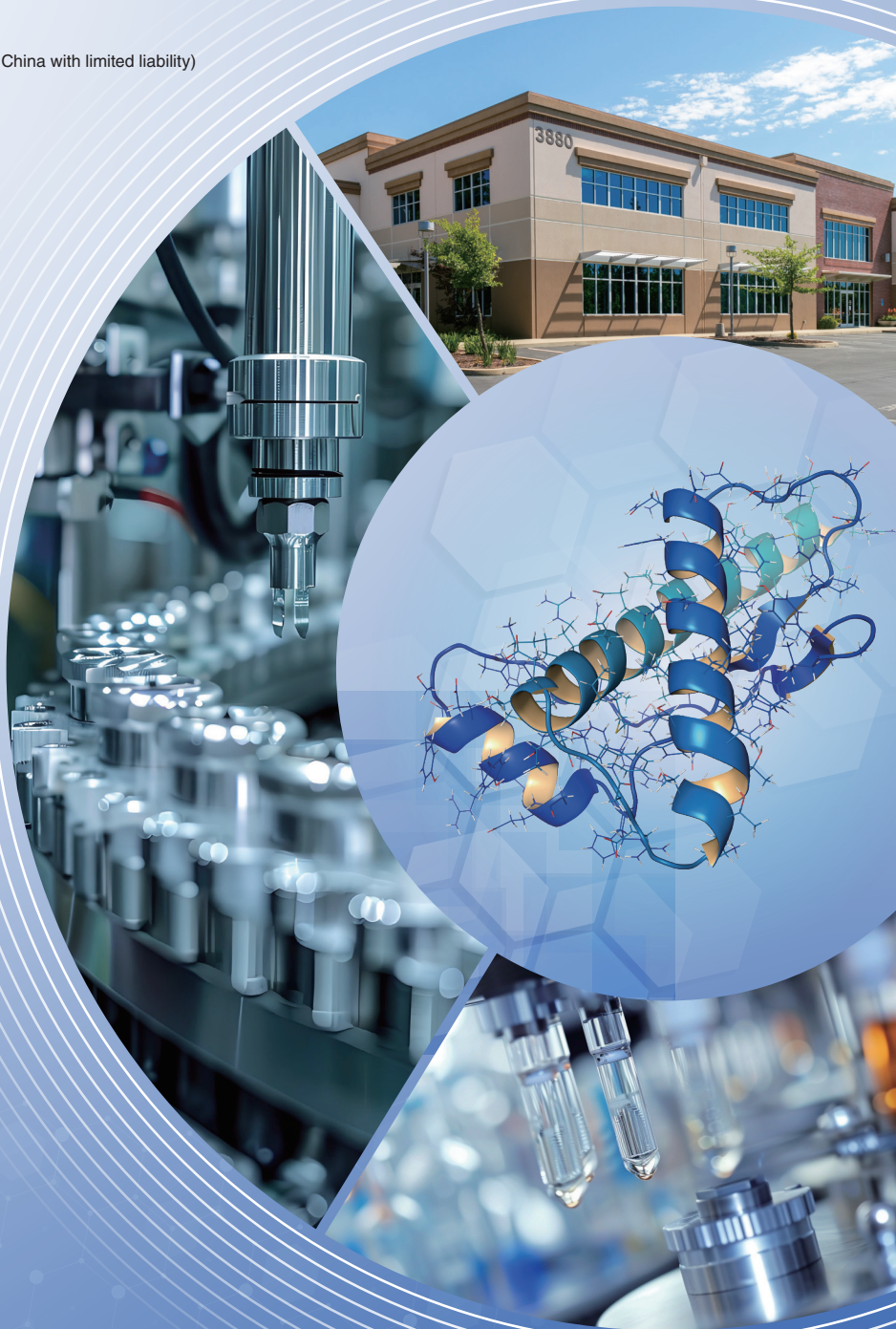
泰德醫藥（浙江）股份有限公司

Medtide Inc.

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

Stock Code : 3880

2025
ANNUAL REPORT



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Dr. Xu Qi (徐琪) (Chairwoman)
 Dr. Li Xiang (李湘)
 Ms. Li Xiangli (李湘莉)
 Ms. Cheng Tao
 Ms. Li Lingmei (李玲梅)

Non-executive Director

Mr. Wu Yihui (吳一暉)

Independent Non-executive Directors

Dr. Yu Cheung Hoi (于常海)
 Dr. Zhu Xun (朱迅)
 Mr. Xia Xincheng (夏心晟)

SUPERVISORS

Ms. Yan Xiya (顏喜亞)
 Mr. Wu Haigang (吳海剛)
 Ms. Fu Hongying (傅紅英)

AUDIT COMMITTEE

Mr. Xia Xincheng (Chairman)
 Dr. Yu Cheung Hoi
 Dr. Zhu Xun

REMUNERATION COMMITTEE

Dr. Zhu Xun (Chairman)
 Dr. Xu Qi
 Mr. Xia Xincheng

NOMINATION COMMITTEE

Dr. Xu Qi (Chairwoman)
 Dr. Yu Cheung Hoi
 Mr. Xia Xincheng

JOINT COMPANY SECRETARIES

Ms. Li Lingmei
 Mr. Lee Chung Shing (李忠成)
(resigned on 26 Sep 2025)
 Mr. Ng Tung Ching Raphael (吳東澄)
(appointed on 26 Sep 2025)

AUTHORISED REPRESENTATIVES

Ms. Li Lingmei
 Mr. Lee Chung Shing (李忠成)
(resigned on 26 Sep 2025)
 Mr. Ng Tung Ching Raphael (吳東澄)
(appointed on 26 Sep 2025)

REGISTERED OFFICE

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PRINCIPAL BANKS

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AUDITOR

Ernst & Young

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

STOCK CODE

3880

COMPANY'S WEBSITE

medtideinc.com

FINANCIAL SUMMARY

	For the year ended December 31,				
	2021	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Operating Results					
Revenue	282,135	350,849	336,774	442,226	570,087
Gross profit	161,019	201,069	180,171	249,774	361,610
Profit before tax	89,392	67,556	61,978	78,449	250,745
Profit for the year	80,278	53,980	48,905	59,173	217,371
Adjusted net profit (non-IFRS measure) ^{Note}	103,126	122,935	96,188	172,025	221,741
Profitability					
Gross profit margin (%)	57.1%	57.3%	53.5%	56.5%	63.4%
Net profit margin (%)	28.5%	15.4%	14.5%	13.4%	38.1%
Adjusted net profit margin (%) (non-IFRS measure) ^{Note}	36.6%	35.0%	28.6%	38.9%	38.9%

Note: Please refer to the section headed "Non-IFRS Measures" in this annual report for more information.

	As at December 31,				
	2021	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Financial Position					
Total Assets	1,140,452	1,239,152	1,308,746	1,172,628	1,812,586
Total Liabilities	1,035,314	1,036,685	1,054,862	853,878	227,795
Total Equity	105,138	202,467	253,884	318,750	1,584,791
Cash and cash equivalents	538,264	279,048	531,012	387,183	887,646

CHAIRWOMAN'S STATEMENT

Dear Shareholders,

2025 was a transformative year for Medtide Inc. On behalf of the Board of Directors, I am pleased to report that we achieved record-breaking financial results and marked a significant milestone – our listing on the Hong Kong Stock Exchange in June 2025.

OUTSTANDING FINANCIAL PERFORMANCE

Revenue grew by 28.9% to RMB570.1 million, while net profit surged by 267.3% to RMB217.4 million. Our gross profit margin expanded by 6.9 percentage points to 63.4%, reflecting the strength of our integrated CRDMO platform and operational excellence.

THE GLOBAL TIDES REVOLUTION

As one of the leading participants in the rapidly expanding global peptide drug industry, we remain committed to the “going with the compound” strategy. Our service footprint now extends to over 50 countries and regions, with 1,614 ongoing projects at year-end. Notably, we are actively supporting nine NCE GLP-1 pipeline development projects across seven customers – positioning us at a distinctive advantage in one of the industry’s most dynamic segments.

The historic achievement of Eli Lilly’s tirzepatide surpassing US\$36.5 billion in sales underscores the transformative potential of GLP-1 therapies. According to Frost & Sullivan, the global peptide drug market is projected to grow to US\$261.2 billion by 2032, with the GLP-1 segment expected to reach US\$129.9 billion. We are well-positioned to capture this extraordinary growth.

CAPACITY EXPANSION & QUALITY EXCELLENCE

In the second half of 2025, we significantly expanded our commercial-scale peptide API manufacturing capacity to well over one metric ton per year, with single-batch production capacity exceeding 50 kilograms. Our U.S. Rocklin facility is under development, targeting annual capacity of 300 kilograms – poised to become one of the largest peptide API production capacities in the United States.

We achieved major regulatory milestones: ISO 22716:2007 certification, NMPA marketing approvals for Goserelin Acetate and Linaclotide APIs, and notably, our semaglutide API was included on the FDA Import Alert 66-80 Green List – reflecting our compliance with U.S. cGMP requirements.

OUTLOOK

With strong project pipelines, expanded manufacturing capabilities, and a committed team of 566 employees, we enter 2026 with confidence. We will continue to invest in capacity expansion, green chemistry innovation, and advanced R&D to capture the substantial opportunities in the global TIDES market.

On behalf of the management team, I extend my sincere gratitude to our employees, clients, and shareholders for your continued trust and support.

Dr. Xu Qi

Chairwoman and Chief Executive Officer
Medtide Inc.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

The Group continued to achieve stable business growth during 2025, building upon the solid foundation established in 2024 and project pipelines. As an established participant in the rapidly expanding global peptide drug industry, the Group remains committed to delivering sustainable revenue and profit growth through its integrated CRDMO services that are aligned with international standards for peptides and oligonucleotides. At the same time, the Group continues to support its global partners and contribute to the broader development of TIDES therapeutics.

- During the year, the Group successfully completed its Global Offering (as defined in the Prospectus) and achieved a significant milestone by listing on the Stock Exchange in June 2025.
- Leveraging its established CRDMO capabilities and integrated platform covering the entire value chain from drug discovery to commercial manufacturing, the Group maintained stable and long-term customer relationships, with its service footprint extending to over 50 countries and regions. The Group provides end-to-end solutions of peptide synthesis, development and commercial production, and supports customers throughout regulatory submission and approval processes.
- Amid the ongoing expansion of the global peptide drug industry, the Group proactively captured growth opportunities through continued capacity expansion and broader customer penetration. The Group participates in peptide drug programs across discovery, clinical and commercial stages, and is well positioned to further expand its presence in the global TIDES drug market, particularly in the GLP-1 peptide segment.
- In the second half of the year, the Group actively expanded the peptide production capacity in Qiantang site with new lines installed. The newly added large-scale equipments, including 3,000-liter SPPS reactors and 50-inch purification columns, significantly expand the Group's commercial-scale peptide API manufacturing capacity to well over one metric ton and per-batch production capacity to over 50 kilograms.
- In terms of operational and quality milestones, the Group obtained ISO 22716:2007 Cosmetics Good Manufacturing Practices certification in January 2025, and received marketing approval for Goserelin Acetate APIs in China in March 2025. In August 2025, the Group received an approval notice for the marketing application of linaclotide API (化學原料藥上市申請批准通知書) from the Center for Drug Evaluation of the NMPA. Notably, the Group's semaglutide API was included on the Green List of U.S. FDA Import Alert 66-80, designating it as eligible for entry into the United States without detention. This recognition follows FDA's evaluation of the Group's manufacturing facilities and quality systems, and reflects the Group's compliance with U.S. cGMP requirements. These achievements collectively reflect the Group's commitment to maintaining rigorous quality and regulatory standards across multiple jurisdictions.
- To support growing global customer demand for TIDES CRDMO services, the Group continued to expand its facilities and strengthen its talent base. As of December 31, 2025, the Group had 566 full-time employees, representing a year-on-year increase of 11.0% as compared with December 31, 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Key Operating Data

The following table sets forth certain of our key operating data for the years indicated:

	Year ended December 31,	
	2025	2024
Number of ongoing projects ⁽¹⁾ at the beginning of the year	1,549	1,449
Number of new projects ⁽¹⁾ secured during the year	9,446	9,057
Number of projects closed ⁽²⁾ at the end of the year	9,381	8,957
Number of ongoing projects ⁽¹⁾ at the end of the year	1,614	1,549

Notes:

- (1) The numbers of projects include both Peptide and Oligonucleotide projects.
- (2) For CRO projects, a project is considered closed once the products have been delivered. For CDMO projects, a project is considered closed once the project is completed or discontinued.

	Year ended December 31,	
	2025	2024
Number of on-going projects at the end of the year		
CRO	1,286	1,217
CDMO	328	332
Total	1,614	1,549

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

TIDES CRDMO overall performance

Guided by the “going with the compound” strategy and leveraging the strengths of its integrated CRDMO platform, the Group’s TIDES CRDMO business recorded continued growth during the year. Key performance indicators achieved during the Reporting Period are set out below:

- Revenue increased by 28.9% from RMB442.2 million for the year ended December 31, 2024 to RMB570.1 million for the year ended December 31, 2025.
- Gross profit increased by 44.8% from RMB249.8 million for the year ended December 31, 2024 to RMB361.6 million for the year ended December 31, 2025.
- Net profit increased by 267.3% from RMB59.2 million for the year ended December 31, 2024 to RMB217.4 million for the year ended December 31, 2025.
- Adjusted net profit (non-IFRS measure)⁽¹⁾ increased by 28.9% from RMB172.0 million for the year ended December 31, 2024 to RMB221.7 million for the year ended December 31, 2025.

Note:

- (1) The Group defines adjusted net profit (non-IFRS measure) for the year, as profit for the year adjusted by adding back (i) fair value gains/(losses) on financial liabilities at fair value through profit or loss (“**FVTPL**”) comprises fair value gains/(losses) on redemption liabilities which converted to equity upon the Listing, (ii) share-based payment compensation, which are non-cash in nature, and (iii) listing expenses.

The Group’s Services

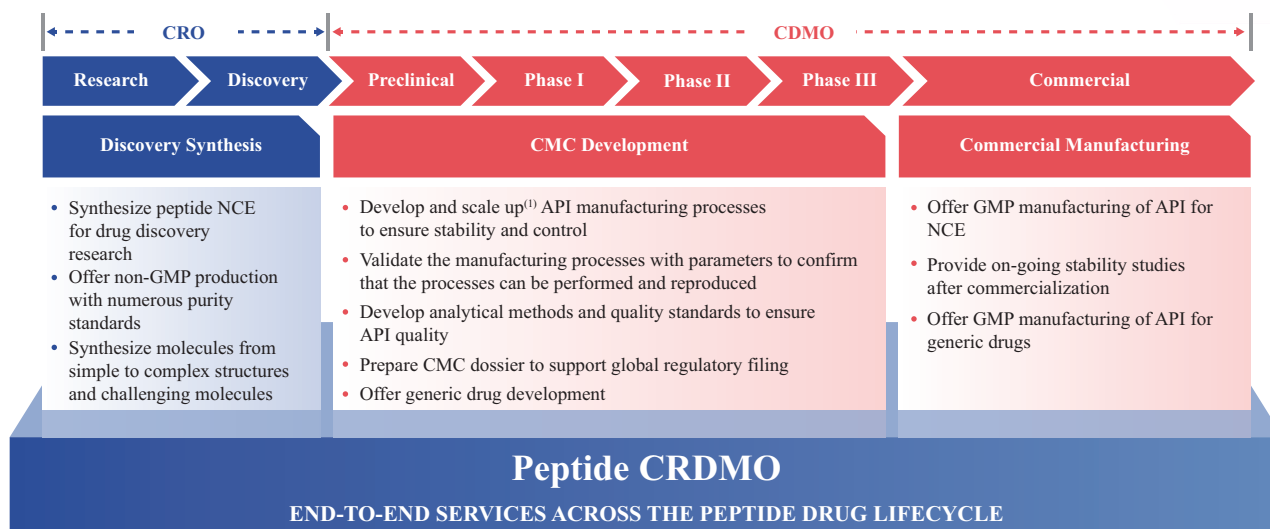
The Group is among the most comprehensive peptide-focused CRDMO service providers globally, offering full-cycle services covering early-stage discovery, preclinical research and clinical development through to commercial-stage production. The Group primarily provides (i) CRO services, namely peptide NCE discovery synthesis; and (ii) CDMO services, namely peptide CMC development and commercial manufacturing.

The Group’s services primarily focus on the supply of APIs, rather than finished drug products. Customers typically combine the APIs with excipients to formulate finished dosage forms, determine the appropriate dosage form, route of administration and formulation, and subsequently use the finished drug products for clinical trials or commercial distribution.

The Group has established stable customer relationships with its service footprint spanning over 50 countries and regions, including major markets such as China, the United States, Japan, Europe, South Korea and Australia. The Group provides peptide drug development, manufacturing and CMC filing support services that are designed to meet regulatory requirements across major global markets.

MANAGEMENT DISCUSSION AND ANALYSIS

The following chart sets forth details of the Group's end-to-end services across the peptide drug lifecycle.



Notes:

- (1) "Scale up" refers to the process of transitioning a product from laboratory scale to commercial-scale manufacturing through the development of a reliable and reproducible production process. Such process is designed to accommodate various production volumes, which are typically larger than those at laboratory scale.
- (2) The Group's services primarily focus on the supply of APIs, rather than finished drug products. The Group does not manufacture drug products that are directly used in clinical trials or for commercial distribution.

Leveraging our deep and long-standing experience in the global peptide industry and broad customer base, the Group is also well-positioned to benefit from the industry tailwind of oligonucleotide therapeutics. It strategically provides oligonucleotide CDMO service to its customers, covering preclinical research, clinical development and commercial-stage production.

MANAGEMENT DISCUSSION AND ANALYSIS

Technology Platforms

As of December 31, 2025, the Group's R&D department comprised 66 employees, approximately 40% of whom held a master's degree or above. The Group's R&D activities focus on strengthening its technological capabilities to support long-term competitiveness.

The Group has established expertise in advanced synthesis methods for complex and long peptide chains, including solid-phase synthesis, liquid-phase synthesis, hybrid solid-liquid-phase synthesis and fragment condensation synthesis. In addition, the Group possesses capabilities in the synthesis of super-long peptide chains, cyclic peptides, difficult-sequence peptides, diversified peptide modifications and peptides with multiple disulfide bridges.

The Group's proprietary technological platforms include:

- **OmniPeptSynth™**: Leveraging it, the Group excels in efficiently and precisely synthesizing a wide range of peptides, from complex to challenging sequences, and even super-long peptides.
- **PeptiConjuX™** and **PeptiNuclide LinkTech™**: The Group's PeptiConjuX™ and PeptiNuclide LinkTech™ platforms provide customized synthesis, conjugation, development and production of conjugate peptide API products. The Group's PeptiConjuX™ platform integrates advanced peptide modification techniques, such as proprietary on-resin cyclization, N-methylation, phosphorylation, glycosylation, and diverse forms of PEGylation. The PeptiNuclide LinkTech™ platform stands as the Group's premier in-house solution for Peptide-Radionuclide Conjugates.
- **GreenSynth Innovations™**: GreenSynth Innovations™ stands as a cornerstone of the Group's advantage in the realm of green chemistry. This platform is dedicated to reshaping production processes, minimizing the use and generation of harmful substances and driving down production costs, all in line with the Group's commitment to sustainability.
- **Impurity Screening™**: This platform boasts mature and unique processes for analyzing and preparing peptide impurities, alongside dedicated technical support.

In addition to the above, the Group has GreenPepisolate™ and DisulfideDetect™. GreenPepisolate™ ensures high-efficiency peptide separation while maintaining superior product purity and yield. DisulfideDetect™ is an advanced technology for analyzing the localization of disulfide bonds.

MANAGEMENT DISCUSSION AND ANALYSIS

Quality Management

The Group believes that an effective quality management system is critical to ensuring the quality of its services and maintaining its reputation and long-term development. The Group has established a comprehensive quality assurance and quality control (“QA/QC”) department responsible for overseeing the implementation and ongoing compliance with applicable quality standards.

As of December 31, 2025, the Group’s QA/QC department comprised a total of 112 staff members. Over the past five years, the Group has consistently passed quality inspections and audits conducted by its customers. During the same period, the Group successfully passed multiple GMP inspections conducted by regulatory authorities and quality organizations, including five on-site GMP inspections by the FDA, and three on-site and remote GMP inspections by other overseas regulatory authorities, including the MFDS, the EMA and the TGA. In addition, over the past five years, the Group passed nine on-site GMP or registration inspections conducted by the NMPA. The Group has also obtained ISO9001 and ISO13485 certifications.

During the Reporting Period, the Group underwent and successfully passed 43 regulatory and customer audits, involving both domestic and overseas customers.

Manufacturing Capacity

With over two decades of continuous development and operational experience, the Group has established extensive peptide API manufacturing capabilities supported by a comprehensive and digitized system for project research and process innovation.

The Group’s cGMP-compliant production facility at its Qiantang site in Hangzhou has a total gross floor area of over 20,000 square meters. The facility has an annual peptide API production capacity of over one metric ton and a per-batch production capacity of over 50 kilograms, enabling the Group to undertake multiple peptide orders at the 100-kilogram scale. The Qiantang site is also capable of manufacturing approximately 1 to 17 kilograms of oligonucleotides per year.

As of December 31, 2025, the expansion of the Qiantang site was nearing completion. The newly added large-scale equipments, including 3,000-liter SPPS reactors and 50-inch purification columns, significantly expand the Group’s commercial-scale peptide API manufacturing capacity and per-batch production capacity.

The Group’s international operations are based in Rocklin, California, United States. As of December 31, 2025, the expansion of the Group’s Rocklin site in California was progressing as planned.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Development

Operating on a global basis, the Group maintains sales offices with dedicated sales and marketing teams in China, United States and Europe. While our existing customer base is strong in North America and China, we are strategically expanding our presence into European and other Asian markets. In parallel, the Group is strengthening its business development capabilities to further penetrate the oligonucleotide therapeutics market.

During the Reporting Period, the Group actively participated in various industry conferences, trade exhibitions and scientific meetings across the globe, attending a total of 33 domestic and international professional events throughout the year. Key conferences included DCAT 2025 (New York, US), Swiss Biotech Day (Basel, Switzerland), RNA Leaders Europe Congress (Basel, Switzerland), TIDES Asia 2025 (Kyoto, Japan), TIDES USA (San Diego, US), CPHI China 2025 (Shanghai, China), European Peptide Synthesis Conference (Porto, Portugal), CPHI Korea 2025 (Seoul, Korea), CPHI Frankfurt 2025 (Frankfurt, Germany), and TIDES EU (Basel, Switzerland), among other internationally renowned exhibitions and professional conferences.

Through such engagements, the Group has continued to expand its customer base and increase the number of clients served on an annual basis. The Group plans to further participate in industry events and target client meetings to enhance brand recognition while advancing its global marketing initiatives. Since the Company's establishment, its senior management, including the chief executive officer and chief business officer, has been directly involved in sales management and marketing activities and has maintained close and ongoing communication with key customers.

The Group continuously got recognitions during the year. The Company obtained approval as a Hangzhou Headquarters Enterprise on October 31, 2025, while Chinese Peptide Company* (中肽生化有限公司) ("**Chinese Peptide**", a wholly-owned subsidiary of the Company) obtained approval for the Zhejiang Provincial Enterprise Technology Center on December 23, 2025.

Outlook

In 2025, the GLP-1 receptor agonist market witnessed a historic milestone as Eli Lilly's tirzepatide achieved total sales of US\$36.5 billion, surpassing the sales of Novo Nordisk's semaglutide portfolio (US\$36.1 billion) to become the world's best-selling pharmaceutical product. This milestone underscores the transformative impact of dual GLP-1/GIP receptor agonists in addressing the substantial unmet needs in diabetes and obesity management.

Tirzepatide's exceptional performance was driven by robust growth across both indications: Mounjaro (diabetes) generated US\$22.965 billion for the year ended December 31, 2025 (representing a year-over-year increase of 99%), while Zepbound (weight management) contributed US\$13.542 billion (representing a year-over-year increase of 175%), demonstrating particularly explosive growth in the obesity treatment segment. Novo Nordisk's semaglutide products (Ozempic, Wegovy, and Rybelsus) maintained strong performance as the second best-selling pharmaceutical product globally with combined sales of DKK228.3 billion (US\$36.1 billion). While Wegovy achieved DKK79.1 billion (US\$12.5 billion) in sales with 41% growth on a year-over-year basis, its overall growth rates moderated compared to previous periods. Meanwhile, Merck's Keytruda recorded a sales of US\$31.64 billion in 2025, ranking third globally.

MANAGEMENT DISCUSSION AND ANALYSIS

The competitive dynamics reflect immense and growing demand for effective metabolic disease treatments. According to Frost & Sullivan, the global peptide drug market is projected to grow from US\$89.5 billion in 2023 to US\$261.2 billion by 2032 at a CAGR of 12.6%, with the GLP-1 segment expected to expand from US\$38.9 billion to US\$129.9 billion at a CAGR of 14.3%, underscoring the sustained therapeutic and commercial potential of these innovative treatments. The Group has built an extensive project pipeline, and strategically focused on the pipelines in the field of GLP-1. As of December 31, 2025, our project pipeline included 328 ongoing CDMO projects, including nine NCE GLP-1 molecule development projects with seven customers in developing oral and/or injectable GLP-1 molecule products.

Looking ahead, the Group plans to build on its solid foundation and align closely with prevailing market trends to capture emerging opportunities and address evolving customer needs through the implementation of the following strategies, thereby further strengthening its competitive position within the industry.

- The Group will implement capacity expansion plans in the United States and China to meet increasing customer demand, capture the rapid growth of the peptide CRDMO market and provide a stable supply chain support.

United States. The Group commenced facility improvement and equipment installation at its Rocklin site in the second half of 2025, with the aim of establishing an annual production capacity of up to 300 kilograms in the United States. Upon completion, it will be one of the largest peptide API production capacity within U.S. continent. The Rocklin site will focus on GMP-compliant manufacturing of peptide APIs, with designed single-batch capacities up to 20 kilogram scale, capable for Phase I, II, III and commercial drugs. The establishment of the Rocklin production base is expected to meet the majority of our customers' demand for localized manufacturing and delivery within the United States.

China. The Group will further enhance the utilization of its existing production facility at the Qiantang site in Hangzhou. As of December 31, 2025, the new expansion project – comprising new production lines, including 3,000-liter SPPS reactors and 50-inch purification columns – was near completion. The new production lines are expected to be put into operation in the first quarter of 2026, which will increase the Group's total API production capacity to over one metric ton per year. This expansion is intended to optimize the use of existing resources, improve operational efficiency, and further strengthen our manufacturing capabilities.

Moreover, beyond the Qiantang site and the Rocklin site, the Group intends to construct or acquire additional production facilities in the coming years to further expand annual API manufacturing capacity by several metric tons, with single-batch capacities of up to hundreds of kilograms. This expansion plan is driven by increasing demand from both existing and potential customers, particularly for GLP-1 related products that are advancing into late-stage clinical development and commercial production.

MANAGEMENT DISCUSSION AND ANALYSIS

- Leveraging its comprehensive technologies, production capabilities and globally compliant quality systems for peptides and oligonucleotides, the Group will continue to implement its “going with the compound” strategy to strengthen its competitive position in the TIDES industry. The Group prepares its manufacturing capabilities and capacity in alignment with pipeline development plans, ensuring that production arrangements are coordinated with anticipated demand in the coming years. Some of the Group’s current projects, particularly GLP-1 pipelines, are expected to reach the commercial production stage within the next three to five years. In parallel, with additional capacity available, the Group seeks opportunities to support more advanced-stage pipeline projects.
- In parallel with its capacity expansion, the Group is committed to advancing green chemistry and sustainable manufacturing as a long-term technology priority, which will be pursued through GreenSynth Innovations™ – the Group’s dedicated platform for reshaping production processes, minimising harmful substance use and driving down production costs. During the Reporting Period, the Group made meaningful progress in developing greener downstream processing methods for GLP-1 API manufacturing, including innovations in precipitation and separation techniques that reduce solvent consumption and improve processing efficiency at commercial scale. The Group is also developing a TFA-free cleavage methodology to eliminate fluorinated reagents from peptide manufacturing, in response to tightening regulatory expectations in European markets. Building on this, feasibility studies are underway into continuous flow synthesis, tag-assisted peptide synthesis and N/C-directed Elongation – approaches with the potential to reduce chemical waste and improve atom economy.
- The Group plans to focus its R&D efforts on the development of cutting-edge technologies and the continuous improvement of selected generic products. The Group also plans to carry out further CMC research on new TIDES-related drugs, including GLP-1, PDC, RDC and POC candidates, as the primary driver of long-term growth. In parallel, the Group will continue to maintain and selectively advance its existing generic product portfolio, including DMF submissions where strategically appropriate, while directing incremental resources toward innovative pipeline development. The Group also intends to continuously enhance automated production processes, which are expected to reduce quality risks, increase manufacturing efficiency and strengthen competitiveness.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

Revenue was RMB570.1 million for the year ended December 31, 2025, representing a 28.9% increase from RMB442.2 million for the year ended December 31, 2024, which was primarily due to the increase in revenue from FFS and FTE business driven by our customers' growing demand for our services.

The following table breaks down our revenue by fee model for the years presented:

	Year ended December 31, 2025	2024	Year-on-year change
	RMB'000 (Audited)	RMB'000 (Audited)	(%)
Revenue:			
FFS	530,815	425,322	24.8%
FTE	39,272	16,551	137.3%
Others	–	353	-100%
Total:	570,087	442,226	28.9%

The revenue from FFS was RMB530.8 million for the year ended December 31, 2025, representing a 24.8% increase from RMB425.3 million for the year ended December 31, 2024, which was mainly attributable to the increase in the revenue from CDMO business, particularly from customers with advanced clinical stage or commercial projects.

The revenue from FTE was RMB39.3 million for the year ended December 31, 2025, representing a 137.3% increase from RMB16.6 million for the year ended December 31, 2024, which was mainly attributable to the increase of the demand for our FTE services from existing customers and obtaining of new customers.

The following table breaks down our revenue by services offering for the years presented:

	Year ended December 31, 2025	2024	Year-on-year change
	RMB'000 (Audited)	RMB'000 (Audited)	(%)
Revenue:			
CRO service	139,478	111,916	24.6%
CDMO service	430,609	329,957	30.5%
Others	–	353	-100%
Total:	570,087	442,226	28.9%

MANAGEMENT DISCUSSION AND ANALYSIS

The revenue from CRO service was RMB139.5 million for the year ended December 31, 2025, representing a 24.6% increase from RMB111.9 million for the year ended December 31, 2024, which was mainly attributable to the increase of FTE services demand from customers in the U.S.

The revenue from CDMO service was RMB430.6 million for the year ended December 31, 2025, representing a 30.5% increase from RMB330.0 million for the year ended December 31, 2024, which was mainly attributable to the increase in revenue from customers with advanced clinical stage or commercial projects, driven by their respective drug development progress.

Cost of Sales

Cost of sales was RMB208.5 million for the year ended December 31, 2025, representing a 8.3% increase from RMB192.5 million for the year ended December 31, 2024, due to the increase of production. Our cost of sales consists of material costs, staff compensation, utilities and other overhead, depreciation and amortization, share-based payment compensation, and others. The following table sets forth a breakdown of its cost of sales by nature in absolute amount for the years indicated.

	Year ended December 31,		Year-on-year change (%)
	2025 RMB'000 (Audited)	2024 RMB'000 (Audited)	
Cost of sales:			
Material costs	83,168	69,769	19.2%
Staff compensation	66,116	64,549	2.4%
Utilities and other overhead	24,405	26,184	-6.8%
Depreciation and amortization	17,324	18,153	-4.6%
Share-based payment compensation	1,883	1,880	0.2%
Others	15,581	11,917	30.7%
Total:	208,477	192,452	8.3%

Gross Profit and Gross Profit Margin

As a result of the foregoing, gross profit was RMB361.6 million for the year ended December 31, 2025, representing a 44.8% increase from RMB249.8 million for the year ended December 31, 2024.

Gross profit margin was 63.4% for the year ended December 31, 2025, representing an increase of 6.9 percentage points from 56.5% for the year ended December 31, 2024. The increase in the gross profit margin was primarily due to the slower increase of cost of sales than that of revenue driven by slightly lower material price, limited staff compensation increase, lower utilities and other overhead.

MANAGEMENT DISCUSSION AND ANALYSIS

Other Income and Gains

Our other income and gains decrease by 36.6% from RMB59.1 million for the year ended December 31, 2024 to RMB37.4 million for the year ended December 31, 2025. As we fulfilled all the conditions attaching to the Bond-related Grant (as defined in the Prospectus) in June 2024, the remaining Bond-related Grant is recognized as other income in 2024 and is one-off in nature. In 2025, we recognized higher bank interest which offsets the decrease.

Selling and Marketing Expenses

Selling and marketing expenses were RMB45.0 million for the year ended December 31, 2025, representing a 5.9% increase from RMB42.5 million for the year ended December 31, 2024. The increase was primarily due to the increase of staff compensation.

Administrative Expenses

Administrative expenses were RMB75.2 million for the year ended December 31, 2025, representing a 2.4% increase from RMB73.4 million for the year ended December 31, 2024, primarily attributable to the increase of professional service fees and staff compensation.

Research and Development Expenses

Research and development expenses were RMB29.1 million for the year ended December 31, 2025, representing a 1.1% increase from RMB28.7 million for the year ended December 31, 2024. The increase was primarily attributable to the increase of material cost.

Other Expenses

Other expenses were RMB14.9 million for the year ended December 31, 2025, as compared to RMB0.3 million for the year ended December 31, 2024, mainly due to the increase in foreign exchange losses during the year.

Income Tax Expense

Income tax expense was RMB33.4 million for the year ended December 31, 2025, as compared to approximately RMB19.3 million for the year ended December 31, 2024. Income tax expense for the year ended December 31, 2025 was composed of current and deferred tax.

Fair Value Gains/(losses) on Financial Liabilities at FVTPL

Fair value gain on financial liabilities at FVTPL was RMB18.5 million for the year ended December 31, 2025, compared with the fair value loss on financial liabilities at FVTPL of RMB83.4 million for the year ended December 31, 2024. The change in the fair value on financial liabilities at FVTPL was primarily attributable to changes in the valuation of our Company.

Profit for the Year

As a result of the foregoing, the profit for the year ended December 31, 2025 reached RMB217.4 million, compared with a profit of RMB59.2 million for the year ended December 31, 2024. The increase was primarily due to the increase of gross profit and fair value gains on financial liabilities at FVTPL.

MANAGEMENT DISCUSSION AND ANALYSIS

Non-IFRS Measures

To supplement our consolidated financial statements, which are presented in accordance with International Financial Reporting Standards (the “IFRSs”), the Group also use adjusted net profit (non-IFRS measure) and adjusted net profit margin (non-IFRS measure) as an additional financial measure, which is not required by, or presented in accordance with, IFRSs.

The Group believes adjusted net profit (non-IFRS measure) and adjusted net profit margin (non-IFRS measure) provide useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of adjusted net profit (non-IFRS measure) and adjusted net profit margin (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of adjusted net profit (non-IFRS measure) and adjusted net profit margin (non-IFRS measure) has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for an analysis of, our results of operations or financial condition as reported under IFRSs.

The Group defines adjusted net profit (non-IFRS measure) for the year, as profit for the year adjusted by adding back (i) fair value gains or losses on financial liabilities at FVTPL comprising fair value gains or losses on convertible bonds and redemption liabilities, of which the redemption liabilities converted into equity upon the Listing, (ii) share-based payment compensation, which are non-cash in nature, and (iii) listing expenses, and adjusted net profit margin (non-IFRS measure) as adjusted net profit (non-IFRS measure) divided by revenue.

The following table sets out the reconciliation of non-IFRS financial indicators of the Company for the respective periods:

	For the year ended December 31,	
	2025	2024
	RMB'000	RMB'000
	(Audited)	(Audited)
Reconciliation of profit to adjusted net profit (non-IFRS measure):		
Profit for the year	217,371	59,173
<i>Add:</i>		
Fair value (gains)/losses on financial liabilities at FVTPL	(18,463)	83,392
Share-based payment compensation	4,622	4,441
Listing expenses	18,211	25,019
Adjusted net profit (non-IFRS measure)	221,741	172,025
Adjusted net profit margin (non-IFRS measure)	38.9%	38.9%

MANAGEMENT DISCUSSION AND ANALYSIS

Liquidity and Capital Resource

The Board and the Audit Committee constantly monitor current and expected liquidity requirements to ensure that the Company maintains sufficient reserves of cash to meet its liquidity requirements in the short and long term.

For the year ended December 31, 2025, the Group funded its cash requirements primarily from business operations, capital contribution from shareholders and issuance of equity shares as major sources of liquidity. With respect to cash management, our objective is to optimize liquidity to secure a stable return for shareholders in a risk-averse manner. Specifically, the Group has policies in place to monitor and manage the settlement of trade receivables. When determining the credit term of a customer, the Group considers a number of factors, including length of past cooperation and its past payment timeliness. To monitor the settlement of our trade receivables and avoid credit losses, the Group conducts annual review of each customer's financial performance, which is primarily based on the amount and aging of the trade receivables due from such customer in the respective period.

The Group had cash and cash equivalents of RMB887.6 million as of December 31, 2025, as compared to RMB387.2 million as of December 31, 2024, primarily due to cash generated from operation and proceeds from the Global Offering. Most of the cash and cash equivalents of the Group were denominated in Renminbi and U.S. dollars. Most of the time deposits of the Group were denominated in U.S. dollars.

Significant Investments

The Group did not make or hold any significant investments (including any investment in an investee company with a value of 5% or more of the Group's total assets as of December 31, 2025) during the year ended December 31, 2025.

Material Acquisitions and/or Disposals of Subsidiaries, Associates and Joint Ventures

The Group did not have any material acquisitions and/or disposals of subsidiaries and affiliated companies during the year ended December 31, 2025.

Future Plans for Material Investments and Capital Assets

As of December 31, 2025, save for "Future Plans and Use of Proceeds" disclosed in the Prospectus and as disclosed in this report, the Group did not have any future plan for material investments or capital assets.

Employee and Remuneration

As of December 31, 2025, the number of our full-time employees amounted to 566, as compared to 510 as of December 31, 2024. The total employee benefit expenses for the year ended December 31, 2025, including share-based payment expenses, were RMB156.1 million, as compared to RMB149.3 million for the year ended December 31, 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

Bank Borrowings and Gearing Ratio

As of December 31, 2025, the Group's outstanding borrowings amounted to RMB30.0 million, all of which were unsecured borrowings.

As of December 31, 2025, the Group's gearing ratio (i.e. total liabilities divided by total assets) was 12.6% (as of December 31, 2024: 72.8%), which was mainly due to the changed balance of redemption liabilities on equity shares and the proceeds from the Global Offering.

Contingent Liabilities

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

Charges on Assets

As of December 31, 2025, the Group did not pledge or charge any other assets except for the restricted cash pledged for foreign exchange trading and other operating activities.

Foreign Exchange Risk

Our foreign currency transactions, including sales, expose us to foreign currency risk. Certain of our bank balances and cash, trade receivables and trade payables are denominated in currencies other than the functional currency of the relevant group entities and expose us to such foreign currency risk (mainly related to US dollar, Hong Kong dollar, and European dollar). For the year ended December 31, 2025, no financial instruments were used for hedging purposes, and the Group did not commit to any financial instruments to hedge its exposure to exchange rate risk.

The Directors and senior management will continue to monitor the foreign exchange exposure and will consider applicable derivatives when necessary.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

DIRECTORS

Executive Directors

Dr. Xu Qi (徐琪) (“Dr. Xu”), aged 57, is our chairwoman of the Board, executive Director and the Chief Executive Officer. Dr. Xu has served as our Chief Executive Officer since June 2020. She has been our Director since June 2020, and was re-designated as an executive Director in May 2024. Dr. Xu has also been serving as the legal representative, general manager and/or director at certain of our subsidiaries.

Dr. Xu has over 23 years of experience in the pharmaceutical and biotech industries. Dr. Xu joined Chinese Peptide in June 2003, and from June 2003 to June 2018, she was the general manager of Chinese Peptide. Since July 2018, she has been the chief executive officer of Chinese Peptide. Dr. Xu served as a director from May 2015 to August 2020 and a deputy general manager from February 2016 to June 2020 at Xinbang. Prior to joining Chinese Peptide, from July 1999 to May 2001, Dr. Xu worked as a director of new drug R&D at Changchun GeneScience Pharmaceuticals Co., Ltd. (長春金賽藥業有限責任公司). She was a postdoctoral researcher at Akita University in Japan from May 2001 to May 2002.

Dr. Xu obtained a bachelor’s degree in clinical medicine, a master’s degree in Pathophysiology and a PhD in Biochemistry and Molecular Biology from Bethune Medical University (白求恩醫科大學) (currently known as School of Basic Medicine of Jilin University (吉林大學基礎醫學院)) in the PRC in July 1991, July 1997 and July 2000, respectively.

Dr. Li Xiang (李湘) (“Dr. Li”), aged 62, is an executive Director and has been a Director since January 2022. He was re-designated as an executive Director in May 2024. Dr. Li has also been serving as the director at certain of our subsidiaries.

Dr. Li has over 30 years of experience in the pharmaceutical and biotech industries. Dr. Li founded Chinese Peptide in August 2001, and has been its chairman since its establishment, responsible for its strategic management, investment and financing activities. From May 2015 to August 2020, Dr. Li also served as the deputy chairman and a director of Xinbang. Prior to that, Dr. Li worked as the chief operating officer of American Peptide Company, a company primarily engaged in peptides manufacturing, from June 1989 to April 2004.

Dr. Li co-founded Zhejiang Handing Pharmaceutical Co., Ltd.* (浙江漢鼎醫藥有限公司, “Zhejiang Handing”) in April 2021, and has been its chairman since then. Zhejiang Handing is primarily engaged in the development of innovative drugs. Dr. Li has been an independent director at Hangzhou Highlightll Pharmaceutical Co., Ltd. (杭州高光製藥有限公司) since November 2021. Dr. Li also co-founded and worked at Lake Capital from March 2017 to April 2021.

Dr. Li obtained a bachelor’s degree in chemistry from Wuhan University (武漢大學) in the PRC in July 1983. He then obtained a PhD in Science, majoring in organic chemistry in the Chinese Institute of Chemistry (中國科學院) in the PRC in January 1989. Following that, Dr. Li worked as a postdoctoral research fellow at the Lawrence Berkeley Laboratory in the USA in February 1989. Dr. Li obtained an MBA degree from IMD business school of Switzerland and an EMBA degree from the Cheung Kong Graduate School of Business (長江商學院) both in September 2016 in the PRC.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Ms. Li Xiangli (李湘莉) (“Ms. Li”), aged 51, is our executive Director. Ms. Li has been our Director since January 2022 and was re-designated as an executive Director in May 2024. Ms. Li has also been serving as the director and/or supervisor at certain of our subsidiaries.

Ms. Li has extensive experience in management and quality assurance in the pharmaceutical sector. Ms. Li joined Chinese Peptide in 2005, and has been the director of Chinese Peptide since 2012. She has been working at the quality assurance department of Chinese Peptide, and is currently the vice president of Chinese Peptide in area of compliance management of R&D, production and quality system. Ms. Li has been the chairwoman of our ESG committee, responsible for monitoring the implementation and progress of the Company’s ESG work. Prior to joining our Group, from July 1997 to September 2005, Ms. Li worked at Anyang Normal University (安陽師範學院), responsible for teaching management.

Ms. Li graduated from Henan Radio and Television University (河南廣播電視大學) in the PRC in June 1995, majoring in mechanical process technology.

Ms. Cheng Tao (“Ms. Cheng”), aged 54, is our executive Director and Chief Business Officer of our Group. Ms. Cheng has been appointed as our executive Director since May 2024.

Ms. Cheng joined our Group in July 2012, and has been serving as the Chief Business Officer of Chinese Peptide since July 2012. She is mainly responsible for the Group’s sales and marketing, client services and marketing strategy.

Ms. Cheng has extensive experience in the pharmaceutical and biopharmaceutical industries. Before joining our Group in 2012, she was a senior vice president at Asymchem Laboratories Inc, a manufacturer of advanced chemical intermediates for the pharmaceutical and biotech industry. From August 1995 to January 2009, Ms. Cheng served as the chief representative in China at Charabot SA, a company primarily engaged in manufacturing.

Ms. Cheng obtained a bachelor’s degree in biology from Beijing Normal University (北京師範大學) in the PRC in July 1993.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Ms. Li Lingmei (李玲梅) (“Ms. Li”), aged 50, is our executive Director, joint company secretary and the secretary to the Board. Ms. Li has been appointed as our executive Director since May 2024. Ms. Li joined our Group in September 2023 as the secretary to the Board.

Prior to joining our Group, from February 2023 to September 2023, Ms. Li was an industry expert at Firstred Capital (晨壹投資), which is primarily engaged in buy & build opportunities with a focus on new economy industries including industrial & technology, healthcare, and consumer sectors. From September 2018 to November 2022, she worked at ICLEGEND MICRO group, and was the vice president of sales and marketing of ICLEGEND MICRO (Nanjing) Co., Ltd. (南京矽典微系統有限公司), which is focused on advancing wireless technology through innovative products and solutions, from August 2019 to November 2022. From November 2016 to July 2018, she worked as a sales director at Nexperia (China) Co., Ltd, a company known for essential components used in a wide range of electronic designs globally.

Ms. Li graduated from Southeast University (東南大學) in the PRC in June 1999, majoring in computer science. She obtained a finance master’s degree in business administration from Cheung Kong Graduate School of Business (長江商學院) in the PRC in September 2013. Additionally, Ms. Li obtained an MBA degree from IMD Business School and an EMBA degree from the Cheung Kong Graduate School of Business (長江商學院) in the PRC both in September 2016. She obtained the Fund Practitioner Qualification from the Asset Management Association of China (中國證券投資基金業協會) in May 2019.

Non-executive Director

Mr. Wu Yihui (吳一暉) (“Mr. Wu”), aged 53, is our non-executive Director. Mr. Wu was appointed as a Director in January 2022 and was re-designated as a non-executive Director in May 2024.

Mr. Wu has over 27 years of experience in the banking and investment management industries. Mr. Wu has served as the executive director and general manager of Hangzhou Puyang Investment Management Co., Ltd.* (杭州普陽投資管理有限公司) since October 2016, and Zhejiang Great Bear Investment Management Co., Ltd. (浙江大熊私募基金管理有限公司) since May 2017. From March 2015 to October 2016, Mr. Wu was the risk control director at Zhejiang Tianyi Investment Management Co., Ltd.* (浙江天易投資管理有限公司). From April 2011 to October 2016, he was the deputy general manager at Zhejiang Puhua Tianqin Equity Investment Management Co., Ltd. (浙江普華天勤股權投資管理有限公司). From April 2007 to April 2011, Mr. Wu served as the marketing manager at the Yanzhong branch of the Industrial and Commercial Bank of China in Hangzhou. From July 1994 to April 2007, he worked at the Baoshu branch of the Industrial and Commercial Bank of China in Hangzhou, where his last position was a branch principal. From September 2019 to April 2024, he was an independent director at Zhejiang Tiansong Medical Equipment Co., Ltd. (浙江天松醫療器械股份有限公司). From July 2018 to August 2022, he was a director at Zhejiang Jindao Technology Co., Ltd. (浙江金道科技股份有限公司) (stock code: 301279.SZ).

Mr. Wu obtained a master’s degree in business administration from Zhejiang University (浙江大學) in the PRC in December 2007. Since December 2009, Mr. Wu has been accredited as a Certified Public Accountant in the PRC.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Independent Non-executive Directors

Dr. Yu Cheung Hoi (于常海) (“Dr. Yu”), aged 71, was appointed as an independent non-executive Director in May 2024 with effect from the Listing Date.

Dr. Yu has served as (i) a director of CR-CP Life Science Fund Management Limited since May 2021; (ii) a member of the Biotech Advisory Panel of the Stock Exchange since April 2018; (iii) a member of the board of trustees of Gordon Research Conference, a group of international scientific conferences covering biological, chemical and physical sciences and the related technologies from July 2014 to December 2024; (iv) a director at Asian Fund for Cancer Research since November 2012; and (v) a member of the Technology and Innovation Subsector of the Election Committee of Hong Kong since October 2021.

Dr. Yu served as the chairman of the Hong Kong Council for Testing and Certification from January 2016 to December 2021. In addition to that, Dr. Yu serves as a professor at the Neuroscience Research Institute (北京大學神經科學研究所) at Peking University (北京大學) since December 2001. Dr. Yu founded the Hong Kong Biotechnology Organization (HKBIO) in September 2009 and the Guangdong – Hong Kong – Macao Greater Bay Area Biotechnology Alliance in December 2017, and has been serving as the president since Dr. Yu’s appointment. Dr. Yu also founded Hong Kong DNA Chips Limited, presently Hai Kang Life Corporation Limited, in May 1999, and has been serving as chairman and CEO since April 2007. Dr. Yu was appointed as a Justice of the Peace in July 2016.

Dr. Yu has been an independent non-executive director of Sirnaomics Ltd., a company listed on the Stock Exchange (stock code: 2257) from December 2021 to October 2025. Dr. Yu has also served as a director of Keen Vision Acquisition Corporation, a company listed on NASDAQ Global Market (stock ticker: KVAC), since October 2021. Dr. Yu has served as an independent non-executive director of YNBY International Limited, a company listed on the Stock Exchange (stock code: 0030), since November 2023.

Dr. Yu obtained a bachelor’s degree and a master’s degree in science, and a PhD in philosophy at the University of Saskatchewan in May 1976, October 1980 and May 1984, respectively. Dr. Yu has published more than 170 scientific papers and is the inventor of more than 70 global patents.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Dr. Zhu Xun (朱迅) (“Dr. Zhu”), aged 67, was appointed as an independent non-executive Director in May 2024 with effect from the Listing Date.

Since July 2016, Dr. Zhu has been a director of Changchun Yinuoke Pharmaceutical Technology Co., Ltd. (長春億諾科醫藥科技有限責任公司). Dr. Zhu has been a director of Jianaishi Biomedical Technology (Hangzhou) Co., Ltd. (健艾仕生物醫藥科技(杭州)有限公司) since March 2018 and was a director at Beijing Dingchi Biotechnology Co., Ltd. (北京鼎持生物技術有限公司) from December 2016 to October 2022. Dr. Zhu served as the vice chairman of the board of directors and the general manager in Feiman (Changchun) Pharmaceutical Biotechnology Co., Ltd. (斐縵(長春)醫藥生物技術有限責任公司) (formerly known as Changchun Botai Medicine Biology Technology Co., Ltd. (長春博泰醫藥生物技術有限責任公司)) from April 2004 to September 2011. He also served several positions in Norman Bethune Medical University (白求恩醫科大學) (currently known as School of Basic Medicine of Jilin University (吉林大學基礎醫學院)), including lecturer, professor and doctoral supervisor in the immunological department, dean of the department and vice president of the University from December 1985 to June 2018.

Dr. Zhu has been a non-executive director or an independent non-executive director of two listed companies, namely HighTide Therapeutics, Inc. (君聖泰醫藥), a company listed on the Stock Exchange (stock code: 2511) since November 2020, and Sihuan Pharmaceutical Holdings Group Ltd. (四環醫藥控股集團有限公司), a company listed on the Stock Exchange (stock code: 0460), since February 2014. From March 2018 to June 2024, he was an independent director at Shenzhen Chipscreen Biosciences Co., Ltd. (深圳微芯生物科技股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 688321). From September 2022 to December 2023, Dr. Zhu was an independent non-executive director of Lansan Pharmaceutical Holdings Limited (朗生醫藥控股有限公司), a company which was listed on the Main Board of the Stock Exchange before it was delisted (stock code: 0503).

Dr. Zhu obtained a bachelor's degree in medicine from Jilin Medical College (吉林醫學院) (currently known as Beihua University (北華大學)) in December 1982 in the PRC and obtained a PhD in medicine from Norman Bethune Medical University (白求恩醫科大學) (currently known as School of Basic Medicine of Jilin University (吉林大學基礎醫學院)) in April 1989 in the PRC.

Mr. Xia Xincheng (夏心晟) (“Mr. Xia”), aged 41, was appointed as an independent non-executive Director in May 2024 with effect upon the Listing Date.

Since November 2022, he has been a partner at Beijing Hongchuang Private Equity Fund Management Co., Ltd.* (北京泓創私募基金管理有限公司). From July 2017 to September 2022, Mr. Xia was a partner at Ningbo Zehongziyue Investment Management Co., Ltd.* (寧波澤泓子悅投資管理有限公司). Before that, from August 2011 to June 2017, Mr. Xia worked at BVCF Management Ltd. (百奧財富投資諮詢(上海)有限公司) as the investment general manager and finance manager.

Mr. Xia obtained a bachelor's degree in international economics and trade from Shanghai University of Finance and Economics (上海財經大學) in the PRC in July 2007. Since March 2015, Mr. Xia has been accredited as a Certified Public Accountant in the PRC. Mr. Xia obtained a master's degree in finance from Renmin University of China (中國人民大學) in the PRC in December 2024.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

SUPERVISORS

Ms. Yan Xiya (顏喜亞) (“Ms. Yan”), aged 61, is the chairwoman of the Supervisory Committee and senior vice president of Chinese Peptide. Ms. Yan was appointed as a shareholders’ representative Supervisor in February 2023.

Ms. Yan joined our Group as a deputy general manager of quality assurance in November 2020. Since January 2024, she has been the senior vice president of Chinese Peptide, overseeing its quality management and registration. Prior to joining our Group, Ms. Yan consecutively served as a vice general manager and vice president of quality at Hai Zheng Hangzhou Pharmaceutical Co., Ltd.* (海正藥業(杭州)有限公司), a wholly-owned subsidiary of Zhejiang Hisun Pharmaceutical Co., Ltd. (浙江海正藥業股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600267), from August 2013 to November 2020. From August 2011 to August 2013, she was the vice general manager of quality at CSPC Zhongnuo Pharmaceutical Shijiazhuang Co., Ltd. (石藥集團中諾藥業(石家莊)有限公司 (高科生產區)) and served the same position at CSPC Shijiazhuang Gaoke Pharmaceutical Technology Development Co., Ltd.* (石藥集團石家莊高科醫藥科技開發有限公司) from September 2008 to August 2011. She served as the director of quality at North China Hua Sheng Pharmaceutical Co., Ltd.* (華北製藥華勝有限公司) from April 2004 to September 2008. From July 1986 to April 2004, she was a senior engineer at North China Pharmaceutical Co., Ltd.* (華北製藥股份有限公司).

Ms. Yan obtained a bachelor’s degree in microbiology and biochemistry from Hebei University (河北大學) in the PRC in July 1986.

Mr. Wu Haigang (吳海剛) (“Mr. Wu”), aged 47, is our shareholders’ representative Supervisor and executive vice president of Chinese Peptide. Mr. Wu was appointed as a shareholders’ representative Supervisor in February 2023.

Mr. Wu joined Chinese Peptide in September 2001, and has successively served various roles in Chinese Peptide, including a deputy manager of its purification department, manager of peptide purification department, deputy manager of production department, director of production, senior deputy manager of peptide business unit from September 2001 to December 2023. Since January 2024, he has been the executive vice president of Chinese Peptide, responsible for oversees our CDMO operations center, including production management, global supply chain management, and group facilities and safety management.

Mr. Wu obtained a bachelor’s degree in Biochemistry from Zhejiang University (浙江大學) in the PRC in July 2000. He also obtained a master’s degree in Bioengineering from Zhejiang University of Technology (浙江工業大學) in the PRC in January 2015.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Ms. Fu Hongying (傅紅英) (“Ms. Fu”), aged 44, is our employee representative Supervisor and senior director of human resources of Chinese Peptide. Ms. Fu was appointed as an employee representative Supervisor in February 2023.

Ms. Fu joined our Group in February 2014, and has served various roles in the human resources department of our Group, including a manager, a senior manager, the human resources director, and senior director of human resources. From May 2005 to April 2012, she worked as the human resources manager at Jeanswest International (Hong Kong) Co., Ltd.* (浙江真維斯服飾有限公司).

Ms. Fu obtained a bachelor’s degree in human resources management from Zhejiang University (浙江大學) in the PRC in January 2010.

SENIOR MANAGEMENT

Dr. Xu Qi (徐琪) (“Dr. Xu”), aged 57, is our chairwoman of the Board, executive Director and the Chief Executive Officer. For further details of her biography, please refer to “Executive Directors” in this section.

Ms. Cheng Tao (Ms. Cheng), aged 54, is our executive Director and Chief Business Officer. For further details of her biography, please refer to “Executive Directors” in this section.

Ms. Li Lingmei (李玲梅) (“Ms. Li”), aged 50, is our executive Director, joint company secretary and Secretary to the Board. For further details of her biography, please refer to “Executive Directors” in this section.

Mr. Xu Weiqun (徐偉群) (“Mr. Xu”), aged 53, is our finance director of our Group, and is responsible for the management and operation of the finance department of our Company. Mr. Xu joined our Group in October 2020 and served as our finance director from October 2020 to March 2023. In March 2024, Mr. Xu rejoined our Group as our finance director.

From August 2016 to October 2020, Mr. Xu was the senior finance director at Wanxiang A123 Systems Corp (萬向一二三股份公司), a member of Wanxiang Group Corporation (萬向集團), which is primarily engaged in the development and production of battery system solutions. He was responsible for the management of its financial accounting department, taxation matters, and cost and financial analysis. From August 2009 to July 2016, he worked at Suzhou Taizhu Technology Development Co., Ltd. (蘇州泰珠科技發展有限公司), a subsidiary of Merck KGaA (stock code: MRK.DE) with the last position as a financial director. From August 1994 to December 2000, Mr. Xu worked at Hangzhou Yingtai Biology Science and Technology Co., Ltd. (杭州穎泰生物科技有限公司).

Mr. Xu graduated from Nanjing Audit University (南京審計大學) in the PRC in July 1994, majoring in auditing. Since December 2001, Mr. Xu has been accredited as a Certified Public Accountant in the PRC and since January 2024, he has been accredited as a Certified Management Accountant in the United States.

DIRECTORS' REPORT

The Board is pleased to present this report of Directors together with the audited consolidated financial statements of the Group for the year ended December 31, 2025.

PRINCIPAL ACTIVITIES

We are one of the largest peptide-focused CRDMO worldwide in terms of sales revenue according to Frost & Sullivan. We offer full-cycle services ranging from early-stage discovery, preclinical research and clinical development to commercial-stage production. We mainly provide (i) CRO services, namely peptide NCE discovery synthesis; and (ii) CDMO services, namely peptide CMC development and commercial manufacturing. Our services primarily focus on providing customers with APIs rather than drug products. Our customers then mix the APIs with excipients to create the final dosage forms of drug products, determine the appropriate dosage form, route of administration, and formulation, and then use the final drug products for their clinical trials or commercial sales. We have established stable customer relationships and service footprint in over 50 countries, including major markets such as China, the United States, Japan, Europe, South Korea, and Australia. We provide our customers with peptide drug development, production, and CMC filing support services that meet regulatory requirements in major markets worldwide.

There were no significant changes in the nature of the Group's principal activities since the Listing Date and up to the date of this report. Please refer to Note 1 to the consolidated financial statements for details of the principal activities of the principal subsidiaries of the Company.

SUBSIDIARIES

Details of the subsidiaries of the Group as of December 31, 2025 are set out in Note 1 to the consolidated financial statements in this annual report.

RESULTS

The results of the Group for the year ended December 31, 2025 are set out in the audited consolidated financial statements in this annual report.

DIVIDENDS

The Board did not recommend the distribution of any final dividend for the year ended December 31, 2025. There is no arrangement under which any Shareholder who has waived or agreed to waive any dividend.

SHARE CAPITAL

Details of movements in share capital of the Group during the year ended December 31, 2025 are set out in Note 32 to the consolidated financial statements in this annual report.

DEBENTURES IN ISSUE

The Company did not have any debentures in issue during the Reporting Period.

DIRECTORS' REPORT

RESERVES

Details of movements in reserves of the Group during the year ended December 31, 2025 are set out in the consolidated statement of changes in equity in this annual report.

DISTRIBUTABLE RESERVES

As at December 31, 2025, the aggregate amount of distributable reserves of the Company, calculated in accordance with the PRC Company Law and the Articles of Association, amounted to approximately RMB153.4 million. Please refer to Note 34 to the consolidated financial statements for details.

FINANCIAL SUMMARY

A summary of the results and of the assets, liabilities and equity of the Group for the last five financial years, as extracted from the audited financial information and financial statements, is set out in the section headed "Financial Summary" in this annual report.

INTEREST-BEARING BANK AND OTHER BORROWINGS

Details of interest-bearing bank and other borrowings of the Group as at December 31, 2025 are set out in Note 26 to the consolidated financial statements in this annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year ended December 31, 2025 are set out in Note 15 to the consolidated financial statements in this annual report.

SUFFICIENCY OF PUBLIC FLOAT

From the Listing Date and up to the date of this report, based on the information available to the Company and to the knowledge of the Directors, the Company has maintained the minimum public float requirements of the Listing Rules.

PRE-EMPTIVE RIGHTS

Under the Articles of Association and the Company Law of the People's Republic of China, the Company is not statutorily required to offer new shares to existing Shareholders on a pro-rata basis. No pre-emptive rights are granted to shareholders pursuant to the Articles of Association or the PRC laws, save as may be expressly provided by a shareholders' resolution in compliance with applicable laws and the Listing Rules.

TAX RELIEF AND EXEMPTION

The Board is not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company's securities. Shareholders should seek expert advice if they are unsure of the tax implications of purchasing, holding, selling, dealing in the Shares, or exercising any of the rights attached to them.

DIRECTORS' REPORT

USE OF PROCEEDS FROM THE GLOBAL OFFERING

The H Shares of the Company were listed on the Stock Exchange on June 30, 2025. The Company obtained net proceeds from the Global Offering amounting to approximately HK\$428.77 million.

As of the date of this report, there had been no change in the intended use of net proceeds from the Global Offering as previously disclosed in the section headed "Future Plans and Use of Proceeds" in the Prospectus.

The table below sets forth a detailed breakdown of the net proceeds from the Global Offering and a description of their allocation and proposed purposes:

Intended Use of Net Proceeds	Allocation of Net Proceeds (HK\$ million)	Percentage of total Net Proceeds	Net proceeds utilized during the Relevant Period (HK\$ million)	Unutilized net proceeds as at December 31, 2025 (HK\$ million)	Intended Timetable for use of the unutilized Net Proceeds ⁽¹⁾
1 To further expand our service capability and capacity by constructing our facilities in the United States and China	327.58	76.40%	93.10	234.48	Before December 31, 2026
(1) to establish our facility at Rocklin Site, the United States	163.79	38.20%	31.60	132.19	Before December 31, 2026
(2) to expand the production capacity of our existing Qiantang Site	81.90	19.10%	61.50	20.40	Before March 31, 2026 ⁽²⁾
(3) to establish our facility at Hangzhou Biopharma Town Site	81.90	19.10%	0	81.90	Before December 31, 2026
2 Production capacity expansion in China	17.58	4.10%	0	17.58	Before December 31, 2026
3 To establish sales and after-sales service presence in more regions in Europe	40.73	9.50%	0	40.73	Before December 31, 2027
4 Working capital and other general corporate purposes ⁽³⁾	42.88	10.00%	21.50	21.38	Before December 31, 2027
Total	428.77	100.00%	114.60	314.17	

Notes:

- (1) The expected timeline is based on the best estimation made by the Group on future market condition and may change with the future market condition and future development.
- (2) The delay in the expected timeline for the utilisation of the proceeds from Global Offering is primarily due to that the completion of the new production lines at the Qiantang Site was slightly behind schedule. The proceeds have been fully utilised as of the date of this report.
- (3) The working capital and other general corporate purposes mainly include: (i) HK\$2.5 million for legal and audit fees; (ii) HK\$16.0 million for procurement of raw material, and (iii) HK\$3.0 million for utilities.

DIRECTORS' REPORT

BUSINESS REVIEW

Overview and Performance of the Year

A fair review of the business of the Group as required by Schedule 5 of the Companies Ordinance (Cap. 622), including an analysis of the Group's financial performance, an indication of likely future developments in the Group's business is set out in the section headed "Management Discussion and Analysis" of this annual report. These discussions form part of this annual report. 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 "Key Relationship with Stakeholders" in this annual report.

Key Relationship with Stakeholders

The Group recognizes the importance of maintaining a good relationship with its stakeholders, including employees, customers, suppliers and other business associates. The Group strives to achieve corporate sustainability through engaging, collaborating, and cultivating strong relationships with them.

Details of an account of the Company's key relationships with its employees, customers, suppliers and other business associates that have a significant impact on the Company are set out in the Environmental, Social and Governance Report of the Company published on the same day with this annual report.

Social Responsibilities, Environmental Policies and Performance

During the year ended December 31, 2025, the Group was committed to fulfilling its social responsibilities, improving employee welfare, promoting development, protecting the environment, giving back to the community and achieving sustainable growth. During the Reporting Period, there were no major production safety incidents and rectification rate for safety hazards reached 100%. No product was recalled for safety or health reasons. There was zero discrimination incidents relating to age, gender, or other factors in recruitment and our employee medical insurance coverage was 100%. In respect of environmental protection, during the Reporting Period, our compliance disposal rate for hazardous waste was 100%, and our water-use intensity was 1.28 tonnes per RMB10,000 of revenue, representing a 40.78% decrease from 2023.

A separate Environmental, Social and Governance Report of the Company is expected to be published on the Stock Exchange's website and the Company's website on the same day as the publication of this annual report.

Compliance with Relevant Laws and Regulations

During the Relevant Period and up to the date of this report, the Group has complied with the requirements under the Companies Ordinance, the Listing Rules, the SFO and the Corporate Governance Code for, among other things, the disclosure of information and corporate governance. The Group has complied with relevant laws and regulations that have a significant impact on the Group, and did not have any material non-compliance with such laws and regulations. Please refer to the section headed "Regulatory Overview" in the Prospectus for details.

DIRECTORS' REPORT

Key Risks and Uncertainties

There are certain key risks and uncertainties involved in our operations, some of which are beyond our control. Set out below are the material risks and uncertainties that we face:

- Our business largely depends on our customers' spending on and demand for our discovery, development and manufacturing services for peptide and oligonucleotides, their budget for R&D expenditure and the clinical and market success of their products. Any reduction in spending or demand from our customers could have a material adverse effect on our business, financial condition, results of operations and prospects.
- We may not be successful in developing, enhancing, adapting to or acquiring new technologies.
- We may fail to effectively develop and market new services, which may harm our growth opportunities and prospects.
- We face increasing competition and may not be able to compete effectively, which may result in downward pricing pressure or reduced demand for our services.
- Competition in the CRDMO market for GLP-1 products may intensify as the growing GLP-1 market attracts more market entrants.
- If we fail to implement our expansion plan to enhance our manufacturing capabilities as planned, or if such plan fails to achieve expected benefits, our business and prospects could be materially and adversely affected.

However, the above is not an exhaustive list. Investors should exercise their own judgment or consult an investment advisor before making any investment in our H Shares.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

On March 9, 2026, the Company announced that the conversion of 68,201,112 Unlisted Shares with a par value of RMB1.0 per share held by certain Shareholders into H Shares with a par value of RMB1.0 per share had been completed on the same date. For further details, please refer to the announcement of the Company dated March 9, 2026.

Save as disclosed above, there were no significant events that occurred after the Reporting Period and up to the date of this report.

PROSPECTS

A description of the future development in the Company's future business is provided in the sections headed "Chairwoman's Statement" and "Management Discussion and Analysis" of this annual report.

DIRECTORS' REPORT

DIRECTORS

The Directors during the Relevant Period and up to the date of this report are as follows:

Executive Directors

Dr. Xu Qi (*Chairwoman*)

Dr. Li Xiang

Ms. Li Xiangli

Ms. Cheng Tao

Ms. Li Lingmei

Non-executive Director

Mr. Wu Yihui

Independent Non-executive Directors

Dr. Yu Cheung Hoi

Dr. Zhu Xun

Mr. Xia Xinsheng

SUPERVISORS

The Supervisors during the Relevant Period and up to the date of this report are as follows:

Ms. Yan Xiya

Mr. Wu Haigang

Ms. Fu Hongying

In accordance with Article 97 of the Articles of Association, the Directors shall be elected or replaced at a general meeting, and may be removed from their office by the general meeting prior to the expiration of their term of office. A Director shall serve a term of three years, and shall be eligible for re-election upon expiration of his/her term of office.

In accordance with Articles 94 and 140 of the Articles of Association, the Supervisors (excluding employee representative(s)) shall be elected or replaced at a Shareholders' meeting. A Supervisor shall serve a term of office of three years and shall be eligible for re-election upon the expiration of his/her term of office.

DIRECTORS' REPORT

BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The biographical details of the Directors, Supervisors and senior management of the Company as at the date of this report are set out in the section headed "Directors, Supervisors and Senior Management" of this annual report.

Save as otherwise disclosed in this annual report, there has been no change in the information of Directors, Supervisors and Chief Executive Officer that are required to be disclosed pursuant to Rules 13.51(2) and 13.51B(1) of the Listing Rules.

DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

The Company has entered into a service contract or a letter of appointment with each of the Directors and Supervisors in respect of, among other things, compliance with the relevant laws and regulations and the Articles of Association. Each of the agreements or letter of appointment is for a term of three years following their respective appointment date, and each of the agreements is subject to termination in accordance with their respective terms. The service agreements and the letters of appointment may be renewed in accordance with the Articles of Association and the applicable laws and regulations.

Save as disclosed above, the Company has not entered into, and do not propose to enter into any service contracts with any of the Directors or Supervisors in their respective capacities as Directors or Supervisors (excluding agreements expiring or determinable by any member of the Group within one year without payment of compensation other than statutory compensation).

DIRECTORS' REPORT

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

As of December 31, 2025, save as disclosed below, none of Directors, Supervisors and chief executive of the Company has any interests and short positions in our Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) which will have 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 in which they are taken or deemed to have under such provisions of the SFO), or (ii) which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or (iii) which will be required to be notified to the Company and the Stock Exchange pursuant to the Model Code (for this purpose, the relevant provisions of the SFO will be interpreted as if they were applicable to the Supervisors):

Name of Director/Supervisor	Nature of interest	Class of Shares	Total Number of Shares/ Underlying Shares ⁽¹⁾	Percentage of shareholding in our Unlisted Shares/ H Shares ⁽¹⁾	Percentage of shareholding in our total issued share capital ⁽¹⁾
Directors					
Dr. Xu Qi ⁽²⁾	Interest in controlled corporation	Unlisted Shares	47,654,300 (L)	69.87%	33.61%
		H Shares	11,913,575 (L)	16.19%	8.40%
	Interests held jointly with another person	Unlisted Shares	20,546,812 (L)	30.13%	14.49%
		H Shares	15,410,188 (L)	20.94%	10.87%
Ms. Li Xiangli ⁽²⁾⁽³⁾	Beneficial owner	Unlisted Shares	5,136,687 (L)	7.53%	3.62%
		H Shares	5,136,688 (L)	6.98%	3.62%
	Interest in controlled corporations	Unlisted Shares	15,410,125 (L)	22.60%	10.87%
		H Shares	10,273,500 (L)	13.96%	7.25%
Interests held jointly with another person	Unlisted Shares	47,654,300 (L)	69.87%	33.61%	
	H Shares	11,913,575 (L)	16.19%	8.40%	
Mr. Wu Yihui ⁽⁴⁾	Interest in controlled corporation	H Shares	9,131,875 (L)	12.41%	6.44%
Ms. Cheng Tao	Interests in the Employee Incentive Platform	H Shares	1,541,025 (L)	2.09%	1.09%
Ms. Li Lingmei	Interests in the Employee Incentive Platform	H Shares	500,000 (L)	0.68%	0.35%
Supervisors					
Mr. Wu Haigang	Interests in the Employee Incentive Platform	H Shares	508,205 (L)	0.69%	0.36%
Ms. Yan Xiya	Interests in the Employee Incentive Platform	H Shares	503,555.50 (L)	0.68%	0.36%
Ms. Fu Hongying	Interests in the Employee Incentive Platform	H Shares	203,555.50 (L)	0.28%	0.14%

DIRECTORS' REPORT

Notes:

- (1) The letter "L" denotes the person's long position in the Shares. For illustrating the indirect interests of grantees in the Shares, the number of Shares is presented and calculated by multiplying their respective percentage of partnership interests in the relevant Employee Incentive Platform by the total number of Shares held by the relevant Employee Incentive Platform. As at December 31, 2025, the total number of issued share capital is 141,800,000 Shares (comprising 73,598,888 H Shares and 68,201,112 Unlisted Shares).
- (2) Qikang International is wholly-owned by Healthy Angel which is in turn wholly-owned by Dr. Xu Qi. As such, Dr. Xu Qi and Healthy Angel are deemed to be interested in the Shares held by Qikang International under the SFO. Since the establishment of our Company, Dr. Xu Qi and Ms. Li Xiangli have been acting in concert with each other in respect of all major affairs concerning our Group. Dr. Xu Qi and Ms. Li Xiangli have agreed to, provided that they remain key members in our Group or they remain interested in the share capital of our Company, continue to act in concert with each other after the Listing. As such, each of Dr. Xu Qi and Ms. Li Xiangli is deemed to be interested in the Shares held by each other by virtue of the SFO.
- (3) Hangzhou Haiding is owned by Ms. Li Xiangli and her spouse, Mr. Li Congyan (李從岩) as to 99% and 1%, respectively. As such, Ms. Li Xiangli is deemed to be interested in the Shares held by Hangzhou Haiding.

Each of Hangzhou Xiyong and Hangzhou Yuanxi is our Employee Incentive Platform established as a limited partnership and is controlled by Ms. Li Xiangli as its general partner. Ms. Li Xiangli is responsible for the management of Hangzhou Xiyong and Hangzhou Yuanxi and exercising the voting rights attaching to the Shares held by Hangzhou Xiyong and Hangzhou Yuanxi, in accordance with the partnership agreements entered into among the general and limited partners of Hangzhou Xiyong and Hangzhou Yuanxi, respectively. As of December 31, 2025, the Employee Incentive Platforms held 10,273,500 Shares in aggregate, representing approximately 7.25% of the total issued Shares of our Company. By virtue of the SFO, Ms. Li Xiangli is deemed to be interested in the respective Shares held by Hangzhou Xiyong and Hangzhou Yuanxi.

- (4) Puhua Xiaying is a limited partnership established in the PRC, the general partner of which is Hangzhou Puyang Investment Management Co., Ltd. (杭州普陽投資管理有限公司), which is controlled by Mr. Wu Yihui (吳一暉), our non-executive Director. As such, Mr. Wu Yihui (吳一暉) and Hangzhou Puyang Investment Management Co., Ltd. (杭州普陽投資管理有限公司) are deemed to be interested in the Shares held by Puhua Xiaying under the SFO.

DIRECTORS' REPORT

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

To the best of the knowledge of the Company and the Directors, the following are the persons, other than the Directors, Supervisors or chief executive of the Company, who had interests or short positions in the Shares and underlying Shares which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required to be entered in the register of interests required to be kept by the Company pursuant to Section 336 of Part XV of the SFO as of December 31, 2025.

Name of Shareholder	Nature of interest	Class of Shares	Total Number of Shares/ Underlying Shares ⁽¹⁾	Percentage of shareholding in our Unlisted Shares/H Shares ⁽¹⁾	Percentage of shareholding in our total issued share capital ⁽¹⁾
Healthy Angel ⁽²⁾	Interest in controlled corporation	Unlisted Shares	47,654,300 (L)	69.87%	33.61%
		H Shares	11,913,575 (L)	16.19%	8.40%
Qikang International ⁽²⁾	Beneficial owner	Unlisted Shares	47,654,300 (L)	69.87%	33.61%
		H Shares	11,913,575 (L)	16.19%	8.40%
Hangzhou Haiding ⁽³⁾	Beneficial owner	Unlisted Shares	15,410,125 (L)	22.60%	10.87%
Hangzhou Puyang Investment Management Co., Ltd. (杭州普陽投資管理有限公司) ⁽⁴⁾	Interest in controlled corporation	H Shares	9,131,875 (L)	12.41%	6.44%
Puhua Xiaxing ⁽⁴⁾	Beneficial owner	H Shares	9,131,875 (L)	12.41%	6.44%
Mr. Xie Li (謝力) ⁽⁵⁾	Interest in controlled corporation	H Shares	9,492,375 (L)	12.90%	6.69%
Zhejiang Fenghua Investment Management Co., Ltd. (浙江豐華投資管理有限公司) ⁽⁵⁾	Interest in controlled corporation	H Shares	9,492,375 (L)	12.90%	6.69%
Haibang Fenghua ⁽⁵⁾	Interest in controlled corporation	H Shares	9,492,375 (L)	12.90%	6.69%
Haibang Taida ⁽⁵⁾	Beneficial owner	H Shares	7,209,375 (L)	9.80%	5.08%
Hangzhou Heda Xinyiyao ⁽⁶⁾	Beneficial owner	H Shares	5,371,750 (L)	7.30%	3.79%

Notes:

- (1) The letter "L" denotes the person's long position in the Shares. As at December 31, 2025, the total number of issued share capital is 141,800,000 Shares (comprising 73,598,888 H Shares and 68,201,112 unlisted Shares).
- (2) Please refer to Note (2) on page 36 in this report.
- (3) Please refer to Note (3) on page 36 in this report.
- (4) Please refer to Note (4) on page 36 in this report.

DIRECTORS' REPORT

- (5) Each of Haibang Taida and Haibang Boyuan is a limited partnership established in the PRC, the general partner of which is Hangzhou Haibang Fenghua Investment Management Co., Ltd. (杭州海邦豐華投資管理有限公司, "Haibang Fenghua"). Haibang Fenghua is in turn controlled as to 75% by Zhejiang Fenghua Investment Management Co., Ltd. (浙江豐華投資管理有限公司), which is a company controlled by Mr. Xie Li (謝力) as to 46% equity interests. As such, Mr. Xie Li (謝力), Haibang Fenghua and Zhejiang Fenghua Investment Management Co., Ltd. (浙江豐華投資管理有限公司) are deemed to be interested in the respective Shares held by Haibang Taida and Haibang Boyuan.

Other than Haibang Fenghua being a general partner, Haibang Boyuan has five limited partners, among which Hangzhou Haibang Xinrun Venture Capital Partnership (Limited Partnership) (杭州海邦鑫潤創業投資合夥企業(有限合夥)) holds approximately 49.05% partnership interests therein. As such, Haibang Xinrun Venture Capital Partnership (Limited Partnership) (杭州海邦鑫潤創業投資合夥企業(有限合夥)) is deemed to be interested in the Shares held by Haibang Boyuan under the SFO.

- (6) Hangzhou Heda Xinyiyao is a limited partnership established in the PRC, which is owned as to (i) 0.1% by its general partner, Hangzhou Heda Investment Management Co., Ltd., and (ii) 99.9% by its limited partner, Hangzhou Heda Industry Fund Investment Co., Ltd., which is wholly owned by Hangzhou Qiantang New Area Industrial Development Group Co., Ltd.. Hangzhou Heda Investment Management is controlled by Hangzhou Heda Financial Services Group Co., Ltd., which is wholly owned by Hangzhou Qiantang New Area Industrial Development Group Co., Ltd. As such, Hangzhou Heda Investment Management Co., Ltd., Hangzhou Heda Financial Services Group Co., Ltd., Hangzhou Heda Industry Fund Investment Co., Ltd. and Hangzhou Qiantang New Area Industrial Development Group Co., Ltd. are deemed to be interested in the Shares held by Hangzhou Heda Xinyiyao under the SFO.

Save as disclosed above, as at December 31, 2025, the Directors and the chief executive of the Company were not aware of any other person (other than the Directors, Supervisors and the chief executive of the Company) who had an interest or short position in the Shares or underlying Shares which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required to be entered in the register required to be kept by the Company pursuant to Section 336 of the SFO.

RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this annual report, at no time during the year ended December 31, 2025 was the Company or any of its subsidiaries, a party to any arrangement that would enable the Directors or Supervisors to acquire benefits by means of acquisition of Shares in, or debentures of, the Company or any other body corporate, and none of the Directors or Supervisors or any of their spouses or children under the age of 18 had any right to subscribe for the interests or debentures of the Company or any other body corporate or had exercised any such right.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

As of December 31, 2025, each of the Directors confirmed that he or she did not have any interest in a business which competes or is likely to compete, directly or indirectly, with our business and requires disclosure under Rule 8.10 of the Listing Rules.

From time to time the non-executive Directors may serve on the boards of both private and public companies within the broader healthcare and biopharmaceutical industries. However, as these non-executive Directors are not members of the Company's executive management team, the Board is of 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 these Directors may hold directorships from time to time.

DIRECTORS' REPORT

RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

Details of the Group's related party transactions during the Reporting Period are set out in Note 37 to the consolidated financial statements contained in this annual report.

During the Reporting Period, the Company entered into a service framework agreement with Zhejiang Handing for a term of three years commencing from the Listing Date to December 31, 2027, which is fully exempt from the independent shareholders' approval, reporting, annual review, announcement and all disclosure requirements pursuant to Rule 14A.76(1) of the Listing Rules. For further details, please refer to the section headed "Connected Transaction" in the Prospectus.

During the Reporting Period, there was no related party transaction or continuing related party transaction set out in Note 37 to the consolidated financial statements which constitutes connected transaction or continuing connected transaction to be disclosed under Chapter 14A of the Listing Rules. In respect of the connected transactions and the continuing connected transactions, the Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

DIRECTORS' AND SUPERVISORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

Save as otherwise disclosed in this annual report, during the Relevant Period, none of the Directors/Supervisors or entities connected with the Directors/Supervisors had an interest, directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party.

CONTRACTS WITH CONTROLLING SHAREHOLDERS

Save as otherwise disclosed in this report, no contract of significance (including for the provision of services) has been entered into among the Company or any of its subsidiaries and the Controlling Shareholders or any of their subsidiaries during the year ended December 31, 2025.

MANAGEMENT CONTRACTS

Other than the service contracts of the Directors and Supervisors, during the Reporting Period, the Company did not enter into any contract in respect of the management or administration of the whole or any substantial part of the business of the Company nor any such contract subsisted.

DIRECTORS' PERMITTED INDEMNITY PROVISION

During the Relevant Period and up to the date of this report, the Company had appropriate liability insurance in place for its Directors.

DIRECTORS' REPORT

EMPLOYEES AND REMUNERATION POLICY

As at December 31, 2025, the Group had 566 employees (as at December 31, 2024: 510 employees).

The Group believes that its success depends in part on its ability to attract, recruit and retain quality employees. The Group enters into individual employment contracts and confidentiality agreements with its employees. The employment contracts cover matters such as wages, benefits and grounds for termination. The remuneration package of its employees generally includes salary and bonus. In general, the Group determines the remuneration package based on the qualifications, position and performance of its employees. In addition, the Group has adopted share incentive scheme to provide an additional means to attract, motivate, retain and reward its employees.

The Group provides its employees with opportunities to work on advanced projects to develop their knowledge and skills. The Group has an effective training system, including orientation and continuous on-the-job training, to accelerate the learning progress and improve the knowledge and skill levels of its workforce. The orientation process for newly joined employees covers subjects such as corporate culture and policies, work ethics, introduction to the development process, quality management, as well as occupational safety. The periodic on-the-job training covers streamlined technical know-how of its integrated services, environmental, health and safety management systems and mandatory training required by applicable laws and regulations. The Group also aims to further enhance a collaborative work environment that encourages its employees to develop their career with it.

During the Reporting Period, the Group believes that it maintained a good relationship with its employees and the Group did not experience any significant labour disputes or any difficulty in recruiting staff for its operations.

DIRECTORS' REMUNERATION

During the year ended December 31, 2025, our Directors, Supervisors and senior management receive their remuneration in the form of Directors' or Supervisors' salary and allowances, contributions to our retirement benefit scheme, discretionary bonuses and other benefits in kind (if applicable).

The remuneration of executive Directors, non-executive Director, independent non-executive Directors and senior management of the Group were recommended by the Remuneration Committee and approved by the Board. Details of the Directors' remuneration during the Reporting Period are set out in Note 10 to the consolidated financial statements.

No amount was paid to any Director or any of the five highest paid individual disclosed in Note 11 to the consolidated financial statements as an inducement to join or upon joining the Company or as a compensation for loss of office. In addition, there was no arrangement under which a Director waived or agreed to waive any remuneration.

DIRECTORS' REPORT

RETIREMENT BENEFITS PLANS AND PENSION SCHEME

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

The subsidiary in the US maintains multiple qualified contributory savings plans as allowed under Section 401(k) of the Internal Revenue Code in the US. These plans are defined contribution plans covering substantially all its qualifying employees and provide for voluntary contributions by employees, subject to certain limits. The contributions are made by both the employees and the employer. The employees' contributions are primarily based on specified dollar amounts or percentages of employee compensation. The only obligation of the subsidiaries in the US with respect to the retirement benefit plans is to make the specified contributions under the plans.

During the Reporting Period, (i) there were no contributions forfeited by the Group on behalf of its employees who leave the scheme prior to vesting fully in such contribution, (ii) there had been no utilization of such forfeited contributions to reduce future contributions, and (iii) no forfeited contributions had been used by the Group to reduce the existing level of contributions.

PRE-IPO EMPLOYEE INCENTIVE SCHEME

The Pre-IPO Employee Incentive Scheme was adopted by the Company and took effect in December 2020, and amended in November 2021 and November 2022. The terms of the Pre-IPO Employee Incentive Scheme are not subject to the provisions of Chapter 17 of the Listing Rules as the Pre-IPO Employee Incentive Scheme does not involve the grant of new Shares or awards by our Company after the Listing. The Pre-IPO Employee Incentive Scheme will not cause any dilution of the shareholding of the Shareholders after the Listing given all underlying Shares of the awards granted under the Pre-IPO Employee Incentive Scheme have been issued to the Employee Incentive Platforms.

For more details of principal terms of the Pre-IPO Employee Incentive Scheme, please refer to the paragraphs headed "Pre-IPO Employee Incentive Scheme" in Appendix IV to the Prospectus.

EQUITY-LINKED AGREEMENT

Save as disclosed in the sections headed "Pre-IPO Employee Incentive Scheme" above, there was no equity-linked agreement subsisting or entered into by the Company during the year ended December 31, 2025.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended December 31, 2025, the respective percentage of purchases attributable to the Group's largest supplier and five largest suppliers in aggregate was 21.8% and 45.9% and the respective percentage of the total sales attributable to the Group's largest customer and five largest customers in aggregate was 41.3% and 64.8%, respectively.

During the year ended December 31, 2025, none of our Directors or any of their close associates or any Shareholders who, to the best knowledge of our Directors, owned more than 5% of the Company's issued share capital (excluding treasury shares) of the Company had any interest in any of the Group's five largest suppliers or customers.

DIRECTORS' REPORT

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares, as defined under the Listing Rules) from the Listing Date up to the date of this report. As at December 31, 2025, the Company did not hold any treasury shares (as defined under the Listing Rules).

CHARITABLE CONTRIBUTIONS

During the year ended December 31, 2025, the Group made a charitable contribution of approximately RMB2.8 million.

CONTINUING DISCLOSURE OBLIGATIONS UNDER THE LISTING RULES

The Company did not have any continuing disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules throughout the period from the Listing Date up to the date of this report.

AUDITOR

The consolidated financial statements of the Group for the year ended December 31, 2025 have been audited by Ernst & Young. There has been no change in the auditor of the Company since the Listing Date.

ANNUAL GENERAL MEETING

The notice of the AGM will be published and dispatched (if requested) to the Shareholders in due course.

By order of the Board
Medtide Inc.
Dr. Xu Qi
Chairwoman and Chief Executive Officer

Hong Kong, March 30, 2026

CORPORATE GOVERNANCE REPORT

The Board is pleased to present the Corporate Governance Report of the Company for the year ended December 31, 2025.

CORPORATE PURPOSE, CULTURE AND STRATEGY

The Company's vision is to "expand the world of peptide and oligonucleotides, serving life science", and we firmly believe that the Company is moving forward towards this goal. The management team has put our corporate culture into practice by working harder and more diligently to deliver excellent performance.

The Board consistently ensures that all members of the Group are guided by our purpose and strategy, align the corporate culture in their daily work, and work together as one to promote quality development led by an advanced culture. The Group's operating practices, internal policies and stakeholder relationships give us the opportunity to actively practice our corporate culture and values in a multi-dimensional and holistic manner, which may create stable and sustainable business development and growth and bring long-term value to shareholders. The Company will take big strides, maintain the momentum of growth and continue to be a trusted global integrated Tides CRDMO partner to accelerate and transform discovery, development and manufacturing in the fast growing field of peptide and oligonucleotide to benefit patients worldwide.

CORPORATE GOVERNANCE PRACTICES

The Company was incorporated on June 11, 2020 as a limited liability company under the laws of the PRC, and the H shares of the Company were listed on the Main Board of the Stock Exchange on June 30, 2025, since which time the Corporate Governance Code as set out in Appendix C1 to the Listing Rules has been applicable to the Company.

The Company and our Directors are committed to upholding and implementing the highest standards of corporate governance and recognize the importance of protecting the rights and interests of all shareholders of the Company. Save as disclosed below, the Company has complied with all the applicable code provisions set out in the Corporate Governance Code throughout the period from the Listing Date up to the date of this report.

Pursuant to code provision C.2.1 in Part 2 of the Corporate Governance Code, companies listed on the Stock Exchange are expected to comply with, but may choose to deviate from the requirement that the responsibilities between the chairperson and the chief executive should be segregated and should not be performed by the same individual. The Group does not have a separate chairperson and chief executive and Dr. Xu Qi (徐琪) ("Dr. Xu"), our chairwoman of the Board, executive Director and chief executive, currently performs these two roles. The Board believes that vesting the roles of both chairperson and chief executive in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired, given that: (1) decision to be made by our Board requires approval by at least a majority of our Directors; (2) Dr. Xu and the other Directors are aware of and undertake to fulfill their fiduciary duties as Directors, which require, among other things, that she acts for the benefit and in the best interests of our Company and will make decisions for our Company accordingly; (3) the balance of power and authority is ensured by the operations of the Board, including three independent non-executive Directors, and has a fairly strong independence element; and (4) the overall strategic and other key business, financial, and operational policies of our Company are made collectively after thorough discussion at both Board, and senior management levels.

The Company will continue to regularly review and monitor its corporate governance practices to ensure compliance with the Corporate Governance Code, and maintain a high standard of corporate governance practices of the Company.

CORPORATE GOVERNANCE REPORT

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as its code of conduct regarding the Directors' and Supervisors' dealings in the securities of the Company. Having made enquiries with all the Directors and Supervisors, each of them confirmed that they have strictly complied with the required standards set out in the Model Code throughout the period from the Listing Date up to the date of this report.

BOARD OF DIRECTORS

The Company is headed by an effective Board which assumes responsibility for its leadership and control and be collectively responsible for promoting the Company's success by directing and supervising the Company's affairs. Directors take decisions objectively in the best interests of the Company.

The Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business and regularly reviews the contribution required from a Director to perform his responsibilities to the Company and whether the Director is spending sufficient time performing them that are commensurate with their role and the Board responsibilities. The Board includes a balance composition of executive Directors, non-executive Director and independent non-executive Directors so that there is a strong independent element on the Board, which can effectively exercise independent judgement.

Board Composition

The Board currently comprises nine Directors, consisting of five executive Directors, one non-executive Director and three independent non-executive Directors.

Executive Directors

Dr. Xu Qi (*Chairwoman*)

Dr. Li Xiang

Ms. Li Xiangli

Ms. Cheng Tao

Ms. Li Lingmei

Non-executive Director

Mr. Wu Yihui

Independent Non-executive Directors

Dr. Yu Cheung Hoi

Dr. Zhu Xun

Mr. Xia Xinsheng

Each of the Directors confirms that he or she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules on May 16 and May 29, 2024, respectively, and (ii) understands his or her obligations as a director of a listed issuer on the Stock Exchange under the Listing Rules.

The biographical details of the Directors are set out in the section headed "Directors, Supervisors and Senior Management – Directors" of this annual report. Save as disclosed in this report, to the best knowledge of the Board, there is no other financial, business, family, or other material/relevant relationships among members of the Board.

CORPORATE GOVERNANCE REPORT

Board Meetings and General Meetings

According to code provision C.5.1 of the CG Code, board meetings should be held at least four times a year at approximately quarterly intervals with active participation, either in person or through electronic means of communication, of the majority of the Directors.

As the H Shares of the Company have been listed on the Stock Exchange since June 30, 2025, the Board met 2 times only during the Relevant Period. No general meeting was held during the Relevant Period. The attendance records of each Director at the Board meetings of the Company, whether in person or by means of electronic communication, for the Relevant Period are set out below:

Name of Director	Attendance/ Number of Board Meeting	Attendance/ Number of General Meeting
Executive Directors		
Dr. Xu Qi (<i>Chairwoman</i>)	2/2	–
Dr. Li Xiang	2/2	–
Ms. Li Xiangli	2/2	–
Ms. Cheng Tao	2/2	–
Ms. Li Lingmei	2/2	–
Non-executive Director		
Mr. Wu Yihui	2/2	–
Independent Non-executive Directors		
Dr. Yu Cheung Hoi	2/2	–
Dr. Zhu Xun	2/2	–
Mr. Xia Xinsheng	2/2	–

At the Board meetings held during the Relevant Period, the Board discussed a wide range of matters, including the Company's financial and operational performances, approved the interim results of the Company, consider business prospects and other significant matters, and approve the change of joint company secretary.

During the period from the Listing Date to the date of this Report, the Chairwoman of the Board held one meeting with the independent non-executive Directors without the presence of other Directors.

CORPORATE GOVERNANCE REPORT

Independent Non-executive Directors

From the Listing Date to the date of this report, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors representing at least one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company recognizes the importance of board independence to corporate governance. In particular, the following mechanisms are in place in order to ensure that there is a strong independent element on the Board which is key to the Board's effectiveness:

In assessing whether a potential candidate is qualified to become an independent director of the Company, the Nomination Committee and the Board will consider, among others, whether the candidate is able to devote sufficient time on performing his/her duties as an independent director of the Company, and the background and qualification of the candidate, in order to assess whether such candidates are able to bring independent views to the Board.

In considering whether an independent director should be proposed for re-election, the Nomination Committee and the Board will assess and evaluate the independent director's contribution to the Board during the term, in particular, whether the independent director was able to bring independent views to the Board.

The Company will ensure that there are channels (in addition to independent directors) where independent views are available, including but not limited to availability of access by directors of the Company to external independent professional advice to assist their performance of duties.

The Company has implementable and effective mechanisms to ensure independent views and input are available to the Board during the Relevant Period and up to the date of this report.

The Company has received annual confirmation letters issued by each independent non-executive Director regarding their independent status in accordance with Rule 3.13 of the Listing Rules and considers each of the independent non-executive Directors to be independent and meet the independence guidelines as set out in Rule 3.13 of the Listing Rules.

Appointment and Re-election of Directors

In accordance with the Article 97 of the Articles of Association, the Directors shall be elected or replaced at a general meeting, and may be removed from their office by the general meeting prior to the expiration of their term of office. A Director shall serve a term of three years, and shall be eligible for re-election upon expiration of their term of office. The term of office of a Director shall commence from the date of taking the position until the expiry of the term of office of the current session of the Board.

The Company has entered into a service contract or a letter of appointment with each of the Directors in respect of, among other things, compliance with the relevant laws and regulations and the Articles of Association. Each of the agreements or letter of appointment is for a term of three years following their respective appointment date, and each of the agreements is subject to termination in accordance with their respective terms. The service agreements and the letter of appointments may be renewed in accordance with the Articles of Association and the applicable laws and regulations.

Save as disclosed above, the Company has not entered into, and do not propose to enter into any service contracts with any of the Directors in their respective capacities as Directors (excluding agreements expiring or determinable by any member of the Group within one year without payment of compensation other than statutory compensation).

CORPORATE GOVERNANCE REPORT

Responsibilities, Accountabilities and Contributions of the Board and Management

The Board should assume responsibility for leadership and control of the Company, and is collectively responsible for directing and supervising the Company's affairs.

The Board directly, and indirectly through its committees, leads and provides direction to management by laying down strategies and overseeing their implementation, monitors the Company's operational and financial performance, and ensures that sound internal control and risk management systems are in place.

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

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

The Directors shall disclose to the Company details of other offices held by them.

The Board reserves its discretion on all major matters including policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant operational matters of the Company.

The Board is responsible for and in possession of the general powers for our business management and operation, including determining our operating plans and investment schemes, implementing resolution(s) passed at the general meeting, and exercising other powers, functions and duties granted by the Articles of Association. The Board is also responsible for exercising other powers, functions and duties pursuant to the Articles of Association and all applicable laws and regulations, including the Listing Rules.

Responsibilities relating to implementing decisions of the Board, directing and coordinating the daily operation and management of the Company are delegated to the senior management of the Company. The senior management administers, interprets, enforces, supervises compliance with the internal policies and operational procedures and conducts regular reviews on such policies and procedures across different levels of the Company. The senior management communicates with the Board on a regular basis.

The Company has arranged appropriate insurance coverage on Directors' and officers' liabilities in respect of legal actions taken against Directors and senior management arising out of corporate activities. The insurance coverage would be reviewed on an annual basis.

Continuous Professional Development of Directors

The Directors shall keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that their contribution to the Board remains informed and relevant.

Every newly appointed Director has received a formal and comprehensive induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of a Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements. Such induction shall be supplemented by regular meetings with senior management of the Company to understand the Company's businesses, governance policies and regulatory environment.

CORPORATE GOVERNANCE REPORT

The Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills. Internally-facilitated briefings for Directors would be arranged and reading materials on relevant topics would be provided to Directors where appropriate. All Directors are encouraged to attend relevant training courses at the Company's expenses.

During the Relevant Period, the Directors are continually provided with information relating to the developments in the legal and regulatory regime and the business and market environments to facilitate the execution of their responsibilities. Continuing briefings and professional development for the Directors were arranged by the Company and its professional advisers. According to the records kept by the Company, during the Relevant Period, each of the Directors, namely Dr. Xu Qi, Dr. Li Xiang, Ms. Li Xiangli, Ms. Cheng Tao, Ms. Li Lingmei, Mr. Wu Yihui, Dr. Yu Cheung Hoi, Dr. Zhu Xun and Mr. Xia Xincheng attended trainings that are relevant to the Director's professional knowledge and skills and in performing their duties and responsibilities as Directors.

The training records of the Directors during the Relevant Period are summarized as follows:

Directors	Participated in continuous professional development⁽¹⁾
<i>Executive Directors</i>	
Dr. Xu Qi	✓
Dr. Li Xiang	✓
Ms. Li Xiangli	✓
Ms. Cheng Tao	✓
Ms. Li Lingmei	✓
<i>Non-executive Director</i>	
Mr. Wu Yihui	✓
<i>Independent Non-executive Directors</i>	
Dr. Yu Cheung Hoi	✓
Dr. Zhu Xun	✓
Mr. Xia Xincheng	✓

Note:

(1) Attended training/seminar/conference arranged by the Company or other external parties or read relevant materials.

CORPORATE GOVERNANCE REPORT

BOARD COMMITTEES

The Board has established three committees, namely, the Audit Committee, the Remuneration Committee and the Nomination 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, and are provided with sufficient resources to discharge their duties. The terms of reference of the Audit Committee, the Remuneration Committee and the Nomination Committee are posted on the Company's website and the Stock Exchange's website and are available to Shareholders upon request.

The list of the chairman and members of each Board committee is set out under the section headed "Corporate Information" of this annual report.

Audit Committee

The Audit Committee consists of three members, including three independent non-executive Directors, namely Mr. Xia Xinsheng, Dr. Yu Cheung Hoi and Dr. Zhu Xun. Mr. Xia Xinsheng being the chairman of the Audit Committee, holds the appropriate professional qualification as required under Rules 3.10(2) and 3.21 of the Listing Rules.

The terms of reference of the Audit Committee are in compliance with Rule 3.21 of the Listing Rules, paragraph C.4 and paragraph D.3 of Part 2 of the CG Code. The primary duties of the Audit Committee include, but not limited to, (i) making recommendations to the Board on the appointment, reappointment and removal of the external auditor, reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standard, and developing and implementing policy on the engaging an external auditor to supply non-audit services; (ii) reviewing of the Company's financial information; (iii) overseeing the Company's financial reporting system, risk management and internal control systems; and (iv) performing the Company's corporate governance procedures.

During the Relevant Period, the Audit Committee held one meeting to review and discuss the interim condensed consolidated financial statements of the Group, consider the reports of the external auditor on the audit of the annual consolidated financial statements, review the effectiveness of the Group's internal control and risk management systems, and monitor the integrity of the financial reporting process.

The attendance records of the Audit Committee Meetings are set out below:

Name of Audit Committee Member	Attendance/ Number of Meetings
Mr. Xia Xinsheng	1/1
Dr. Yu Cheung Hoi	1/1
Dr. Zhu Xun	1/1

CORPORATE GOVERNANCE REPORT

The Audit Committee has reviewed the annual results and annual report of the Company for 2025 and the audited financial statements for the year ended December 31, 2025 which were prepared in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made.

Remuneration Committee

The Remuneration Committee consists of three members, including one executive Director, namely Dr. Xu Qi, and two independent non-executive Directors, namely Dr. Zhu Xun and Mr. Xia Xincheng. Dr. Zhu Xun serves as the chairman of the Remuneration Committee.

The terms of reference of the Remuneration Committee are in compliance with Rule 3.25 of the Listing Rules and paragraph E.1 of Part 2 of the CG Code. The primary duties of the Remuneration Committee include, but not limited to, (i) making recommendations to the Board on the Company's remuneration policy and structure for all Directors and senior management and on the establishment of a formal and transparent procedure for developing remuneration policy; (ii) reviewing and approving the management's remuneration with reference to the Board's corporate goals and objectives; (iii) determining with delegated responsibility and making recommendations to the Board on the remuneration packages of individual executive directors and senior management; (iv) reviewing and approving compensation payable to executive directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive; (v) reviewing and approving compensation arrangements relating to dismissal or removal of Directors for misconduct; (vi) reviewing and/or approving the matters relating to the share scheme pursuant to Chapter 17 under the Listing Rules; and (vii) considering and implementing other matters, as defined or assigned by the Board or otherwise required by the Listing Rules.

As the Company was listed on the Stock Exchange on June 30, 2025, no meetings of the Remuneration Committee were held during the year ended December 31, 2025.

CORPORATE GOVERNANCE REPORT

The remuneration payable to all the senior management of the Company for the year ended December 31, 2025 is shown in the following table by band:

Annual Remuneration	Number of individual(s)
RMB500,001 to RMB1,000,000	2
RMB2,500,001 to RMB3,000,000	1
RMB7,500,001 to RMB8,000,000	1
Total	4

Further details of the remuneration payable to the Directors and the five highest paid individuals for the year ended December 31, 2025 are set out in Notes 10 and 11 to the consolidated financial statements in this annual report.

The Company's remuneration policy is to ensure that the remuneration offered to employees, including Directors and senior management, is based on skill, knowledge, responsibilities and involvement in the Company's affairs. The remuneration packages of executive Directors are also determined with reference to market practices and prevailing market rates. The remuneration for the executive Directors comprises salaries, discretionary bonuses, equity incentives, contributions to pension schemes and other benefits. The remuneration policy for the independent non-executive Directors is to ensure that the independent non-executive Directors are adequately compensated for their efforts and time dedicated to the Company's affairs, including their participation in Board committees. The remuneration for the independent non-executive Directors mainly comprises Director's fee which is determined with reference to the responsibilities, experience and prevailing market rates for independent non-executive directors.

CORPORATE GOVERNANCE REPORT

Nomination Committee

The Nomination Committee consists of three members, including one executive Director, namely Dr. Xu Qi, and two independent non-executive Directors, namely Dr. Yu Cheung Hoi and Mr. Xia Xinsheng. Dr. Xu Qi serves as the chairwoman of the Nomination Committee.

The terms of reference of the Nomination Committee are in compliance with Rule 3.27A of the Listing Rules and paragraph B.3 of Part 2 of the CG Code. The primary duties of the Nomination Committee include, but not limited to, (i) reviewing and monitoring the structure, size, composition and diversity (including without limitation, the skills, knowledge, experience, gender and background) of the Board at least once a year, assisting the Board in maintaining a board skills matrix and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy; (ii) identifying individuals suitably qualified to become the Directors and selecting or making recommendations to the Board on the selection of, individuals nominated for directorships; (iii) assessing the independence of independent non-executive Directors; (iv) making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors; (v) reviewing the board diversity policy ("**Board Diversity Policy**") and/or the nomination policy (the "**Nomination Policy**"), as appropriate, and reviewing the objectives the Board has set for implementing the Board Diversity Policy and/or the Nomination Policy, and the progress on achieving the objectives to ensure the continued effectiveness of the Board Diversity Policy and/or the Nomination Policy; (vi) assessing each Director's time commitment and contribution to the Board and supporting the Company's regular evaluation of the Board's performance; and (vii) performing other duties delegated as appropriate by the Board or as set out in the Listing Rules and the provisions of the CG Code from time to time.

In assessing the Board composition, the Nomination Committee would take into account various aspects as well as factors concerning board diversity as set out in the Board Diversity Policy. The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption.

In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's relevant criteria as set out in the Company's director nomination policy (the "**Director Nomination Policy**") that are necessary to complement the corporate strategy and achieve board diversity, where appropriate, before making recommendation to the Board.

As the Company was listed on the Stock Exchange on June 30, 2025, no meetings of the Nomination Committee were held during the year ended December 31, 2025.

CORPORATE GOVERNANCE REPORT

Where vacancies on the Board arise, the Nomination Committee will carry out the selection process by making reference to the skills, experience, professional knowledge, personal integrity and time commitments of the proposed candidates, the Company's needs and other relevant statutory requirements and regulations.

Board Diversity Policy

The Company is committed to promoting the culture of diversity in the Company. It has strived to promote diversity to the extent practicable by taking into consideration a number of factors in our corporate governance structure.

The Company has adopted the Board Diversity Policy which sets out the objective and approach to achieve and maintain diversity of our Board in order to enhance the effectiveness of our Board. Pursuant to the Board Diversity Policy, the Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to gender, age, race, cultural background, educational background, industry experience and professional experience. Our Directors have a balanced mix of knowledge and skills, including knowledge and experience in the areas of pharmaceuticals, finance, corporate management and governance. They obtained degrees in various areas including chemistry, biology, pharmacy, economics, finance and business administration. Our Board Diversity Policy is well implemented as evidenced by the fact that there are Directors ranging from 41 years old to 71 years old and comprises four female Directors and five male Directors. As at December 31, 2025, we also have witnessed a balanced gender ratio in the overall workforce, with a male to female ratio of approximately 6:5.

The Company will use its best efforts to maintain at least two female representations on the Board and continue to take steps to promote diversity at all levels of the Company including but without limitation to the Board and senior management levels, to enhance the effectiveness of corporate governance of the Company as a whole. In particular, the Company will continue to put effort into maintaining a pipeline of potential successors of the Board to maintain or achieve gender diversity via different channels, such as by engaging human resources agencies to identify potential successors for the Board.

The Nomination Committee is responsible for reviewing and ensuring the diversity of the Board. During the period from the Listing Date to the date of this report, the Nomination Committee has monitored and evaluated the implementation of the Board Diversity Policy from time to time to ensure its continued effectiveness. As reviewed and suggested by the Nomination Committee, the Board was of the view that the Board has achieved diversity in terms of gender, age and skill, knowledge and professional experience, and considers that the Board Diversity Policy is effective. It is currently not required to set any measurable objectives for implementing the said policy.

CORPORATE GOVERNANCE REPORT

Director Nomination Policy

The Board has delegated its responsibilities and authority for selection and appointment of Directors to the Nomination Committee.

The Company has the Director Nomination Policy which sets out the selection criteria and nomination process and the Board succession planning considerations in relation to nomination and appointment of Directors of the Company and aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company and the continuity of the Board and appropriate leadership at Board level.

The Director Nomination Policy sets out the factors for assessing the suitability and the potential contribution to the Board of a proposed candidate, including but not limited to (i) reputation for integrity; (ii) educational background, professional qualifications, and work experience (including part-time positions); (iii) possession of the appropriate skills and relevant experience required for the role; (iv) commitment in respect of available time and relevant interest; and (v) diversity in all its aspects, including but not limited to gender, age (18 years or above), cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service; and (vi) independence of candidates for independent non-executive Directors subject to Rule 3.13 of the Listing Rules.

The Director Nomination Policy also sets out the procedures for the selection and appointment of new Directors and re-election of Directors at general meetings of the Company. The Nomination Committee will review the Director Nomination Policy, from time to time and as appropriate, to ensure its effectiveness.

Corporate Governance Functions

The Board is responsible for determining the corporate governance policy of the Company performing the functions set out in code provision A.2.1 of Part 2 of the CG Code.

During the Relevant Period, the Board had reviewed the Company's corporate governance policies and practices, training and continuous professional development of the Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the Company's compliance with the CG Code, the Company's code of conduct applicable to its employees and Directors, and disclosure in its Corporate Governance Report during the Relevant Period.

CORPORATE GOVERNANCE REPORT

RISK MANAGEMENT AND INTERNAL CONTROLS

Governance Structure of Risk Management

The Company recognizes that risk management is critical to the success of its business operations. Key operational risks that the Company faces include changes in the overall market conditions and regulatory environment relating to the global peptide CRDMO service market and oligonucleotide CDMO service market, its ability to offer quality drug discovery, development and manufacturing services, its ability to manage anticipated growth and to execute on its growth strategies and its ability to compete with other CRDMO service providers. The Company also faces various market risks. In particular, the Company is exposed to credit, liquidity, interest rate and currency risks that arise in the normal course of its business.

The Board acknowledges that it is responsible for the risk management and internal control systems and reviewing their effectiveness annually. However, such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

We have adopted a series of risk management policies which set out a risk management framework to identify, assess, evaluate and monitor key risks associated with our strategic objectives on an ongoing basis. The following key principles outline our approach to risk management:

The Board (i) drives the establishment of the Company's enterprise risk management system; (ii) determines the overall objectives of the Company's risk management; (iii) approves the policies related to risk management; (iv) approves the risk management strategy and the evaluation criterion of the major risks, major events and important matters; (v) understands the material risks and management reality; (vi) approves the risk management report submitted by the senior management; (vii) supervises the development of the risk management culture of the Company; (viii) decides other major issues related to risk management.

The Audit Committee and the internal audit department are mainly responsible for the design of the evaluation system of the enterprise risk management, development of the evaluation and supervision policies, execution of the evaluation and supervision activities and issuance of the audit/evaluation report.

The legal department of the Company is responsible for the execution of the enterprise risk management, which includes: (i) guiding the development of the Company's risk management system; (ii) reviewing the evaluation report in connection with the rationale of the Company's risk management policies and its effectiveness; (iii) guiding the establishment of the risk management mechanism in each department of the Company and supervise their execution; (iv) periodically reviewing the progress of the Company's risk management and report to the senior management; (v) coordinating and dealing with other major issues related to the risk management.

CORPORATE GOVERNANCE REPORT

Governance Structure of Internal Control

The Company has engaged an internal control consultant (the “**Internal Control Consultant**”) to perform certain agreed-upon procedures in connection with the internal control of the Company and its major operating subsidiaries and to report factual findings on the Company’s entity-level controls and internal controls of various processes, including environment controls, risk assessment, control activities, information and communication, internal monitoring, sales and receivables management, purchases and payment management, inventory management, production management, R&D management, human resources and remuneration management, treasury management, fixed asset and intangible asset management, reporting and disclosure, tax, insurance, contract management and information system management. Regarding the Company’s internal control management, the Internal Control Consultant identified deficiencies, primarily concerning the absence of listing-related systems and the need to enhance management of process systems. In response, the Company established and implemented a corresponding internal control management system in May 2024 to regulate its operations in alignment with its business situation.

The Board is responsible for establishing and ensuring effective internal controls to safeguard our Shareholder’s interest at all times. The internal control policies set out a framework to identify, evaluate and manage key risks associated with our strategic objectives on an ongoing basis. The following is a summary of the internal control policies, measures and procedures we have implemented or plan to implement:

- We have set up an internal control department and an internal audit department, which are responsible for the overall internal control development and assessment of our Company.
- Our internal control department is responsible for issuing and amending internal control policies, measures and procedures to ensure that we maintain comprehensive and effective internal control.
- Our internal audit department organizes periodic inspections relating to the implementation of and adherence to the internal controls of each business department. We conduct internal control inspections through on-site visit, random sampling and other means. Upon completion of on-site visits, our internal audit department delivers to the head of the relevant business department information and statistics related to the risks discovered during the visits and any suggested remedial action. The head of the relevant business department is then required to carry out the relevant remedies.
- The head of each business department is responsible for implementing relevant internal control policies, measures and procedures and conducting regular review regarding the implementation of such policies, measures and procedures.
- We have adopted various measures and procedures for all of our business operations, including project management, quality assurance, intellectual property protection, environmental protection and occupational health and safety.

CORPORATE GOVERNANCE REPORT

- Our internal control department has established a whistleblowing mechanism regarding complaints against our Directors, senior management, employees, customers and other business partners, and independent and fair investigation is conducted on any reported complaints. The internal control department has also established a hotline and specific email for our employees to report their complaints and inquiries. In addition, the internal control department has established whistleblowing policies that regulate the reporting channels, case officers, investigation procedures and results reports related thereto, and that explicitly state that retaliation against whistleblowers is prohibited.
- We have engaged compliance adviser to provide advice to our Directors and management team for at least the period commencing from the Listing Date and ending on the date that our Company publishes its first full financial year results regarding matters relating to the Listing Rules.

Inside Information Policy

The Company has put in place the Inside Information Policy for the handling and disclosure of inside information in compliance with the SFO. The Inside Information Policy sets out the procedures and internal controls for the handling and dissemination of inside information in a timely manner and provides the Directors, senior management, and relevant employees of the Company a general guide in monitoring information disclosure and responding to enquiries. Control procedures have been implemented to ensure that unauthorized access and use of inside information are strictly prohibited.

During the Relevant Period, the Company has regularly reviewed and enhanced its risk management, internal control systems and inside information disclosure policy. The Board has conducted an annual review of the effectiveness of the risk management and internal control systems and considers these systems effective and adequate in general.

Anti-corruption Policies

The Company maintains a strict code of conduct and anti-corruption policies among our employees and partners. The Company believes it will be less affected by the increasingly stringent measures taken by the PRC government to correct corruptive practices in the pharmaceutical industry. The Company strictly prohibits bribery or other improper payments in our business operations. This prohibition applies to all business activities, anywhere globally, whether involving government officials or healthcare professionals. 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 detail. Requests for false invoices or payment of unusual, excessive or inadequately described expenses should be rejected and promptly reported. Misleading, incomplete or false entries in our books and records are never acceptable. The Company also ensures marketing team personnel comply with applicable promotion and advertising requirements. During the Relevant Period, the Company has complied with relevant laws and regulations that have a significant impact on the Company.

CORPORATE GOVERNANCE REPORT

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

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

The management has provided to the Board such explanation and information as are necessary to enable the Board to carry out an informed assessment of the Company's consolidated financial statements, which are put to the Board for approval.

The Directors have prepared the financial statements in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board. Appropriate accounting policies have also been used and applied consistently except the adoption of revised standards, amendments to standards and interpretation.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. The financial statements of the Company are prepared on a going concern basis, the Directors are of the view that they give a true and fair view of the financial position, performance and cash flow of the Group for the year ended December 31, 2025, and the disclosure of other financial information and report therein complies with relevant legal requirements.

A statement from the independent auditors of the Company about their reporting responsibilities for the consolidated financial statements is set out in the section headed "Independent Auditor's Report" in this annual report.

AUDITOR'S REMUNERATION

The remuneration paid to the independent auditor of the Company, Ernst & Young, in respect of audit services for the year ended December 31, 2025 is set out below:

Service Category	Remuneration paid/payable <i>RMB'000</i>
Audit services relating to annual audit	3,000
Audit services relating to listing	2,700
Total	5,700

No non-audit service was provided by Ernst & Young to the Company during the Reporting Period.

CORPORATE GOVERNANCE REPORT

JOINT COMPANY SECRETARIES

Ms. Li Lingmei and Mr. Ng Tung Ching Raphael have been appointed as our joint company secretaries. Please refer to Directors and Senior Management section for Ms. Li Lingmei's biography.

Mr. Lee Chung Shing has tendered his resignation from the joint company secretary of the Company with effective from September 26, 2025.

Following the resignation of Mr. Lee Chung Shing, Mr. Ng Tung Ching Raphael has been appointed as the joint company secretary, the authorised representative and process agent with effective from September 26, 2025. Ms. Li Lingmei will continue to act as the other joint company secretary of the Company.

For further details, please refer to the announcement of the Company dated September 26, 2025.

Mr. Ng Tung Ching Raphael is a seasoned professional with over 15 years of extensive experience in the legal and company secretarial domains, specializing in corporate governance and compliance. He currently serves as the Assistant Vice President of Entity Solutions at Computershare Hong Kong Investor Services Limited. Mr. Ng Tung Ching Raphael holds a Master's Degree in Chinese Business Law from The Chinese University of Hong Kong and a Master's Degree in Professional Accounting and Corporate Governance from The City University of Hong Kong. He earned his Bachelor's Degree in Law from Manchester Metropolitan University. Mr. Ng Tung Ching Raphael is a Fellow Member of both The Hong Kong Chartered Governance Institute ("HKCGI") and The Chartered Governance Institute in the United Kingdom. He also possesses the practitioner's endorsement from HKCGI.

Ms. Li Lingmei is the primary corporate contact person at the Company of Mr. Ng Tung Ching Raphael.

For the year ended December 31, 2025, each of Ms. Li Lingmei and Mr. Ng Tung Ching Raphael has undertaken not less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

All Directors may have access to the advice and services of the joint company secretaries on corporate governance and routine Board matters.

CORPORATE GOVERNANCE REPORT

SHAREHOLDERS' RIGHTS

Convening an Extraordinary General Meeting

Pursuant to Article 50 of the Articles of Association, Shareholders individually or collectively holding 10% or more of the shares in the Company shall have the right to request the Board in writing to call an extraordinary general meeting. The Board shall, in accordance with relevant laws, administrative regulations, the Hong Kong Listing Rules and other securities regulatory rules of the place where the Company's shares are listed and the Articles of Association, give a written reply on whether or not it agrees to call such an extraordinary general meeting within ten days after receiving the proposal from the abovementioned shareholders to call such meeting. If the Board agrees to call such an extraordinary general meeting, a notice of such meeting shall be issued within five days after the resolution of the Board is passed. Any change made to the original request in the notice shall be approved by the relevant shareholders. If the Board does not agree to call such an extraordinary general meeting, or fails to make a reply within 10 days upon receipt of the request, the shareholders individually or collectively holding 10% or more of the shares of the Company shall have the right to propose that the Supervisory Committee call an extraordinary general meeting. Such request shall be made to the Supervisory Committee in writing. If the Supervisory Committee agrees to call such an extraordinary general meeting, a notice of such meeting shall be issued within five days upon receipt of the request. Any change made to the original request in the notice shall be approved by the relevant shareholders. If the Supervisory Committee fails to issue the notice calling such a meeting within the period specified hereinabove, it shall be deemed to have failed to call and preside over such meeting. Shareholders individually or collectively holding 10% or more of the shares in the Company for 90 consecutive days or longer period may call and preside over such meeting on their own.

Putting Forward Proposals at Annual General Meetings

Pursuant to Article 55 of the Articles of Association, Shareholders individually or collectively holding 1% or more of the shares in the Company may submit provisional proposals in writing to the convener ten days prior to the date of such meeting. The convener shall, within two days after receipt thereof, issue a supplementary notice of the general meeting and announce the content of such provisional proposals, unless the provisional proposals violates the provisions of laws, administrative regulations or the Articles of Association, or is not within the scope of the general meeting. The Company shall not increase the shareholding ratio of shareholders who submit the provisional proposals.

Putting Forward Enquiries to the Board

For putting forward any enquiry to the Board, Shareholders may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries.

CORPORATE GOVERNANCE REPORT

Contact Details

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

Address: No. 69, 12 Street Qiantang District, Hangzhou, Zhejiang, the PRC

Email: ir@medtideinc.com

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

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company endeavors to maintain an ongoing dialogue with Shareholders and in particular, through annual general meetings and other general meetings. At the annual general meeting, Directors (or their delegates as appropriate) are available to meet Shareholders and answer their enquiries.

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

As the Company was listed on the Stock Exchange on June 30, 2025, no shareholders' meetings were held during the period from the Listing Date to December 31, 2025. The Board will disclose the relevant meetings in the next annual report in accordance with the requirements of the CG Code.

Shareholders' Communication Policy

The Company adopts the Shareholders' Communication Policy to guarantee continuous and effective communication with the Shareholders by engaging with the Shareholders through various communication channels.

To enable shareholders and other stakeholders to exercise their rights in an informed manner based on a good understanding of the Group's operations, businesses and financial information, the Company adopted the Shareholders' Communication Policy with the objective of ensuring equal, timely, effective, transparent, accurate and open communications with the shareholders of the Company. The policy also sets out a number of ways to ensure effective and efficient communication strategies with shareholders and other stakeholders are achieved, including but not limited to actionable corporate communications (in both English and Chinese, to facilitate shareholders' understanding), posting of relevant information on the corporate website, shareholders' meetings and Shareholders' enquiries.

CORPORATE GOVERNANCE REPORT

During the Relevant Period, the Board has reviewed the implementation and confirmed effectiveness of the shareholders' communication policy, in particular, by ensuring that: (i) both English and Chinese version of any corporate communication that requires Shareholders' attention or any announcements relating to matters to be disclosed under the Listing Rules (including but not limited to those involving insider information, corporate actions and corporate transactions) were published in a timely manner; (ii) the Company's website, where information on the Company's announcements, reports, financial information and other information are available for public access, has been maintained as a communication platform with the Shareholders; (iii) the general meeting of the Company (where the Board and appropriate senior management of the Company are available to respond to enquiries) was held to provide an opportunity for communication between the Directors, senior management and the Shareholders; and (iv) written enquiries or requests sent by Shareholders to the Company's address or email are dealt with in an informative and timely manner.

Having considered the implementation and outcome of the shareholder communication channels of the Group and the practices of other listed companies, the Company confirmed its effectiveness during the period from the Listing Date and up to the date of this report.

ARTICLES OF ASSOCIATION

The Articles of Association is available at the Company's website and the website of Hong Kong Stock Exchange. During the Relevant Period, the Company has not made any changes to the Articles of Association.

DIVIDEND POLICY

As of December 31, 2025, the Company did not have a formal dividend policy or a fixed dividend payout ratio. Any declaration and payment as well as the amount of dividends will be subject to our Articles of Association and applicable laws and regulations. The declaration and payment of any dividends will be determined by our shareholders' meeting, in its discretion, and will depend on a number of factors, including but not limited to our earnings, capital requirements, overall financial condition and contractual restrictions. We may by ordinary resolution resolve to declare dividends in any currency and authorize payment of the dividends out of the funds of our Company lawfully available. There is no assurance that dividends of any amount will be declared to be distributed in any year. We will continue to re-evaluate our dividend policy in light of our financial condition and the prevailing economic environment.

INDEPENDENT AUDITOR'S REPORT



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To the shareholders of Medtide Inc.

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

OPINION

We have audited the consolidated financial statements of Medtide Inc. (the "Company") and its subsidiaries (the "Group") set out on pages 68 to 149, which comprise the consolidated statement of financial position as at December 31, 2025, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

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

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS (CONTINUED)

Key audit matter

How our audit addressed the key audit matter

Revenue recognition for contract research, development and manufacturing organization ("CRDMO") contracts under fee-for-service ("FFS") basis

Revenue of the Group for the year ended December 31, 2025 was RMB570 million, of which RMB531 million was derived from CRDMO contracts under FFS basis, representing 93% of total revenue.

The management of the Group recognised revenue when control of the services or goods underlying the performance obligation is transferred to customers.

Given that revenue from CRDMO contracts under FFS basis constitutes the largest proportion of total revenue, any misstatement in relation to occurrence and timing of recognition of such revenue could have a material impact on the consolidated financial statements.

Therefore, we determined the revenue recognition for contract research and development manufacturing organization ("CRDMO") contracts under FFS basis to be a key audit matter.

The disclosures of revenue recognition for CRDMO contracts under FFS basis are included in notes 2.3, 4 and 5 to the financial statements.

Our procedures in relation to the risk of inappropriate revenue recognition included:

- (1) Obtaining an understanding of and performing the assessment on the revenue recognition policy adopted by the management, based on the review of sales contracts on a sample basis;
- (2) Obtaining an understanding, evaluating the design, and testing the operating effectiveness of the internal controls related to the revenue recognition of CRDMO contracts under FFS basis;
- (3) Performing analytical review procedures, including analyzing and corroborating the fluctuation of selling prices and the gross margin in different periods;
- (4) Selecting samples from recorded revenue transactions for CRDMO contracts under FFS basis and examining evidence supporting the transfer of control of services or goods;
- (5) Performing cut-off testing for revenue transactions and tracing the sample to evidence supporting the transfer of control of goods or services to determine that the revenue is recognised in the correct accounting period.
- (6) Reviewing the disclosures of revenue in financial statements.

INDEPENDENT AUDITOR'S REPORT

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

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

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Hooi Wan Yee (practising certificate number: P07668).

Ernst & Young
Certified Public Accountants
Hong Kong
March 30, 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended December 31, 2025

	Notes	2025 RMB'000	2024 RMB'000
REVENUE	5	570,087	442,226
Cost of sales		(208,477)	(192,452)
Gross profit		361,610	249,774
Other income and gains	6	37,426	59,057
Selling and marketing expenses		(44,981)	(42,494)
Administrative expenses		(75,179)	(73,406)
Research and development expenses		(29,050)	(28,748)
Impairment losses on financial assets, net		(1,387)	(916)
Other expenses	9	(14,920)	(285)
Finance costs	8	(1,237)	(1,141)
Profit before fair value losses on financial liabilities at fair value through profit or loss		232,282	161,841
Fair value gains/(losses) on financial liabilities at fair value through profit or loss	29/30	18,463	(83,392)
PROFIT BEFORE TAX		250,745	78,449
Income tax expense	12	(33,374)	(19,276)
PROFIT FOR THE YEAR		217,371	59,173
Attributable to:			
Owners of the parent		217,371	59,173
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	14		
Basic		RMB1.63	RMB0.47
Diluted		RMB1.63	RMB0.38

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended December 31, 2025

	2025 RMB'000	2024 RMB'000
PROFIT FOR THE YEAR	217,371	59,173
OTHER COMPREHENSIVE (LOSS)/INCOME		
Items that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	(2,282)	1,252
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR	(2,282)	1,252
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	215,089	60,425
Attributable to:		
Owners of the parent	215,089	60,425

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

December 31, 2025

	Notes	2025 RMB'000	2024 RMB'000
NON-CURRENT ASSETS			
Property and equipment	15	363,938	300,484
Goodwill	18	95,406	95,406
Other intangible assets	16	30,516	36,016
Right-of-use assets	17	36,564	38,082
Financial assets at fair value through profit or loss	19	1,867	1,634
Prepayments, other receivables and other assets	22	48,807	7,183
Deferred tax assets	28	16	23
Total non-current assets		577,114	478,828
CURRENT ASSETS			
Inventories	20	103,427	84,777
Trade receivables	21	34,348	57,720
Prepayments, other receivables and other assets	22	15,853	16,098
Prepaid income tax		6,876	4,551
Restricted cash	23	209	439
Time deposits	23	187,113	143,032
Cash and cash equivalents	23	887,646	387,183
Total current assets		1,235,472	693,800
CURRENT LIABILITIES			
Trade payables	24	18,135	23,469
Other payables and accruals	25	54,835	53,460
Interest-bearing bank borrowings	26	30,000	40,000
Contract liabilities	27	69,381	37,444
Lease liabilities	17	411	379
Amounts due to related parties	37	–	1,811
Deferred government grants	31	6,385	6,438
Income tax payable		13,827	9,042
Total current liabilities		192,974	172,043
NET CURRENT ASSETS		1,042,498	521,757
TOTAL ASSETS LESS CURRENT LIABILITIES		1,619,612	1,000,585

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

December 31, 2025

	Notes	2025 RMB'000	2024 RMB'000
NON-CURRENT LIABILITIES			
Redemption liabilities on equity shares	29	–	639,805
Deferred government grants	31	22,801	29,072
Lease liabilities	17	336	764
Deferred tax liabilities	28	11,684	12,194
Total non-current liabilities		34,821	681,835
Net Assets		1,584,791	318,750
EQUITY			
Equity attributable to owners of the parent			
Share capital	32	141,800	125,000
Reserves	34	1,442,991	193,750
Total equity		1,584,791	318,750

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended December 31, 2025

	Note	Attributable to owners of the parent						Total
		Share capital	Capital reserve	Other reserve	Share-based payment reserve	Foreign currency translation reserve	Accumulated losses	
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2024		125,000	718,979	(471,602)	4,048	611	(123,152)	253,884
Profit for the year		-	-	-	-	-	59,173	59,173
Other comprehensive income for the year:								
Exchange differences on translation of foreign operations		-	-	-	-	1,252	-	1,252
Total comprehensive income for the year		-	-	-	-	1,252	59,173	60,425
Share-based payment compensation	33	-	-	-	4,441	-	-	4,441
At December 31, 2024		125,000	718,979	(471,602)	8,489	1,863	(63,979)	318,750

	Notes	Attributable to owners of the parent						Total
		Share capital	Capital reserve	Other reserve	Share-based payment reserve	Foreign currency translation reserve	Accumulated losses	
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2025		125,000	718,979	(471,602)	8,489	1,863	(63,979)	318,750
Profit for the year		-	-	-	-	-	217,371	217,371
Other comprehensive income for the year:								
Exchange differences on translation of foreign operations		-	-	-	-	(2,282)	-	(2,282)
Total comprehensive income for the year		-	-	-	-	(2,282)	217,371	215,089
Net proceeds from issue of shares from initial public offering ("IPO")	32	16,800	408,188	-	-	-	-	424,988
Share-based payment compensation	33	-	-	-	4,622	-	-	4,622
Conversion of redeemable liabilities on equity shares upon IPO	29	-	149,740	471,602	-	-	-	621,342
At December 31, 2025		141,800	1,276,907*	-*	13,111*	(419)*	153,392*	1,584,791

* These reserve accounts represent total reserves of RMB1,442,991,000 (2024: RMB193,750,000) in the consolidated statements of financial position as at December 31, 2025.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended December 31, 2025

	Notes	2025 RMB'000	2024 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		250,745	78,449
Adjustments for:			
Finance costs	8	1,237	1,141
Bank interest income	6	(24,544)	(13,560)
Depreciation of property and equipment	15	21,056	20,743
Depreciation of right-of-use assets	17	1,500	2,843
Amortization of other intangible assets	16	6,774	6,503
Provision for inventories		5,726	2,456
Share-based payment compensation	33	4,622	4,441
Impairment loss recognized on financial assets under the expected credit losses model, net		1,387	916
Loss on disposal of property and equipment, net	9	76	228
Fair value change of financial assets at fair value through profit or loss	6	(374)	(3,086)
(Gain)/loss on fair value changes of financial liabilities measured at fair value through profit or loss	29/30	(18,463)	83,392
Net exchange differences		13,797	(7,316)
Increase in inventories		(24,376)	(14,228)
Decrease/(increase) in trade receivables		21,916	(22,203)
Increase in prepayments, other receivables and other assets		(8,222)	(553)
Decrease in pledged bank deposits		230	–
(Decrease)/increase in trade payables		(5,334)	16,738
Increase/(decrease) in other payables and accruals		2,696	(65,467)
(Decrease)/increase in deferred government grants		(6,324)	35,510
Increase/(decrease) in contract liabilities		31,937	(11,991)
Decrease in amounts due to related parties-trade		(1,811)	(44)
Cash generated from operations		274,251	114,912
Income tax paid		(31,352)	(6,397)
Interest received		24,544	11,992
Net cash flows from operating activities		267,443	120,507

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended December 31, 2025

	Note	2025 RMB'000	2024 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property and equipment		(128,422)	(21,022)
Proceeds from disposal of property and equipment		224	121
Purchases of other intangible assets		(1,274)	(1,429)
Purchases of financial assets at fair value through profit or loss		–	(100,000)
Placement of time deposits		(186,516)	(142,434)
Withdrawal of time deposits		143,260	56,974
Withdrawal of financial assets at fair value through profit or loss		–	210,000
Receipt of the related party's repayment of loan		–	1,659
Proceeds from withdrawal of financial assets at fair value through profit or loss		–	1,284
Interest income		(699)	–
Net cash flows (used in)/from investing activities		(173,427)	5,153
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		468,815	–
New bank borrowings		90,000	40,000
Repayment of bank borrowings		(100,000)	–
Repayment for principal of convertible bonds		–	(300,000)
Payment for interests of convertible bonds		–	(6,625)
Repayment of lease liabilities		(444)	(2,014)
Payments of listing expense		(35,967)	(6,767)
Interest paid		(1,170)	(1,065)
Net cash flows from/(used in) financing activities		421,234	(276,471)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at beginning of year		387,183	531,012
Effect of foreign exchange rate changes, net		(14,787)	6,982
CASH AND CASH EQUIVALENTS AT END OF YEAR		887,646	387,183
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	23	887,646	387,183
Cash and cash equivalents as stated in the statement of financial position		887,646	387,183
Cash and cash equivalents as stated in the statement of cash flows		887,646	387,183

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

1. CORPORATE INFORMATION

Medtide Inc. (the "Company") was established in the People's Republic of China ("PRC") on June 11, 2020, as a limited liability company. On February 10, 2023, the Company was converted into a joint stock company with limited liability under the Company Law of the PRC. The registered office of the Company is located at Room 501-11, Building 6, Yin Hai Kechuang Center, Xiasha Street, Qiantang District, Hangzhou City, Zhejiang Province, PRC.

During the year, the principal activity of the Company and its subsidiaries (together, the "Group") were to provide prominent CRDMO services that specializes in synthetic peptide production.

The Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on June 30, 2025.

Information about subsidiaries

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

Name	Place and date of incorporation/registration and place of operations	Issued ordinary share/registered capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Chinese Peptide Company (中肽生化有限公司) ("Chinese Peptide")*	PRC/Chinese mainland August 27, 2001	RMB57,859,591	100%	–	CRDMO Services
Hangzhou Yuanxi Pharmaceutical Technology Co., Ltd. (杭州源璽醫藥科技有限公司) ("Yuanxi Pharmaceutical")*	PRC/Chinese mainland December 25, 2020	RMB10,000,000	100%	–	CRDMO Services
CPC Scientific, Inc. ("CPC Scientific")	United States of America ("USA") April 27, 2005	USD10,000	–	100%	CRDMO Services

The above table lists the subsidiaries of the Company that the directors of the Company believe principally affect the results or assets of the Group. In the opinion of the directors of the Company, to give details of other subsidiaries would result in particulars of excessive length.

* These entities are limited liability enterprises established under the PRC law. The English names of these subsidiaries registered in the PRC represent the best efforts made by the management of the Company to translate their Chinese names as these subsidiaries do not have official English names.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The financial statements has been prepared in accordance with IFRS Accounting Standards (which include all International Financial Reporting Standards, International Accounting Standards (“IASs”) and Interpretations) issued by the International Accounting Standards Board (“IASB”) and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for certain financial instruments which have been measured at fair value. These financial statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand (RMB’000) except when otherwise indicated.

Basis of consolidation

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

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

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

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

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

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.1 BASIS OF PREPARATION (Continued)

Basis of consolidation (Continued)

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

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.3 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

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

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

- 1 Effective for annual periods beginning on or after January 1, 2026
- 2 Effective for annual/reporting periods beginning on or after January 1, 2027
- 3 No mandatory effective date yet determined but available for adoption

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 analyzing the new requirements and assessing the impact of IFRS 18 on the presentation and disclosure of the Group's financial statements.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

2. ACCOUNTING POLICIES (CONTINUED)

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

IFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS Accounting Standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10 *Consolidated Financial Statements*, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with IFRS Accounting Standards. IFRS 19 was amended in 2025 to reduce the previous full disclosure requirements for new and amended IFRS Accounting Standards issued between February 2021 and May 2024. Earlier application is permitted. As the Company is a listed company, it is not eligible to elect to apply IFRS 19 and its amendments.

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

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

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

2. ACCOUNTING POLICIES (CONTINUED)

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

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

However, the amendments are available for adoption now.

Amendments to IAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. Earlier application is permitted. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognized as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application. The amendments are not expected to have any significant impact on the Group's financial statements.

Annual Improvements to IFRS Accounting Standards – Volume 11 set out amendments to IFRS 1, IFRS 7 (and the accompanying *Guidance on implementing IFRS 7*), IFRS 9, IFRS 10 and IAS 7. Details of the amendments that are expected to be applicable to the Group are as follows:

- *IFRS 7 Financial Instruments: Disclosures*: The amendments have updated certain wording in paragraph B38 of IFRS 7 and paragraphs IG1, IG14 and IG20B of the *Guidance on implementing IFRS 7* for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the *Guidance on implementing IFRS 7* does not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

2. ACCOUNTING POLICIES (CONTINUED)

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

- *IFRS 9 Financial Instruments*: The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to apply paragraph 3.3.3 of IFRS 9 and recognize any resulting gain or loss in profit or loss. However, the amendments do not address how a lessee distinguishes between a lease modification as defined in IFRS 16 and an extinguishment of a lease liability in accordance with IFRS 9. In addition, the amendments have updated certain wording in paragraph 5.1.3 of IFRS 9 and Appendix A of IFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- *IFRS 10 Consolidated Financial Statements*: The amendments clarify that the relationship described in paragraph B74 of IFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of IFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- *IAS 7 Statement of Cash Flows*: The amendments replace the term "cost method" with "at cost" in paragraph 37 of IAS 7 following the prior deletion of the definition of "cost method". Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial statements.

2.4 MATERIAL ACCOUNTING POLICIES

Business combinations and goodwill

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

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

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Business combinations and goodwill (Continued)

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

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss.

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Business combinations and goodwill (Continued)

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

Fair value measurement

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

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

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

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

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Fair value measurement (Continued)

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

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, financial assets and other non-current assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

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

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

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Related parties

(a) A party is considered to be related to the Group if the party is a person or a close member of that person's family and that person

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

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

- (i) the entity and the Group are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Property and equipment and depreciation

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

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

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

Buildings	3.23%
Machinery and equipment	9.7% to 48.5%
Motor vehicles	6.06% to 9.7%
Computer and office equipment	9.7% to 48.5%

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

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

Construction in progress represents buildings and leasehold improvements under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction during the period of construction. Construction in progress is reclassified to the appropriate category of property and equipment when completed and ready for use.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Intangible assets (other than goodwill)

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

Software

Purchased software is stated at cost less any impairment losses and is amortized on the straight-line basis over its estimated useful life of 3 to 10 years. The estimated useful life of 3 to 10 years for software is determined by considering the period of the economic benefits to the Group as well as by referring to the industry practice.

Knowhows

Knowhows with finite useful lives are measured initially at cost less any impairment losses and are amortized on the straight-line basis over the estimated useful lives of 10 years. The estimated useful life of 10 years for knowhows are estimated based on the lifecycle of the products and current market competition.

Research and development costs

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

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

Leases

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

Group as a lessee

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

At inception or on reassessment of a contract that contains a lease component and non-lease components, the Group adopts the practical expedient not to separate non-lease components and to account for the lease component and the associated non-lease components (e.g., property management services for leases of properties) as a single lease component.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Leases (Continued)

Group as a lessee (Continued)

(a) Right-of-use assets

Right-of-use assets are recognized at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Office premises	3 to 5 years
Leasehold land	48 to 50 years

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

(b) Lease liabilities

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

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

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Leases (Continued)

Group as a lessee (Continued)

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

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

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost and fair value through profit or loss ("FVTPL").

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Investments and other financial assets (Continued)

Subsequent measurement

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

Financial assets at amortized cost (debt instruments)

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

Financial assets at fair value through profit or loss

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

Derecognition of financial assets

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Impairment of financial assets

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

General approach

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

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

The Group considers a financial asset in default when contractual payments are 60 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

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

- Stage1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs.
- Stage2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs.
- Stage3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Impairment of financial assets (Continued)

Simplified approach

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

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings or payables, as appropriate.

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

The Group's financial liabilities include trade payables, other payables, interest-bearing bank borrowings, lease liabilities, amounts due to related parties, convertible bonds and redemption liabilities on equity shares.

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities designated upon initial recognition as at FVTPL are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. Gains or losses on liabilities designated at FVTPL are recognized in profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to profit or loss. The net fair value gain or loss recognized in profit or loss does not include any interest charged on these financial liabilities. The Group has designated its redemption liabilities on equity shares and convertible bonds as financial liabilities at fair value through profit or loss, details of which are included in note 29 and 30 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Financial liabilities (Continued)

Subsequent measurement (Continued)

Financial liabilities at amortized cost

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

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

Derecognition of financial liabilities

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

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

Inventories

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

Cash and cash equivalents

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

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above and form an integral part of the Group's cash management.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Income tax

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Income tax (Continued)

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

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

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

Government grants

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

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

Revenue recognition

Revenue from contracts with customers

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

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

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

Revenue from contracts with customers (Continued)

The Group generate revenue primarily from peptide CRDMO services (Contract Research, Development, Manufacturing Organization) for biotechnology and pharmaceutical companies provided by fee model of fee-for-service ("FFS") or full-time-equivalent ("FTE").

CRDMO services

The majority of revenue are generated through contracts under FFS model. The CRDMO services promised in the FFS contracts usually contain multiple deliverables, which are generally in the form of technical laboratory reports and/or manufactured peptide or oligonucleotides products at different scales, including laboratory scale, pilot scale and cGMP-compliant commercial scale. The Group allocate the transaction price to each performance obligation on a relative stand-alone selling price basis, except for the allocation of discounts and variable consideration. Revenue is recognized at a point in time when the Group transfer control of the distinct services to its customer upon receipt or delivery of reports or products in accordance with applicable delivery terms in the FFS contracts.

For the research services provided on a FTE basis, the Group provides its customer with a project team of scientists and technical staff dedicated to the customer's studies for a specific period of time and charges the customer at a fixed rate per employee. For the services under FTE model, the Group has assessed that the customers simultaneously receive and consume benefit provided by the Group's performances. Therefore, the performance obligation of FTE services is satisfied over time and FTE revenue is recognized over the service period.

Revenue from other sources

Rental income is recognized on a time proportion basis over the lease terms.

Other income

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

Contract liabilities

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

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Share-based payments

The Company operates a share award scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration and rewards in the form of share-based payments, whereby employees render services in exchange for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. Further details are given in note 7 to the Financial statements. The cost of equity-settled transactions is recognized in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognized as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest.

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

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

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Other employee benefits

Pension scheme

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

The subsidiary in the US maintains multiple qualified contributory savings plans as allowed under Section 401(k) of the Internal Revenue Code in the US. These plans are defined contribution plans covering substantially all its qualifying employees and provide for voluntary contributions by employees, subject to certain limits. The contributions are made by both the employees and the employer. The employees' contributions are primarily based on specified dollar amounts or percentages of employee compensation. The only obligation of the subsidiaries in the US with respect to the retirement benefit plans is to make the specified contributions under the plans.

Borrowing costs

All borrowing costs are recognized in profit or loss in the period in which they are incurred.

Dividends

Final dividends are recognized as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements. Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognized immediately as a liability when they are proposed and declared.

Foreign currencies

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

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

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Foreign currencies (Continued)

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

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

The resulting exchange differences are recognized in other comprehensive income and accumulated in the foreign currency translation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognized in the profit or loss.

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

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

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

Estimation uncertainty

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

Provision for expected credit losses on trade receivables

The loss allowances for trade receivables are based on assumptions about risk of default and expected credit loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period. The provision for ECLs is sensitive to changes in estimates. The information about the ECLs and the Group's trade receivables is disclosed in note 21 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (CONTINUED)

Estimation uncertainty (Continued)

Net realizable value of inventories

The Group assesses periodically if cost of inventories may not be recoverable based on an assessment of the net realizable value of inventories. Allowances are applied to inventories where events or changes in circumstances indicate that the net realizable value is lower than the cost of inventories. The identification of obsolete inventories requires the use of judgement and estimates on the conditions and usefulness of the inventories, the net realizable value has been determined based on the contracted selling price to be recognized less all estimated remaining costs to completion and costs necessary to provide the service. Where the expectation is different from the original estimate, such difference will impact the carrying value of the inventories in the year in which such estimate changes.

Useful lives of other intangible assets

The Group's management determines the useful lives and related amortization charges for its other intangible assets. This estimate is based on the historical experience of the actual useful lives of other intangible assets of similar nature and functions and may vary significantly as a result of policy changes and keen competitions from competitors, resulting in higher amortization charge and/or write-off or write-down of technically obsolete assets when useful lives are less than previously estimated. The Group will increase the amortization charges where useful lives are less than previously estimated lives, or will write off or write down obsolete assets that have been abandoned or sold.

Recognition of deferred tax assets

Deferred tax assets are recognized in respect of deductible temporary differences and unused tax losses. As those deferred tax assets can only be recognized to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences and the losses can be utilized, management's judgement is required to assess the probability of future taxable profits. Management's assessment is revised as necessary and additional deferred tax assets are recognized if it becomes probable that future taxable profits will allow the deferred tax asset to be recovered.

Fair value of financial instruments

The redemption liabilities on equity shares issued by the Group are not traded in an active market and the respective fair values are determined by using valuation techniques, including discounted cash flow model.

The fair values of redemption liabilities on equity shares of the Group as at December 31, 2024 and 2025 were RMB639,805,000 and nil respectively. Further details are set out in note 29 to the financial statements. Such valuation is based on key parameters about risk-free rate, discounts for lack of marketability ("DLOM") and volatility, which are subject to uncertainty and might materially differ from the actual results.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (CONTINUED)

Estimation uncertainty (Continued)

Impairment of non-financial assets (other than goodwill)

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

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amounts of goodwill as at December 31, 2024 and 2025 were RMB95,406,000 and RMB95,406,000 respectively and no impairment losses were recognized during the year. Details of the impairment testing are set out in note 18.

4. OPERATING SEGMENT INFORMATION

For the purpose of resource allocation and performance assessment, the Group's chief executive officer, being the chief operating decision maker, reviews the consolidated results when making decisions about allocating resources and assessing performance of the Group as a whole and hence, the Group has only one reportable segment and no further analysis of this single segment is presented.

Geographical information

(a) Revenue from external customers

	2025 RMB'000	2024 RMB'000
United States of America	330,801	243,207
Europe	86,145	48,615
Chinese mainland	78,971	94,576
Japan	37,553	31,187
Others	36,617	24,641
Total	570,087	442,226

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

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

4. OPERATING SEGMENT INFORMATION (CONTINUED)

Geographical information (Continued)

(b) *Non-current assets*

	2025 RMB'000	2024 RMB'000
Chinese mainland	484,443	418,599
Overseas	92,671	58,326
Total	577,114	476,925

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

Information about major customers

Revenue from four customers (including sales to a group of entities which are known to be under common control with those customers) accounted for 10% or more of the Group's revenue during the year, is set out below:

	2025 RMB'000	2024 RMB'000
Customer A	235,487	118,595
Customer B	57,673	24,672
Customer C	36,433	30,337
Customer D	23,513	*

* The corresponding revenue of the customer is not disclosed as the revenue individually did not account for 10% or more of the Group's revenue for the year ended December 31, 2024.

5. REVENUE

An analysis of revenue is as follows:

Revenue from contracts with customers

(a) *Disaggregated revenue information*

Types of goods and services	2025 RMB'000	2024 RMB'000
CRDMO Services	570,087	441,873
Others	–	353
Total	570,087	442,226

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

5. REVENUE (CONTINUED)

Revenue from contracts with customers (Continued)

(a) *Disaggregated revenue information (Continued)*

Types of fee models	2025 RMB'000	2024 RMB'000
FFS	530,815	425,322
FTE	39,272	16,551
Others	–	353
Total	570,087	442,226

Timing of revenue recognition	2025 RMB'000	2024 RMB'000
Services and goods transferred at a point of time	530,815	425,322
Services transferred over time	39,272	16,904
Total	570,087	442,226

The following table shows the amounts of revenue recognized in the current reporting period that were included in the contract liabilities at the beginning of the reporting period:

	2025 RMB'000	2024 RMB'000
Revenue recognized that was included in contract liabilities at the beginning of the reporting period:	20,827	40,541

(b) *Performance obligations*

Information about the Group's performance obligation is summarized and detailed in note 2.3 *Material Accounting Policies* above.

The aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) are RMB279,837,000 (2024: RMB408,521,000) as at December 31, 2025. The management of the Group expects the majority of the transaction price allocated to the unsatisfied contracts as of the end of each of the reporting periods will be recognized within 2 years from the end of the respective periods.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

6. OTHER INCOME AND GAINS

An analysis of other income and gains is as follows:

	2025 RMB'000	2024 RMB'000
Other income		
Government grants		
– income*	6,069	31,477
– assets**	6,324	3,490
Bank interest income	24,544	13,560
Total other income	36,937	48,527
Gains		
Foreign exchange differences, net	–	7,312
Fair value gains on financial assets at FVTPL	374	3,086
Others	115	132
Total gains	489	10,530
Other income and gains	37,426	59,057

* This represents government grants related to income that is received as compensation for expenses or for the purpose of giving immediate financial support to the Group. There are no unfulfilled conditions or contingencies relating to these grants. Government grants received for which related expenditure has not yet been undertaken are included in deferred government grants under other payables and accruals in the statement of financial position.

** The Group had complied with all conditions attaching to the government grants related to assets which were recognized in profit or loss over the useful lives of the relevant assets.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

7. PROFIT BEFORE TAX

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

	2025 RMB'000	2024 RMB'000
Cost of inventories sold	83,168	69,769
Depreciation of property and equipment (note 15)*	21,056	20,743
Depreciation of right-of-use assets (note 17(1))*	1,500	2,843
Amortization of other intangible assets (note 16)*	6,774	6,503
Provision for inventories	5,726	2,456
Government grants	(12,393)	(34,967)
Bank interest income	(24,544)	(13,560)
Foreign exchange differences, net	13,797	(7,312)
Impairment loss recognized on financial assets under ECL model, net of reversal	1,387	916
Losses on disposal of items of property and equipment	76	228
Fair value gains on financial assets at FVTPL	(374)	(3,086)
Lease payments not included in the measurement of lease liabilities (note 17(3))	1,277	1,515
Listing expense	18,211	25,019
Auditors' remuneration	3,000	284
Employee benefit expense (excluding directors', supervisors' and chief executive's remuneration):		
Wages and salaries	112,929	110,270
Pension scheme contributions	16,110	13,780
Staff welfare expense	5,185	4,800
Share-based payment compensation	2,765	2,311
Total employee benefits expenses	136,989	131,161

* Depreciation of property and equipment, depreciation of right-of-use assets and amortization of other intangible assets for each reporting period are set out in "Administrative expenses", "Selling and marketing expenses", "Research and development expenses" and "Cost of sales" in the consolidated statement of profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

8. FINANCE COSTS

An analysis of finance costs is as follows:

	2025 RMB'000	2024 RMB'000
Interests on bank loans	1,170	1,065
Interest on lease liabilities (note 17(3))	67	76
Total	1,237	1,141

9. OTHER EXPENSES

	2025 RMB'000	2024 RMB'000
Losses on disposal of property and equipment	76	228
Foreign exchange losses, net	13,797	–
Others	1,047	57
Total	14,920	285

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

Directors', supervisors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2025 RMB'000	2024 RMB'000
Salaries, allowances and benefits in kind	8,368	8,649
Performance related bonuses	8,556	7,053
Pension scheme contributions	304	270
Share-based payment compensation	1,857	2,130
Total	19,085	18,102

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

10. DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S REMUNERATION (CONTINUED)

Restricted shares were granted to two directors of the Company during the years ended December 31, 2022 and 2023 in respect of their services to the Group. Two directors were appointed and granted restricted shares during the year ended December 31, 2024. The fair value of such restricted shares, which has been recognized in profit or loss immediately upon the date of grant or over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above directors', supervisors' and chief executive's remuneration disclosures.

(a) Independent non-executive directors

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

	2025 RMB'000	2024 RMB'000
Dr. Yu Cheung Hoi	196	–
Dr. Zhu Xun	196	–
Mr. Xia Xincheng	196	–
Total	588	–

There were no other emoluments payable to the independent non-executive directors during the year (2024: Nil).

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

10. DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S REMUNERATION (CONTINUED)

(b) Directors, supervisors and the chief executive

Note	Salaries, allowances and benefits in kind RMB'000	Performance related bonuses RMB'000	Pension scheme contributions RMB'000	Share-based payment compensation RMB'000	Total remuneration RMB'000
Year ended December 31, 2025					
Chief executive and director:					
	371	420	-	-	791
Directors:					
	1,522	392	76	-	1,990
	716	260	19	-	995
	2,394	4,710	76	730	7,910
	890	902	49	673	2,514
	-	-	-	-	-
Supervisors:					
	925	851	-	193	1,969
	1,054	900	49	193	2,196
	496	121	35	68	720
	8,368	8,556	304	1,857	19,085
Year ended December 31, 2024					
Chief executive and director:					
	725	300	-	-	1,025
Directors:					
	1,516	558	74	-	2,148
	715	218	18	-	951
	-	-	-	-	-
	2,309	4,249	74	730	7,362
	923	210	43	673	1,849
	-	-	-	-	-
Supervisors:					
	925	644	-	465	2,034
	1,051	762	43	194	2,050
	485	112	18	68	683
	8,649	7,053	270	2,130	18,102

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

10. DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S REMUNERATION (CONTINUED)

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

Note:

(a) Mr. Zhang Qiangming was appointed as a director of the Company with effect from January 2022 and has resigned as the director of the Company with effect from May 2024.

(b) Directors' termination benefits

No directors' termination benefits subsisted at the end of the years or at any time during the years ended December 31, 2025 and 2024.

Consideration provided to or receivable by third parties for making available directors' services

No consideration provided to or receivable by third parties for making available directors' services subsisted at the end of the years or at any time during the years ended December 31, 2025 and 2024.

Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

There were no loans, quasi-loans and other dealings in favour of Directors, their controlled bodies corporate and connected entities subsisted at the end of the years or at any time during the years ended December 31, 2025 and 2024.

Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the years or at any time during the years ended December 31, 2025 and 2024.

Waiver of Directors' emoluments

None of the Directors waived or have agreed to waive any emoluments during the years ended December 31, 2025 and 2024.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

11. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included three directors (2024: three directors and supervisors) of the Company, details of whose remuneration are set out in note 10 above. Details of the remuneration for the remaining highest paid employees who are neither directors, supervisors nor the chief executive of the Company during the year are as follows:

	2025 RMB'000	2024 RMB'000
Salaries, allowances and benefits in kind	3,119	2,842
Performance related bonuses	5,943	2,786
Pension scheme contributions	156	149
Total	9,218	5,777

The number of non-director, non-supervisor and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2025	2024
HKD2,000,001 to HKD2,500,000	–	1
HKD3,000,001 to HKD3,500,000	1	1
HKD5,500,001 to HKD6,000,000	1	–

12. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Chinese mainland

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the enterprise income tax ("EIT") rate of the Company and PRC subsidiaries was 25% during the year.

Chinese Peptide was accredited as a "High and New Technology Enterprise" in 2021 and is entitled to the preferential EIT tax rate of 15% from 2021 to 2023. This qualification is subject to review by the relevant tax authority in the PRC for every three years. Chinese Peptide renewed its "High and New Technology Enterprise" qualification in 2023 and is entitled to the preferential tax rate of 15% from 2024 to 2026.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

12. INCOME TAX (CONTINUED)

Hong Kong

The first HK\$2,000,000 of assessable profits of the subsidiary are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. No provision for Hong Kong income tax has been provided as the Group's Hong Kong entity had no estimated assessable profits during the year.

USA

The Company's subsidiaries incorporated and operated in USA were subject to the federal corporate income tax rate at 21% during the year. These subsidiaries were also subject to the state income tax in California at a rate of 8.84% during the year.

	2025 RMB'000	2024 RMB'000
Current – Chinese mainland	30,496	18,342
Current – USA	3,381	6
Deferred (note 28)	(503)	928
Total	33,374	19,276

A reconciliation of the tax expense applicable to profit before tax at the statutory tax rate for the jurisdiction in which the Company is domiciled to the tax expense at the effective tax rate is as follows:

	2025 RMB'000	2024 RMB'000
Profit before tax	250,745	78,449
Tax at the applicable tax rate of 25%	62,686	19,612
Tax effect of income not subject to tax	(4,114)	(1,059)
Tax effect of expenses not deductible for tax purpose	1,533	26,072
Different tax rates enacted by local authority	(438)	(4)
Income tax at concessionary rate	(19,954)	(12,719)
Effect of concessions (research and development and other allowances)	(7,183)	(7,052)
Effect of unused tax losses and deductible temporary differences not recognized as deferred tax assets	5,495	5,145
Utilization of deductible temporary differences and tax losses not recognized as deferred tax assets	(4,651)	(10,719)
Tax charge at the Group's effective tax rate for the year	33,374	19,276

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

13. DIVIDEND

No dividend has been declared by the Company during the year.

14. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts is based on the profits for the year attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares of 133,515,000 (2024: 125,000,000) outstanding during the year.

The calculation of the diluted earnings per share amounts for the year ended December 31, 2024 is based on the profit for the year attributable to ordinary equity holders of the parent, adjusted to reflect fair value loss/(gains) on convertible bonds. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed conversion of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted earnings per share are based on:

	2025 RMB'000	2024 RMB'000
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	217,371	59,173
Add: Fair value loss/(gains) on convertible bonds	–	(10,781)
Profit attributable to ordinary equity holders of the parent before fair value loss/(gains) on convertible bonds	217,371	48,392
Number of shares ('000)		
	2025	2024
Ordinary shares		
Weighted average number of ordinary shares outstanding during the year used in the basic earnings per share calculation	133,515	125,000
Effect of dilution – weighted average number of ordinary shares:		
Convertible bonds	–	3,424
Total	133,515	128,424

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

15. PROPERTY AND EQUIPMENT

	Buildings RMB'000	Machinery and equipment RMB'000	Computer and office equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
December 31, 2025						
At January 1, 2025:						
Cost	148,557	150,070	7,243	4,942	113,918	424,730
Accumulated depreciation	(48,997)	(65,927)	(5,049)	(4,273)	-	(124,246)
Net carrying amount	99,560	84,143	2,194	669	113,918	300,484
At January 1, 2025, net of accumulated depreciation	99,560	84,143	2,194	669	113,918	300,484
Additions	1,261	10,228	932	1,387	71,627	85,435
Disposals	-	(91)	(13)	(180)	-	(284)
Transfer	-	1,235	-	-	(598)	637
Depreciation provided during the year	(7,201)	(13,040)	(665)	(150)	-	(21,056)
Exchange realignment	-	-	(7)	-	(1,271)	(1,278)
At December 31, 2025, net of accumulated depreciation	93,620	82,475	2,441	1,726	183,676	363,938
At December 31, 2025:						
Cost	149,818	159,655	7,986	5,690	183,676	506,825
Accumulated depreciation	(56,198)	(77,180)	(5,545)	(3,964)	-	(142,887)
Net carrying amount	93,620	82,475	2,441	1,726	183,676	363,938

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

15. PROPERTY AND EQUIPMENT (CONTINUED)

	Buildings RMB'000	Machinery and equipment RMB'000	Computer and office equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
December 31, 2024						
At January 1, 2024:						
Cost	143,494	134,183	7,463	5,007	113,925	404,072
Accumulated depreciation	(41,453)	(57,826)	(4,508)	(3,867)	–	(107,654)
Net carrying amount	102,041	76,357	2,955	1,140	113,925	296,418
At January 1, 2024, net of accumulated depreciation	102,041	76,357	2,955	1,140	113,925	296,418
Additions	98	18,260	188	–	5,836	24,382
Disposals	–	(209)	(138)	(2)	–	(349)
Transfer	5,090	1,523	–	–	(6,613)	–
Depreciation provided during the year	(7,669)	(11,788)	(817)	(469)	–	(20,743)
Exchange realignment	–	–	6	–	770	776
At December 31, 2024, net of accumulated depreciation	99,560	84,143	2,194	669	113,918	300,484
At December 31, 2024:						
Cost	148,557	150,070	7,243	4,942	113,918	424,730
Accumulated depreciation	(48,997)	(65,927)	(5,049)	(4,273)	–	(124,246)
Net carrying amount	99,560	84,143	2,194	669	113,918	300,484

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

16. OTHER INTANGIBLE ASSETS

	Knowhows RMB'000	Software RMB'000	Total RMB'000
December 31, 2025			
At January 1, 2025:			
Cost	59,100	6,480	65,580
Accumulated amortization	(26,595)	(2,969)	(29,564)
Net carrying amount	32,505	3,511	36,016
Cost at January 1, 2025, net of accumulated amortization	32,505	3,511	36,016
Additions	–	1,274	1,274
Amortization provided during the year	(5,910)	(864)	(6,774)
At December 31, 2025	26,595	3,921	30,516
At December 31, 2025:			
Cost	59,100	7,754	66,854
Accumulated amortization	(32,505)	(3,833)	(36,338)
Net carrying amount	26,595	3,921	30,516
	Knowhows RMB'000	Software RMB'000	Total RMB'000
December 31, 2024			
At January 1, 2024:			
Cost	59,100	5,051	64,151
Accumulated amortization	(20,685)	(2,376)	(23,061)
Net carrying amount	38,415	2,675	41,090
Cost at January 1, 2024, net of accumulated amortization	38,415	2,675	41,090
Additions	–	1,429	1,429
Amortization provided during the year	(5,910)	(593)	(6,503)
At December 31, 2024	32,505	3,511	36,016
At December 31, 2024:			
Cost	59,100	6,480	65,580
Accumulated amortization	(26,595)	(2,969)	(29,564)
Net carrying amount	32,505	3,511	36,016

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

17. LEASES

The Group as a lessee

During the year, the Group has office premises and leasehold land used in its operations. Office premises generally have lease terms between 3 and 5 years, and leasehold land generally has lease terms between 48 and 50 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(1) *Right-of-use assets*

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Leasehold land RMB'000	Office premises RMB'000	Total RMB'000
As at January 1, 2025	36,989	1,093	38,082
Depreciation charge	(1,105)	(395)	(1,500)
Exchange realignment	–	(18)	(18)
As at December 31, 2025	35,884	680	36,564
As at January 1, 2024	38,094	1,597	39,691
Additions	–	1,226	1,226
Depreciation charge	(1,105)	(1,738)	(2,843)
Exchange realignment	–	8	8
As at December 31, 2024	36,989	1,093	38,082

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

17. LEASES (CONTINUED)

The Group as a lessee (Continued)

(2) Lease liabilities

The carrying amounts of lease liabilities and the movements during the year are as follows:

	2025 RMB'000	2024 RMB'000
Carrying amount at the beginning of the year	1,143	1,846
Additions	–	1,226
Accretion of interest recognized during the year	67	76
Payments	(444)	(2,014)
Exchange adjustment	(19)	9
Carrying amount at the end of the year	747	1,143
Analyzed into:		
Current portion	411	379
Non-current portion	336	764

The maturity analysis of lease liabilities is disclosed in note 40 to the financial statements.

(3) The amounts recognized in profit or loss in relation to leases are as follows:

	2025 RMB'000	2024 RMB'000
Interest on lease liabilities	67	76
Depreciation of right-of-use assets	1,500	2,843
Expenses relating to short-term leases and low-value assets*	1,277	1,515
Total amount recognized in profit or loss	2,844	4,434

* Included in "Administrative expenses", "Selling and marketing expenses" and "Research and development expenses" in the consolidated statements of profit or loss.

The total cash outflow for leases is set out in note 35 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

18. GOODWILL

	2025 RMB'000	2024 RMB'000
Cost and net carrying amount at the beginning and end of year	95,406	95,406

The Group's goodwill acquired through business combination is related to the acquisition of Chinese Peptide and its subsidiaries (the "Chinese Peptide Group") in June 2020 and the goodwill has been allocated to Chinese Peptide Group cash-generating unit (the "Chinese Peptide Group CGU") for impairment testing at the end of each of the reporting period.

The carrying amount of goodwill allocated to Chinese Peptide Group CGU is as follows:

	2025 RMB'000	2024 RMB'000
Chinese Peptide Group CGU	95,406	95,406

Goodwill is tested by management for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. As at December 31, 2024, and 2025, the impairment test is performed for Chinese Peptide Group CGU by engaging an independent valuation firm to estimate its recoverable amount. The recoverable amount has been determined based on a value in use ("VIU") calculation. The calculation uses cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the projected period are extrapolated using the estimated terminal growth rates. Management leveraged their experience in the industries and provided forecast based on past performance and their expectation of future business plans and external sources of information.

The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

	2025 RMB'000	2024 RMB'000
Pre-tax discount rate	15.37%	15.37%
Revenue (% compound growth rate)	8.56%	13.16%
Terminal growth rate	2.00%	2.00%

Pre-tax discount rate – The discount rate used is before tax and reflects specific risks relating to Chinese Peptide Group CGU.

NOTES TO THE FINANCIAL STATEMENTS

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18. GOODWILL (CONTINUED)

Revenue growth rate – The basis used to determine the budgeted revenue is based on management's expectation and expectation of the future market.

Terminal growth rate – The forecasted terminal growth rate is based on management's expectations and does not exceed the long-term average growth rate for the industry relevant to Chinese Peptide Group CGU.

Management of the Company has performed sensitivity test by decreasing 1% of revenue growth rate, decreasing 1% of terminal growth rate or increasing 1% of pre-tax discount rate, with all other assumptions held constant. The impacts on the amount by which Chinese Peptide Group CGU recoverable amount above its carrying amount (headroom) are as below:

	2025 RMB'000	2024 RMB'000
Headroom	1,944,069	1,846,704
Impact by decreasing revenue growth rate	(70,547)	(81,731)
Impact by decreasing terminal growth rate	(130,924)	(127,085)
Impact by increasing pre-tax discount rate	(171,307)	(164,713)

No impairment loss in relation to goodwill is recognized for Chinese Peptide Group CGU during the year. Considering there was still sufficient headroom based on the assessment, the management of the Company believes that a reasonably possible change in the key parameters would not cause the carrying amount of the Chinese Peptide Group CGU to exceed its recoverable amount as at December 31, 2024, and 2025.

19. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2025 RMB'000	2024 RMB'000
Non-current		
Unlisted equity investment	1,867	1,634
Total	1,867	1,634

The fair value of the unlisted equity investment which is not quoted in an active market is valued by using cost to investment and market approach method, which is mainly based on the price of recent investment and comparable company's market multiple.

NOTES TO THE FINANCIAL STATEMENTS

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20. INVENTORIES

	2025 RMB'000	2024 RMB'000
Raw material	32,499	33,308
Work in progress	17,559	22,234
Finished goods	53,369	29,235
Total	103,427	84,777

21. TRADE RECEIVABLES

	2025 RMB'000	2024 RMB'000
Trade receivables	40,527	62,645
Less: Allowance for credit losses	(6,179)	(4,925)
Net carrying amount	34,348	57,720

The Group's trading terms with its customers are payment in advance or on credit. The credit period is generally from one month to two months. The Group seeks to maintain strict control over its outstanding receivables to minimize credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. The balances of trade receivables are non-interest-bearing.

An aging analysis of the trade receivables as at the end of each of the reporting period, based on the invoice date and net of allowance for expected credit losses, is as follows:

	2025 RMB'000	2024 RMB'000
Within 1 year	32,644	57,460
1 to 2 years	1,696	240
2 to 3 years	8	20
Total	34,348	57,720

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

21. TRADE RECEIVABLES (CONTINUED)

The movements in the allowance for expected credit losses on trade receivables are as follows:

	2025 RMB'000	2024 RMB'000
At the beginning of the year	4,925	4,484
Exchange realignment	(18)	8
Impairment losses, net of reversal	1,272	433
At the end of the year	6,179	4,925

For trade receivables, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at an amount equal to lifetime ECLs. To measure the expected credit losses, trade receivables have been assessed on individual basis for debtors in severe financial difficulty, or collectively basis by using a provision matrix, estimated based on the financial quality of debtors and historical credit loss experience based on the aging of the trade receivables, adjusted as appropriate to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Set out below is the information about the credit risk exposure on Group's trade receivables:

As at December 31, 2025			
	Expected credit loss rate %	Total gross carrying amount RMB'000	Expected credit losses RMB'000
Individually assessed:	100.0	2,201	2,201
Collectively assessed:			
Within 1 year	2.2	33,363	719
1 to 2 years	43.6	3,007	1,311
2 to 3 years	94.3	141	133
Over 3 years	100.0	1,815	1,815
Total		40,527	6,179

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

21. TRADE RECEIVABLES (CONTINUED)

	As at December 31, 2024		
	Expected credit loss rate %	Total gross carrying amount RMB'000	Expected credit losses RMB'000
Individually assessed:	100.0	2,201	2,201
Collectively assessed:			
Within 1 year	0.9	58,001	541
1 to 2 years	44.8	435	195
2 to 3 years	98.1	1,056	1,036
Over 3 years	100.0	952	952
Total		62,645	4,925

22. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2025 RMB'000	2024 RMB'000
Non-current:		
Value-added tax recoverable	4,720	5,228
Prepayments for purchase of items of property and equipment	43,770	1,709
Deposits	317	246
Total	48,807	7,183
Current:		
Value-added tax recoverable	3,696	1,948
Prepayments	10,506	4,761
Advances to employees	612	618
Other receivables	1,106	–
Deferred listing expense	–	8,907
Impairment	(67)	(136)
Total	15,853	16,098

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

23. TIME DEPOSITS AND CASH AND CASH EQUIVALENTS

Time deposits

	2025 RMB'000	2024 RMB'000
Time deposits – current*	187,113	143,032
Denominated in:		
RMB	–	55,189
USD	187,113	87,843
Total time deposits	187,113	143,032

* Time deposits are made for over three months depending on the immediate cash requirements of the Group and earn interest at the respective time deposit rates. The time deposits are deposited with creditworthy banks with no recent history of default.

Cash and cash equivalents

	2025 RMB'000	2024 RMB'000
Cash at banks	887,855	387,622
Less: pledged deposits	(209)	(439)
Cash and cash equivalents	887,646	387,183
Denominated in:		
RMB	278,920	72,292
USD	607,483	314,018
HKD	70	65
EUR	1,173	808
Total cash and bank balances	887,646	387,183

The RMB is not freely convertible into other currencies, however, under Chinese mainland's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange, the Group is permitted to exchange RMB for other currencies through banks authorized to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

NOTES TO THE FINANCIAL STATEMENTS

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24. TRADE PAYABLES

	2025 RMB'000	2024 RMB'000
Trade payables	18,135	23,469

An aging analysis of the trade payables as at the end of each of the reporting period, based on the invoice date, is as follows:

	2025 RMB'000	2024 RMB'000
Within 1 year	18,029	23,328
1 to 2 years	–	22
Over 2 years	106	119
Total	18,135	23,469

Trade payables are non-interest-bearing and are normally settled within one months.

25. OTHER PAYABLES AND ACCRUALS

	2025 RMB'000	2024 RMB'000
Payroll and welfare payable	25,336	23,289
Payables for acquisition of property and equipment	13,918	14,208
Other payables (note)	10,248	6,933
Other taxes payable	544	1,385
Accrued listing expenses	4,789	7,645
Total	54,835	53,460

Note: Other payables are unsecured, non-interest-bearing and repayable on demand.

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26. INTEREST-BEARING BANK BORROWINGS

As at December 31, 2025			
	Effective interest rate per annum %	Maturity	RMB'000
Current Bank loans – unsecured	2.11%	2026/7/8	30,000

As at December 31, 2024			
	Effective interest rate per annum %	Maturity	RMB'000
Current Bank loans – unsecured	2.95	2025/1/24	40,000

	2025 RMB'000	2024 RMB'000
Bank loans repayable: Within one year	30,000	40,000

27. CONTRACT LIABILITIES

	2025 RMB'000	2024 RMB'000
Contract liabilities	69,381	37,444

Contract liabilities represented the obligations to transfer peptide CRDMO services to customers from which the Group has received consideration. The change of contractual liabilities is mainly due to whether the Group delivers services at the end of the year.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

28. DEFERRED TAX

The movements in deferred tax liabilities and assets during the year are as follows:

Deferred tax liabilities

	Depreciation allowance in excess of related depreciation RMB'000	Fair value adjustments arising from acquisition for subsidiary RMB'000	Right-of-use assets RMB'000	Fair value change of financial assets at FVTPL RMB'000	Total RMB'000
At January 1, 2024	6,583	12,604	336	1,298	20,821
Deferred tax (credited)/charged to profit or loss during the year (note 12)	3,380	(2,600)	(106)	(1,207)	(533)
Gross deferred tax liabilities at December 31, 2024 and January 1, 2025	9,963	10,004	230	91	20,288
Deferred tax (credited)/charged to profit or loss during the year (note 12)	780	(1,171)	(87)	(58)	(536)
Gross deferred tax liabilities at December 31, 2025	10,743	8,833	143	33	19,752

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

28. DEFERRED TAX (CONTINUED)

Deferred tax assets

	Impairment of financial assets RMB'000	Provision RMB'000	Deferred government grants RMB'000	Loss available for offsetting against future taxable profits RMB'000	Leases liabilities RMB'000	Total RMB'000
At January 1, 2024	622	1,536	5,850	1,182	388	9,578
Deferred tax credited/(charged) to profit or loss during the year (note 12)	107	182	(523)	(1,079)	(148)	(1,461)
Gross deferred tax assets at December 31, 2024 and January 1, 2025	729	1,718	5,327	103	240	8,117
Deferred tax credited/(charged) to profit or loss during the year (note 12)	208	859	(949)	(67)	(84)	(33)
Gross deferred tax assets at December 31, 2025	937	2,577	4,378	36	156	8,084

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is a summary of the deferred tax balances of the Group for financial reporting purpose:

	2025 RMB'000	2024 RMB'000
Reflected in the consolidated statements of financial position:		
– Net deferred tax assets	16	23
– Net deferred tax liabilities	11,684	12,194

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

28. DEFERRED TAX (CONTINUED)

Deferred tax assets (Continued)

Deferred tax assets have not been recognized in respect of the following items:

	2025 RMB'000	2024 RMB'000
Tax losses	65,736	43,755
Total	65,736	43,755

The Group has accumulated tax losses arising in Chinese mainland of RMB65,736,000 as at December 31, 2025 (2024: RMB43,755,000). The tax losses in the PRC can be carried forward for five years to offset future taxable profits. The tax losses of those companies in the PRC will expire in one to five years for offsetting against taxable profits.

Deferred tax assets have not been recognized in respect of these losses as it is not considered probable that taxable profits will be available against which the tax losses can be utilized.

29. REDEMPTION LIABILITIES ON EQUITY SHARES

In December 2020, the Company issued one-year zero-coupon convertible bonds to a third-party investor, Hangzhou Heda New Pharmaceutical Venture Capital Partnership (Limited Partnership) (“Hangzhou Heda Xinyiyao”) 杭州和達新醫藥創業投資合夥企業(有限合夥), for an aggregate principal amount of RMB100,000,000. According to the convertible bond agreement, the conversion period will be within one year after the day the Company received the convertible bonds investment. If the Company complete any new equity financing of over RMB100,000,000 within the conversion period, the conversion price of the convertible bonds will be equal to 85% of the price per share in the latest new equity financing. If the Company fails to complete any new equity financing over RMB100,000,000 within the conversion period, the conversion price of the convertible bonds will be RMB1.0 per share.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

29. REDEMPTION LIABILITIES ON EQUITY SHARES (CONTINUED)

In December 2021, the Company entered into an investment agreement with several independent investors ("Series A Shares"). According to the investment agreement, convertible bonds with a nominal values of RMB100,000,000 was converted to 5,228,758 paid-in capital with Series A Shares preference rights of the Company by Hangzhou Heda Xinyiyao. The Company also issued 16,444,444 paid-in capital with Series A Shares preference rights of the Company to certain independent investors including Lanxi Puhua Shuoyang Xiaxing Venture Investment Partnership (Limited Partnership) (蘭溪普華碩陽夏星創業投資合夥企業(有限合夥)) ("Puhua Xiaxing"), Hangzhou Haibang Boyuan Venture Capital, Partnership (Limited Partnership) (杭州海邦博源創業投資合夥企業(有限合夥)) ("Haibang Boyuan"), Shenzhen Minhe Investment Co., Ltd.* (深圳市民和投資有限公司), ("Shenzhen Minhe Investment"), Nanjing Outao Information Technology Co., Ltd.* (南京歐陶資訊科技有限公司) ("Nanjing Outao"), Hainan Jingsheng Yiqi Private Equity Investment Fund Partnership (Limited Partnership) (海南景盛一期私募股權投資基金合夥企業(有限合夥)) ("Hainan Jingsheng Yiqi") for a total cash consideration of RMB370,000,000 or RMB22.50 per share. Hangzhou Heda Xinyiyao, Puhua Xiaxing, Haibang Boyuan, Shenzhen Minhe Investment, Nanjing Outao and Hainan Jingsheng Yiqi were collectively referred as "Series A Investors". The numbers of paid-in capital presented in this paragraph didn't consider the impact of conversion of paid-in capital to share capital due to conversion to a joint stock limited liability company as detailed in note 33.

The key terms of the Series A Shares are summarized as follows:

(a) Redemption features

The investment from the Series A Investors shall be redeemed by the Company and/or management shareholders, at the option of the investors if a qualified IPO or qualified mergers and acquisitions has not been consummated by December 31, 2026 and/or upon the occurrence of the change of controlling shareholder before completion of a qualified IPO without consent of the Series A Investors. The Series A Investors shall be entitled to receive the redemption amount equal to the original investment amount plus interest of 8% per annum calculated on a simple basis.

(b) Liquidation preferences

In the event of any liquidation, dissolution, winding up of the Company or deemed liquidation event, holders of the Series A Shares shall be entitled to be paid out of the funds and assets available for distribution to the members of the Company, an amount per share equal to the original issue price for each series equity share at 8% interest rate per annum, excluding any dividends received from the Company.

(c) Anti-dilution right

If the Company increases its paid-in capital at a price lower than the price paid by the Series A Investors on a per paid-in capital basis, the Series A Investors have a right to require the management shareholders to transfer a portion of their company equity or require the Company to issue additional paid-in capital for nil consideration to the investors, so that the total amount paid by the Series A Investors divided by the total amount of paid-in capital obtained is equal to the price per paid-in capital in the new issuance.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

29. REDEMPTION LIABILITIES ON EQUITY SHARES (CONTINUED)

Presentation and classification

The Group and the Company have designated the redemption liabilities on equity shares as whole as financial liabilities carried at FVTPL and presented as “redemption liabilities on equity shares” in the consolidated statements of financial position. The change in fair value of the redemption liabilities on equity shares is charged to profit or loss except for the portion attributable to credit risk change that shall be charged to other comprehensive income. Management considered that the fair value change in the redemption liabilities on equity shares attributable to changes of own credit risk is not significant. The discounted cash flow was used to determine the fair value of convertible bonds.

Pursuant to the special rights termination agreement dated May 15, 2024 entered into among all current shareholders, all shareholders’ special rights granted had be automatically terminated upon listing, except redemption features which had be automatically terminated upon the first submission of the listing application on May 31, 2024, provided that redemption rights shall be automatically and immediately reinstated and restored upon the earlier of (i) the date when the Company’s listing application is rejected, returned, or voluntarily withdrawn by the Company; or (ii) the listing has not taken place by December 31, 2026. Considering the contingency relating to the reinstatement and restoration of the redemption features is outside the control of the Company, the redemption liabilities on equity shares is assessed to be continuously measured as financial liabilities carried at FVTPL after entering the termination agreement.

On June 30, 2025, the Company was successfully listed on the Stock Exchange. Pursuant to the special rights termination agreement dated May 15, 2024, the completion of the listing triggered the automatic termination of all the special rights granted to Series A Shares and then the fair value of redemption liabilities on equity shares of RMB621,342,000 was reclassified to equity accordingly.

The movements in redemption liabilities on equity shares during the year are set out below:

	2025 RMB'000	2024 RMB'000
At the beginning of the year	639,805	542,038
Changes in fair value	(18,463)	97,767
Conversion of redeemable liabilities on equity shares upon IPO	(621,342)	–
At the end of the year	–	639,805

The Company used the discounted cash flow and back-solve method to determine the underlying share value of the Company and performed an equity allocation based on the Option Pricing model (“OPM model”) to arrive the fair value of the redemption liabilities on equity shares as at the end of each reporting period with reference to valuation report carried out by an independent valuer.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

29. REDEMPTION LIABILITIES ON EQUITY SHARES (CONTINUED)

Presentation and classification (Continued)

In addition to the underlying share value of the Company determined by the discounted cash flow and back-solve method, other key valuation assumptions used in the OPM model to determine the fair value are as follows:

	As at December 31, 2024
Risk-free interest rate	1.08%
DLOM	10.54%
Volatility	54.84%

The Group estimated the risk-free interest rate based on the yield of China government bond with maturity close to the expected exit timing as of the valuation date. The DLOM was estimated based on the option-pricing method. Under the option-pricing method, the cost of put option, which can hedge the price change before the privately held share can be sold, was considered as a basis to determine DLOM. Volatility was estimated based on annualized standard deviation of daily shares price return of comparable companies for a period from the valuation date and with a similar span as time to expiration.

30. CONVERTIBLE BONDS

Three-year 7.0% RMB300 million convertible bonds

In December 2020, the Company issued three-year 7.0% convertible bonds in an aggregate principal amount of RMB300,000,000 to a third-party investor, Hangzhou Heda Kontide Venture Capital Partnership (Limited partnership) ("Heda Kontide", 杭州和達康肽創業投資合夥企業(有限合夥)). According to the convertible bond agreement, the conversion period will be 3 years starting from the day the Company received the convertible bonds investment and the conversion period would be subject to 2-year extension if the Company and Heda Kontide reach a consensus. If the subsidiary of the Company, Chinese Peptide, achieved net profits of more than one billion for the year ended December 31, 2023, the conversion price of the convertible bonds will be equal to the price per share in the latest new equity financing. If Chinese Peptide failed to achieve more than one billion net profits for the year ended December 31, 2023 and Heda Kontide will have right to request the Company to redeem all of the convertible bonds. The Company needs to repay interest of the convertible bonds at 7.0% to Heda Kontide not later than December 30 each year. On March 29, 2024, the Company had repaid the principal amount of RMB300,000,000 of convertible bonds to Heda Kontide in full. Pursuant to provisions of the supplemental agreement with the relevant government authority in March 2024, the interest rate of the convertible bonds was reduced to 5.5% due to the decrease in market financing cost in China and the Company had fully repaid.

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31. DEFERRED GOVERNMENT GRANTS

	2025 RMB'000	2024 RMB'000
Government grants:		
Current	6,385	6,438
Non-current	22,801	29,072
Total	29,186	35,510

The movement in government grants during the year are as follows:

	2025 RMB'000	2024 RMB'000
At beginning of January 1	35,510	–
Addition (note)	–	39,000
Amount recognized in profit or loss	(6,324)	(3,490)
At end of December 31	29,186	35,510

Note: The Group had complied with all conditions attaching to the government grants related to assets and the grants were reclassified to deferred government grants which will be recognized in profit or loss over the useful lives of the relevant assets.

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32. SHARE CAPITAL

Shares

	2025 RMB'000	2024 RMB'000
Issued and fully paid:		
141,800,000 (2024: 125,000,000) ordinary shares of RMB1.00 each	141,800	125,000

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	Share capital RMB'000
At January 1, 2024, December 31, 2024 and January 1, 2025	125,000,000	125,000
Issue of shares from initial public offering (note)	16,800,000	16,800
At December 31, 2025	141,800,000	141,800

Note: On June 30, 2025, the Company issued a total of 16,800,000 ordinary shares of RMB1.00 each at the price of HKD30.60 per share by means of global offering.

33. SHARE INCENTIVE PLAN

The Pre-IPO Employee Incentive Scheme

In December 2020, the shareholders' meeting of the Company passed a resolution to adopt 2020 share incentive plan (the "Pre-IPO Employee Incentive Scheme") in order to attract and retain senior management and employees for the continual operation and development of the Group. The Pre-IPO Employee Incentive Scheme was further amended in November 2021 and November 2022. Pursuant to the adopted and amended Pre-IPO Employee Incentive Scheme, 10,273,500 shares of the Company were transferred to two employee incentive platforms owned by Ms. Li Xiangli, namely Hangzhou Yuanxi Enterprise Management Consulting Partnership (Limited Partnership) 杭州元熙企業管理諮詢合夥企業(有限合夥) and Hangzhou Xiyong Enterprise Management Consulting Partnership (Limited Partnership) 杭州熙永企業管理諮詢合夥企業(有限合夥), from Hangzhou Haiding Technology Co., Ltd. (杭州海鼎科技有限公司, Hangzhou Haiding"), a company wholly owned by Ms. Li Xiangli and her spouse at the price of RMB3.89 per share (equivalent to RMB4.00 paid-in capital before the conversion into a joint stock company).

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December 31, 2025

33. SHARE INCENTIVE PLAN (CONTINUED)

The Pre-IPO Employee Incentive Scheme (Continued)

Each grant of share awards needs to meet service requirements from the date of grant to the later of (1) five years since the grant date (the "Service Period") and (2) one year after successful listing of the Company (the "Lock-up Period"). In the first three years of the Service Period, 30%, 30% and 40% of the total number of share awards shall be released to eligible participants on the first, second and third anniversary date of grant date upon meeting certain individual and the Group's performance targets. The eligible participants would be repaid with original subscription price plus single digit interest if employment were terminated within the Service Period and would be entitled to portion of economic benefits of the released share awards if employment were terminated within the Lock-up Period. After taking into consideration of the best estimation of the listing date, the management determined the vesting period of the relevant restricted shares based on the above performance conditions and service requirements. As such, the share-based payment expenses are amortized during the vesting period.

Details of granted shares are as follows:

Date of grant	Number of restricted shares	Subscription price per share	Fair value per share
December 23, 2020	5,681,246	RMB3.89	RMB3.90
August 13, 2021	513,675	RMB3.89	RMB9.51
November 16, 2021	898,931	RMB3.89	RMB9.51
November 16, 2021	513,675	RMB7.30	RMB9.51
March 17, 2022	102,735	RMB3.89	RMB8.77
May 9, 2022	92,462	RMB3.89	RMB10.20
July 14, 2022	236,291	RMB3.89	RMB10.20
January 1, 2024	820,000	RMB4.00	RMB12.83
January 1, 2024	1,280,000	RMB7.50	RMB12.83
March 1, 2024	150,000	RMB7.50	RMB12.83
Total	10,289,015		

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33. SHARE INCENTIVE PLAN (CONTINUED)

The Pre-IPO Employee Incentive Scheme (Continued)

The fair value of services received in return for a share award granted is measured by reference to the fair value of the share award granted less the subscription price. The fair value of the share award granted is measured as the market value at the grant date, which is determined by an external valuer using the discounted cash flows method or recent transaction method, taking into account the terms and conditions upon which the restricted shares were granted.

Set out below are details of the movements of the outstanding restricted shares granted under the Pre-IPO Employee Incentive Scheme during the year.

	2025 RMB'000	2024 RMB'000
At the beginning of the year	8,938,049	6,852,425
Granted during the year	–	2,250,000
Forfeited during the year	(102,735)	(164,376)
At the end of the year	8,835,314	8,938,049

The Group recognized equity-settled share-based payment expenses of RMB4,622,000 (2024: RMB4,441,000) during the year ended December 31, 2025.

The weighted average remaining contractual lives for the outstanding restricted shares granted were 1.01 (2024: 2.01) years as at December 31, 2025.

34. 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 72 of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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35. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

During the year, the Group had no non-cash additions to right-of-use assets (2024: additions to right-of-use assets of RMB1,226,000) and lease liabilities (2024: additions to lease liabilities of RMB1,226,000), in respect of lease arrangements for leasehold land and office premises.

(b) Changes in liabilities arising from financing activities

	Lease liabilities RMB'000	Bank borrowings RMB'000	Accrued listing expenses included in other payables and accruals RMB'000
At January 1, 2025	1,143	40,000	7,645
Changes from financing cash flows:			
Additions	–	90,000	–
Payments	(444)	(101,170)	(35,967)
Changes from operating cash flows:			
Payments	–	–	(20,020)
Exchange adjustment	(19)	–	–
Change in fair value	–	–	–
Accretion of interest recognized during the year	67	1,170	–
Increase in deferred listing expense	–	–	34,920
Listing expense	–	–	18,211
At December 31, 2025	747	30,000	4,789

NOTES TO THE FINANCIAL STATEMENTS

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35. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

(b) Changes in liabilities arising from financing activities (Continued)

	Lease liabilities RMB'000	Bank borrowings RMB'000	Convertible bonds RMB'000	Accrued listing expenses included in other payables and accruals RMB'000
At January 1, 2024	1,846	–	321,000	–
Changes from financing cash flows:				
Additions	–	40,000	–	–
Payments	(2,014)	(1,065)	(306,625)	(6,767)
Changes from operating cash flows:				
Payments	–	–	–	(19,514)
Exchange adjustment	9	–	–	–
Change in fair value	–	–	(14,375)	–
Accretion of interest recognized during the year	76	1,065	–	–
New lease	1,226	–	–	–
Increase in deferred listing expense	–	–	–	8,907
Listing expense	–	–	–	25,019
At December 31, 2024	1,143	40,000	–	7,645

(c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	2025 RMB'000	2024 RMB'000
Within operating activities	1,277	1,515
Within financing activities	444	2,014
Total	1,721	3,529

NOTES TO THE FINANCIAL STATEMENTS

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36. COMMITMENTS

The Group had the following contractual commitments at the end of each of the reporting period:

	2025 RMB'000	2024 RMB'000
Contracted but not provided for:		
Property and equipment	206,325	39,912

37. RELATED PARTY TRANSACTIONS

(a) Names and relationships

Name of related parties	Relationship with the Group
Dr. Xu Qi	Director of the Company
Dr. Li Xiang	Director of the Company
Zhejiang Handing Pharmaceutical Co., Ltd. (浙江漢鼎醫藥有限公司, "Zhejiang Handing")	Note

Note: Dr. Li Xiang held approximately 64.25% interest in aggregate in Zhejiang Handing and also served as a director and the chairman of Zhejiang Handing during the years ended December 31, 2024 and 2025.

(b) Significant related party transactions

The Group had the following material related party transactions during the year.

	2025 RMB'000	2024 RMB'000
Sales to Zhejiang Handing	1,580	422
	2025 RMB'000	2024 RMB'000
Repayments of loans to Dr. Xu Qi (note)	-	1,659

The directors consider that rendering of services or sales of products to related parties were based on arm's length negotiation between the Group and related parties with reference to market rates.

Note: The loan was interest-free and repayable on demand, which were fully repaid by Dr. Xu Qi in 2024.

NOTES TO THE FINANCIAL STATEMENTS

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37. RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Outstanding balances with related parties

		2025 RMB'000	2024 RMB'000
	Nature		
Amounts due to related parties			
Contract liabilities			
Zhejiang Handing	Trade	–	1,811

(d) Compensation of key management personnel of the Group:

		2025 RMB'000	2024 RMB'000
Salaries, bonuses, allowances and benefits in kind		18,199	16,260
Pension scheme contributions		352	305
Share-based payment compensation		2,046	2,274
Total compensation paid to key management personnel		20,597	18,839

Further details of directors', supervisors' and the chief executive's emoluments are included in note 10 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

38. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each of the reporting period are as follows:

	2025 RMB'000	2024 RMB'000
Financial assets		
Financial assets at FVTPL:		
Unlisted equity investments	1,867	1,634
Total	1,867	1,634
Financial assets at amortized cost:		
Trade receivables	34,348	57,720
Financial assets included in prepayments and other receivables	1,423	199
Cash and cash equivalents	887,646	387,183
Time deposits	187,113	143,032
Restricted cash	209	439
Total	1,110,739	588,573
Financial liabilities		
Financial liabilities at FVTPL:		
Redemption liabilities on equity shares	-	639,805
Total	-	639,805
Financial liabilities at amortized cost:		
Trade payables	18,135	23,469
Financial liabilities included in other payables	28,955	28,786
Lease liabilities	747	1,143
Amounts due to related parties	-	1,811
Interest-bearing bank borrowings	30,000	40,000
Total	77,837	95,209

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

39. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Fair values

Management has assessed that the fair values of cash and cash equivalents, time deposits, pledged bank deposits, trade receivables, financial assets included in prepayments, other receivables and other assets, trade payables, financial liabilities included in other payables and accruals and lease liabilities approximate to their carrying amounts largely due to the short-term maturities of these instruments. The fair values of the non-current time deposits have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

The Group's finance department headed by the financial director is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At the end of each of the reporting period, the finance department analyzes the movements in the values of financial instruments and determines the major inputs applied in the valuation. The directors review the results of the fair value measurement of financial instruments periodically for financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The Group invests in unlisted investments. The Group has estimated the fair values of these unlisted investments by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

The fair values of the redemption liabilities on equity shares measured at FVTPL are determined using the option pricing model. Further details are set out in note 29 to the financial statements.

The discounted cash flow method was used to determine the fair value of convertible bonds. Further details are set out in note 30 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

39. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's financial instruments:

Assets and liabilities measured at fair value:

As at December 31, 2025

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Financial assets				
Unlisted equity investments	–	–	1,867	1,867

As at December 31, 2024

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Financial assets				
Unlisted equity investments	–	–	1,634	1,634
Financial liabilities				
Redemption liabilities on equity shares	–	–	639,805	639,805

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at the end of each of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

39. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy (Continued)

2025

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Unlisted equity investments	Market approach method	DLOM	24.6%	5% increase/decrease in DLOM would result in decrease/increase in fair value by 6.73%
		Enterprise value/Sale multiple	7.0	10% increase/decrease in the ratio of EV/Sale would result in increase/decrease in fair value by 9.55%/9.56%

2024

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Unlisted equity investments	Market approach	DLOM	23.7%	5% increase/decrease in DLOM would result in decrease/increase in fair value by 6.65%
		Enterprise value/Sale multiple	6.4	10% increase/decrease in the ratio of EV/Sale would result in increase/decrease in fair value by 9.33%/8.96%
Redemption liabilities on equity shares	Discounted cash flow method	Risk-free interest rate	1.08%	1% increase/decrease in risk-free interest rate would result in decrease/increase in fair value by 0.66%/0.79%
		Volatility	54.84%	1% increase/decrease in volatility would result in increase/decrease in fair value by 0.01%/0.02%
		DLOM	10.54%	1% increase/decrease in DLOM would result in decrease/increase in fair value by 1.08%

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and cash equivalents, time deposits, financial assets at fair value through profit or loss and redemption liabilities on equity shares. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of the directors reviews and agrees policies for managing each of these risks and they are summarized below.

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from financing activities by subsidiaries in currencies other than the subsidiaries' functional currencies.

The following table demonstrates the sensitivity at the end of each of the reporting period to a reasonably possible change in the USD, HKD and EUR exchange rates, with all other variables held constant, of the Group's profit before tax and equity (due to changes in the fair value of monetary assets and liabilities).

	Increase/ (decrease) in rate of foreign currency %	Increase/ (decrease) in profit before tax RMB'000	Increase/ (decrease) in equity RMB'000
December 31, 2025			
If RMB weakens against USD	5	30,732	30,732
If RMB strengthens against USD	(5)	(30,732)	(30,732)
If RMB weakens against HKD	5	59	59
If RMB strengthens against HKD	(5)	(59)	(59)
If RMB weakens against EUR	5	4	4
If RMB strengthens against EUR	(5)	(4)	(4)
December 31, 2024			
If RMB weakens against USD	5	20,683	20,683
If RMB strengthens against USD	(5)	(20,683)	(20,683)
If RMB weakens against HKD	5	40	40
If RMB strengthens against HKD	(5)	(40)	(40)
If RMB weakens against EUR	5	3	3
If RMB strengthens against EUR	(5)	(3)	(3)

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk

The Group trades only with recognized and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. The Group also expects that there is no significant credit risk associated with pledged bank deposits, time deposits and cash at banks since they are substantially deposited at state-owned banks and other medium or large-sized listed banks. The management of the Group does not expect that there will be any significant losses from non-performance by these counterparties.

Maximum exposure and year-end staging

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on aging information unless other information is available without undue cost or effort, and year-end staging classification as at December 31. The amounts presented are gross carrying amounts for financial assets.

At December 31, 2025

	12-month ECLs		Lifetime ECLs		Total RMB'000
	Stage 1	Stage 2	Stage 3	Simplified approach	
	RMB'000	RMB'000	RMB'000	RMB'000	
Trade receivables*	–	–	–	40,527	40,527
Financial assets included in prepayments, other receivables and other assets	231	–	–	–	231
Time deposits	187,113	–	–	–	187,113
Pledged bank deposits	209	–	–	–	209
Cash and cash equivalents	887,646	–	–	–	887,646
Total	1,075,199	–	–	40,527	1,115,726

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Maximum exposure and year-end staging (Continued)

At December 31, 2024

	12-month ECLs		Lifetime ECLs		Total RMB'000
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	
Trade receivables*	–	–	–	62,645	62,645
Financial assets included in prepayments, other receivables and other assets	246	–	–	–	246
Time deposits	143,032	–	–	–	143,032
Pledged bank deposits	439	–	–	–	439
Cash and cash equivalents	387,183	–	–	–	387,183
Total	530,900	–	–	62,645	593,545

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the general matrix is disclosed in note 21 to the financial statements.

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of internally generated cash flows from operations and lease liabilities. The Group regularly reviews its major funding positions to ensure that it has adequate financial resources in meeting its financial obligations.

The maturity profile of the Group's financial liabilities as at the end of each of the reporting period, based on the contractual undiscounted payments, was as follows:

As at December 31, 2025

	On demand RMB'000	Within 1 year RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Lease liabilities	–	411	336	–	747
Trade payables	106	18,029	–	–	18,135
Financial liabilities included in other payables and accruals	28,955	–	–	–	28,955
Interest-bearing bank borrowings	–	30,328	–	–	30,328
Total	29,061	48,768	336	–	78,165

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk (Continued)

As at December 31, 2024

	On demand RMB'000	Within 1 year RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Redemption liabilities on equity shares	–	–	658,000	–	658,000
Lease liabilities	–	447	813	–	1,260
Trade payables	141	23,328	–	–	23,469
Amounts due to related parties	1,811	–	–	–	1,811
Financial liabilities included in other payables and accruals	28,786	–	–	–	28,786
Interest-bearing bank borrowings	–	40,111	–	–	40,111
Total	30,738	63,886	658,813	–	753,437

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximize shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the year.

The asset-liability ratios as at the end of each of the reporting period are as follows:

	2025 RMB'000	2024 RMB'000
Total assets	1,812,586	1,172,628
Total liabilities	227,795	853,878
Asset-liability ratio (note)	13%	73%

Note: Asset-liability ratio is calculated by dividing total liabilities by total asset.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

41. EVENTS AFTER THE REPORTING PERIOD

On March 9, 2026, the Company announced that the conversion of 68,201,112 unlisted shares with a par value of RMB1.0 per share held by certain Shareholders into H shares with a par value of RMB1.0 per share had been completed on the same date.

42. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2025 RMB'000	2024 RMB'000
NON-CURRENT ASSETS		
Property and equipment	1,102	–
Other intangible assets	949	1,044
Financial assets at fair value through profit or loss	1,867	1,634
Prepayments, other receivables and other assets	–	1,619
Investments in subsidiaries	740,910	736,484
Total non-current assets	744,828	740,781
CURRENT ASSETS		
Prepayments, other receivables and other assets	100,776	56,606
Time deposits	–	55,189
Cash and cash equivalents	408,041	25,940
Total current assets	508,817	137,735
CURRENT LIABILITIES		
Other payables and accruals	5,152	36,596
Income tax payable	–	8
Total current liabilities	5,152	36,604
NET CURRENT ASSETS	503,665	101,131
TOTAL ASSETS LESS CURRENT LIABILITIES	1,248,493	841,912

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

42. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

	2025 RMB'000	2024 RMB'000
NON-CURRENT LIABILITIES		
Redemption liabilities on equity shares	–	639,805
Total non-current liabilities	–	639,805
NET ASSETS		
	1,248,493	202,107
EQUITY		
Share capital	141,800	125,000
Reserves (note)	1,106,693	77,107
Total equity	1,248,493	202,107

Note:

A summary of the Company's reserves is as follows:

	Capital reserve RMB'000	Share-based payment reserve RMB'000	Other reserve RMB'000	Retained profits/ (Accumulated losses) RMB'000	Total RMB'000
At January 1, 2024	718,979	4,048	(471,602)	(100,406)	151,019
Loss and total comprehensive loss for the year	–	–	–	(78,353)	(78,353)
Share-based payment compensation	–	4,441	–	–	4,441
At December 31, 2024 and January 1, 2025	718,979	8,489	(471,602)	(178,759)	77,107
Loss and total comprehensive loss for the year	–	–	–	(4,566)	(4,566)
Share-based payment compensation	–	4,622	–	–	4,622
Net proceeds from issue of shares from IPO	408,189	–	–	–	408,189
Conversion of redeemable liabilities on equity shares upon IPO	149,739	–	471,602	–	621,341
At December 31, 2025	1,276,907	13,111	–	(183,325)	1,106,693

43. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorized for issue by the board of directors on March 30, 2026.

DEFINITIONS

In this report, the following expressions have the meanings set out below unless the context otherwise requires:

“Articles of Association” or “Articles”	the articles of association of our Company, as amended from time to time
“Audit Committee”	the audit committee of the Company
“Board” or “our Board”	the board of Directors
“Chief Executive Officer”	the chief executive officer of our Company
“China”, “Mainland China” or “PRC”	the People’s Republic of China which, for the purpose of this report and for geographical reference only, excluding Hong Kong Special Administrative Region of the PRC, Macao Special Administrative Region of the PRC, and Taiwan Region
“Chinese Peptide”	Chinese Peptide Company* (中肽生化有限公司), formerly known as Chinese Peptide Company* (杭州中肽生化有限公司), a limited liability company incorporated under the laws of the PRC on August 27, 2001 and a wholly-owned subsidiary of the Company
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Company”, “our Company”, or “the Company”	Medtide Inc. (泰德醫藥(浙江)股份有限公司), a limited liability company incorporated in the PRC on June 11, 2020 and converted into a joint stock company with limited liability on February 10, 2023, formerly known as Taide Pharmaceutical (Zhejiang) Co., Ltd.* (泰德醫藥(浙江)有限公司)
“Controlling Shareholder(s)”	has the meaning ascribed thereto under the Listing Rules and unless the context otherwise requires, refers to Dr. Xu, Ms. Li, Healthy Angel, Qikang International, Mr. Li Congyan, Hangzhou Haiding, Hangzhou Xiyong and Hangzhou Yuanxi
“CG Code” or “Corporate Governance Code”	the Corporate Governance Code set out in Appendix C1 to the Listing Rules
“Director(s)” or “our Director(s)”	the director(s) of the Company
“Employee Incentive Platforms”	the pre-IPO employee incentive platforms of our Group, namely Hangzhou Xiyong and Hangzhou Yuanxi

DEFINITIONS

“Global Offering”	the Hong Kong Public Offering and the International Offering as defined and described in the Prospectus
“Group”, “our Group”, “our”, “we” or “us”	our Company and its subsidiaries, or any one of them as the context may require, and where the context requires, the businesses operated by our Company and/or its subsidiaries and their predecessors (if any)
“H Share(s)”	overseas listed foreign share(s) in the share capital of our Company with a nominal value of RMB1.00 each, which is/are to be subscribed for and traded in HK dollars and to be listed on the Hong Kong Stock Exchange
“Hangzhou Haiding”	Hangzhou Haiding Technology Co., Ltd.* (杭州海鼎科技有限公司) (previously known as Shaoxing Haiding Technology Co., Ltd.* (紹興海鼎科技有限公司)), which is owned as to 99% by Ms. Li, our executive Director, and 1% by her spouse, Mr. Li Congyan (李從岩) and is one of our Controlling Shareholders
“Hangzhou Xiyong”	Hangzhou Xiyong Enterprise Management Consulting Partnership (Limited Partnership)* (杭州熙永企業管理諮詢合夥企業(有限合夥)), formerly known as Liaocheng Xihe Enterprise Consulting Partnership (Limited Partnership)* (聊城熙和企業管理諮詢合夥企業(有限合夥)), which is a limited partnership established in the PRC on December 3, 2020 and a pre-IPO employee incentive platform of our Group, of which Ms. Li is the sole general partner and is one of our Controlling Shareholders
“Hangzhou Yuanxi”	Hangzhou Yuanxi Enterprise Management Consulting Partnership (Limited Partnership)* (杭州元熙企業管理諮詢合夥企業(有限合夥)), formerly known as Liaocheng Yuande Enterprise Consulting Partnership (Limited Partnership)* (聊城元德企業管理諮詢合夥企業(有限合夥)), which is a limited partnership established in the PRC on December 3, 2020 and a pre-IPO employee incentive platform of our Group, of which Ms. Li is the sole general partner and is one of our Controlling Shareholders
“Healthy Angel”	Healthy Angel International Limited, a company incorporated in the Marshall Islands on March 13, 2014 with limited liability, which is wholly-owned by Dr. Xu, and is one of our Controlling Shareholders
“HK\$” or “Hong Kong dollars” or “HK dollars” and “HK cents”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong Stock Exchange” or “Stock Exchange”	The Stock Exchange of Hong Kong Limited, a wholly owned subsidiary of Hong Kong Exchange and Clearing Limited
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC

DEFINITIONS

“Listing”	the listing of our H Shares on the Main Board
“Listing Date”	June 30, 2025, the date on which the Shares were listed and dealings in the Shares were to be first permitted to take place on the Hong Kong Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules
“NMPA”	the National Medical Products Administration of China (國家藥品監督管理局) or, where the context so requires, its predecessor, the China Food and Drug Administration (國家食品藥品監督管理總局), or CFDA
“Pre-IPO Employee Incentive Scheme”	the pre-IPO employee incentive scheme of the Company approved and adopted in December 2020 and amended in November 2021 and November 2022, as amended from time to time
“Prospectus”	the prospectus issued by the Company on June 20, 2025
“Qiantang Site”	the production facility situated in No. 69, Street 12 of Qiantang District, Hangzhou, Zhejiang Province, China
“Qikang International”	Health Angel International Limited (琪康國際有限公司), a limited company incorporated in Hong Kong on April 1, 2014, which is wholly-owned by Healthy Angel, and is one of our Controlling Shareholders
“Relevant Period”	the period commencing from the Listing Date up to December 31, 2025
“Renminbi” or “RMB”	the lawful currency of the PRC
“Reporting Period”	the year ended December 31, 2025
“SFO” or “Securities and Futures Ordinance”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) in the capital of our Company with a nominal value of RMB1.00 each, comprising Unlisted Shares and H Shares
“Shareholder(s)”	holder(s) of our Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

DEFINITIONS

“Supervisor(s)”	the supervisors of the Company
“Supervisory Committee”	the committee of the Supervisors
“United States”, “USA” or “U.S.”	the United States of America, its territories and possessions, any State of the United States, and the District of Columbia
“Unlisted Share(s)”	ordinary share(s) issued by our Company, with a nominal value of RMB1.00 each, which is/are not listed on any stock exchange
“Xinbang”	Guizhou Xinbang Pharmaceutical Co., Ltd. (貴州信邦製藥股份有限公司), which was incorporated in the PRC on January 27, 1995 and converted into a joint-stock company on February 2, 2002, the shares of which are listed on the Shenzhen Stock Exchange (stock code: 002390)
“Yuanxi Pharmaceutical”	Hangzhou Yuanxi Pharmaceutical Technology Co., Ltd.* (杭州源璽醫藥科技有限公司), a limited liability company incorporated under the laws of the PRC on December 25, 2020 and a wholly-owned subsidiary of the Company
“%”	per cent

In this report, unless otherwise indicated, the terms “associate(s)”, “associated corporation(s)”, “connected person(s)”, “controlling shareholder(s)”, “subsidiary(ies)”, “substantial shareholder(s)” and “treasury share)” shall have the meanings given to such terms in the Listing Rules.

Certain amounts and percentage figures included in this report have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

For ease of reference, the names of Chinese laws and regulations, governmental authorities, institutions, natural persons or other entities (including our subsidiary) have been included in this report in both the Chinese and English languages and in the event of any inconsistency, the Chinese versions shall prevail. English translations of company names and other terms from the Chinese language are provided for identification purposes only.

* For identification purposes only

GLOSSARY OF TECHNICAL TERMS

Unless the context otherwise requires, explanations and definitions of certain terms used in this report in connection with our Group and our business shall have the meanings set out below. The terms and their meanings may not correspond to standard industry meaning or usage of these terms.

"amino acid"	organic molecules containing an amine and carboxylic acid that are monomers of a peptide chain
"ANDA"	abbreviated new drug application, a simplified submission to the FDA requesting authorization to market a new formulation of an existing drug or an investigational drug similar to an already approved drug, for which both its therapeutic indications and formulation were previously approved by the FDA
"API"	active pharmaceutical ingredients, any substance or mixture of substances intended to be used in the manufacture of a drug (medicinal) product in order to furnish pharmacological activity or other direct effect in the diagnosis, cure, mitigation, treatment, or prevention of disease or to affect the structure or function of the body
"CDMO"	contract development and manufacturing organization, a company that serves other companies in the pharmaceutical industry on a contract basis to provide comprehensive services from drug development through drug manufacturing
"cGMP"	current good manufacturing practice
"clinical trial/study"	a research study for validating or finding the therapeutic effects and side effects of test drugs in order to determine the therapeutic value and safety of such drugs
"CMC"	chemistry, manufacturing, and control, a section to evaluate the characteristics of a therapeutic and its manufacturing and quality testing process used to support clinical studies and marketing applications
"commercialization"	the stage in drug development when a new drug is approved and released to the market
"CRO"	contract research organization, a company that provides support to the pharmaceutical, biotech, and medical device industries in the form of research services outsourced on a contract basis
"CRDMO"	contract research, development and manufacturing organization, a company that provides discovery, research, development and manufacturing services in the pharmaceutical and/or biotech industry on a contract basis

GLOSSARY OF TECHNICAL TERMS

“DMF”	drug master files, submissions to regulatory authorities used to provide confidential, detailed information of drug products
“DNA”	a molecule that carries most of the genetic instructions used in the development, functioning and reproduction of all known living organisms and many viruses
“drug discovery”	the process through which potential new drugs are identified and may involve a wide range of scientific disciplines, including biology, chemistry and pharmacology
“drug product”	a dosage form that contains one or more APIs and/or inactive ingredients
“FFS”	fee-for-service, a payment model where the fee income is primarily based on the services provided
“FTE”	full-time-equivalent, a payment model where a number of employees are allocated to the project at a fixed rate per employee per period of time
“generic drug”	a drug that is chemically identical to an original drug and is generally available in the same or similar strength and dosage forms as the original drug
“GLP”	good laboratory practice, a quality system of management controls for research laboratories and organizations to try to ensure the uniformity, consistency, reliability, reproducibility, quality and integrity of chemical and pharmaceuticals non-clinical safety tests
“GLP-1”	glucagon like peptide-1, a naturally occurring peptide hormone that decreases blood sugar levels in a glucose-dependent manner by enhancing the secretion of insulin
“GMP”	good manufacturing practice, the practices required in order to conform to the guidelines recommended by agencies that control the authorization and licensing of the manufacture and sale of products
“molecule”	a group of two or more atoms connected by chemical bonds, forming the smallest unit of a substance that retains the composition and properties of that substance
“NCE”	new chemical entity, a novel, chemical molecule drug that is undergoing clinical trials or has received a first approval
“oligonucleotides”	short DNA or RNA molecules that have a wide range of application in pharmaceutical and biotech industries, which can be synthesized in laboratories or found in nature

GLOSSARY OF TECHNICAL TERMS

“PDC”	peptide drug conjugate, the attachment of a drug/probe to a peptide by a selective chemical reaction
“peptide”	small fragments of proteins, typically comprising 2-99 amino acids with a molecular weight of less than 10,000 Da.
“peptide focused CRDMO”	CRDMO companies where peptide CRDMO services contribute over 50% of their revenues
“POC”	peptide-oligonucleotide conjugate, a covalent construct that links a molecule like DNA to a synthetic peptide sequence
“RDC”	radionuclide drug conjugate, as a particular form of coupling drugs, are formed by combining radioactive isotopes with disease-targeting molecules
“registration inspection”	an inspection carried out by the NMPA to determine the safety, efficacy, quality controllability of drug candidates seeking regulatory approval for commercialization
“semaglutide”	a GLP-1 analog peptide, used for the treatment of type two diabetes and long-term weight management
“stability studies”	studies on the capability of a drug in a specific container/closure system to remain within its physical, chemical, microbiological therapeutic and toxicological specification
“synthesis”	the production of compounds by chemical reaction from simple starting materials
“TIDES”	TIDES drugs and TIDES-relevant products
“TIDES CRDMO”	CRDMO service for TIDES, including TIDES drugs and TIDES-relevant products
“TIDES drugs”	primarily consist of peptide drugs and oligonucleotide drugs
“TIDES-relevant product”	other products relevant to peptides or oligonucleotides except drugs, such as TIDES cosmetics product
“tirzepatide”	a long-acting glucose-dependent insulinotropic peptide analogue that activates both the GLP-1 and glucose-dependent insulinotropic peptide receptors and is used for the treatment of type two diabetes and for weight loss