

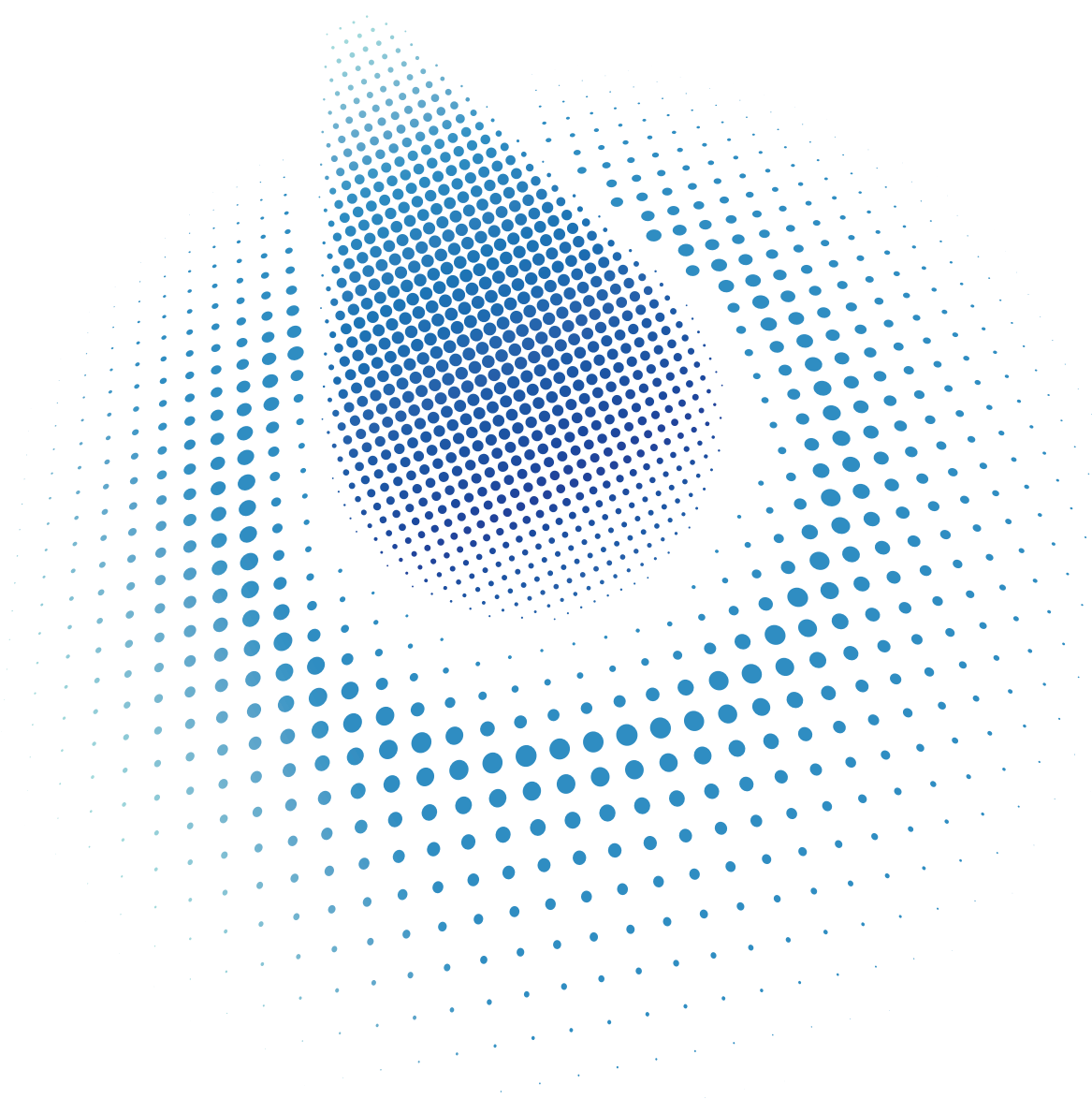


Cutia Therapeutics

科笛集团

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 2487

Annual Report 2025





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CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Ms. Zhang Lele (張樂樂) (*Chief Executive Officer*)

Mr. Huang Yuqing (黃雨青)

NON-EXECUTIVE DIRECTORS

Dr. Chen Lian Yong (陳連勇) (*Chairman*)

Dr. Xie Qin (謝沁)

Ms. Yang Yunxia (楊雲霞)

Mr. Lu Minfang (盧敏放)

(*appointed on 30 December 2025*)

Dr. Huang Xiao (黃瀟) (*resigned on 30 December 2025*)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chung Ming Kit (鍾明杰)

Mr. Ye Xiaoxiang (葉曉翔)

Mr. Zhang Zhisong (張志嵩)

(*appointed on 28 August 2025*)

Mr. Tao Tak Yan Dennis (陶德仁)

(*resigned on 28 August 2025*)

AUDIT COMMITTEE

Mr. Chung Ming Kit (鍾明杰) (*Chairman*)

Mr. Ye Xiaoxiang (葉曉翔)

Mr. Zhang Zhisong (張志嵩)

(*appointed on 28 August 2025*)

Mr. Tao Tak Yan Dennis (陶德仁)

(*resigned on 28 August 2025*)

REMUNERATION COMMITTEE

Mr. Ye Xiaoxiang (葉曉翔) (*Chairman*)

Dr. Chen Lian Yong (陳連勇)

Mr. Chung Ming Kit (鍾明杰)

NOMINATION COMMITTEE

Dr. Chen Lian Yong (陳連勇) (*Chairman*)

Dr. Xie Qin (謝沁) (*appointed on 28 August 2025*)

Mr. Chung Ming Kit (鍾明杰)

Mr. Zhang Zhisong (張志嵩)

(*appointed on 28 August 2025*)

Mr. Ye Xiaoxiang (葉曉翔)

(*appointed on 28 August 2025*)

Mr. Tao Tak Yan Dennis (陶德仁)

(*resigned on 28 August 2025*)

COMPANY SECRETARY

Mr. Leung Chi Kit (梁志傑) (*ACG, HKACG*)

(*appointed on 28 August 2025*)

Ms. Chan Sze Ting (陳詩婷) (*FCG, HKFCG*)

(*resigned on 28 August 2025*)

AUTHORISED REPRESENTATIVES

Ms. Zhang Lele (張樂樂)

Mr. Leung Chi Kit (梁志傑) (*ACG, HKACG*)

(*appointed on 28 August 2025*)

Ms. Chan Sze Ting (陳詩婷) (*FCG, HKFCG*)

(*resigned on 28 August 2025*)

AUDITOR

Ernst & Young

Certified Public Accountants

Registered Public Interest Entity Auditor

27/F, One Taikoo Place

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CORPORATE INFORMATION

HONG KONG LEGAL ADVISER

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Cayman Islands

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STOCK CODE

02487

COMPANY WEBSITE

www.cutiatx.com

CHAIRMAN'S STATEMENT

Dear Shareholders,

We truly appreciate your attention to and support for Cutia Therapeutics.

On behalf of the Board, I am pleased to present the annual report of the Group for the year ended 31 December 2025.

Cutia Therapeutics is a R&D-driven, combining both production and commercialization capabilities, dermatology innovative products-focused biopharmaceutical company. We are committed to developing comprehensive solutions that are tailored to meet the diverse and evolving needs of patients and consumers in the broader dermatology treatment and care market.

In 2025, Cutia achieved significant progresses in the development of commercialization capabilities and clinical development of new products.

COMMERCIALIZATION CONTINUED TO ACCELERATE: ADOPTED A WELL-TAILORED COMMERCIALIZATION STRATEGY TO PENETRATE THE BROADER DERMATOLOGY TREATMENT AND CARE MARKET

Relying on the Company's strong product capabilities, sales and operational strengths, our revenue continued to perform well in 2025. Our revenue recorded approximately RMB336.2 million, representing a growth of 20.2% year-over-year for the year ended 31 December 2025.

We have adopted a well-tailored commercialization strategy based on our products and have achieved significant results. Both CU-10201 (topical 4% minocycline foam) and CU-40102 (topical finasteride spray) have successfully made progress in sales and channel expansion since commercialization in October 2025. Our pivotal research results have been consecutively selected for the Annual Meeting of Chinese Society of Dermatology and the Annual Meeting of China Dermatologist Association & National Congress of Cosmetic Dermatology. This highlights our influence in the industry and advanced standing in the field of dermatology, which can attract more customers. Our Scientific Advisory Committee consists of top dermatologists from numerous third-class hospitals, which helps to build consumers' trust. To align with the product approval timeline, we have proactively established a dedicated marketing team with strong market insights and marketing capabilities, covering various provinces. This team is able to respond quickly to market changes and has successfully developed partnerships with hundreds of institutions and hundreds of hospitals across China.

Online marketing has always been one of our strategic priorities. We continue to deliver excellent marketing output and extensive science education on various e-commerce platforms and social media platforms such as Tmall, JD.com, Bilibili, Douyin, Zhihu and Xiaohongshu, enabling precise conversion of potential customers. In addition, our customer service team provides customers with professional and suitable products to optimize customer experience, increase repurchase rate and strengthen brand stickiness.

Our comprehensive commercialized product portfolio could address distinctive demands from a wide range of population groups as their needs evolve with disease progression or improvement to gain customer stickiness. From pre-sales product consultations, in-use guidance, to post-sales feedback, our customer service team provides professional guidance and emotional support tailored to customers' specific needs throughout the entire product usage cycle. This approach not only optimizes the customer experience but also further enhances product repurchase rate and brand recognition.

CONTINUED R&D COMMITMENT: MAJOR PRODUCTS ACHIEVED NEW MILESTONES, WHILE OTHER PIPELINE CANDIDATES ADVANCED SYSTEMATICALLY

As at the end of the Reporting Period, we have made encouraging progress in advancing R&D product pipeline and clinical trial progress as scheduled.

CU-40102 (topical finasteride spray) obtained marketing approval from the NMPA in June 2025 and from the Hong Kong Department of Health in August 2025, respectively. It can reduce the systemic exposure of the drug compared with oral formulations. We believe that CU-40102, as a topical treatment, will be more acceptable to patients with androgenetic alopecia, offering a new alternative in their treatment options. On the other hand, Abbreviated New Drug Application of CU-40105 (self-developed topical finasteride spray) has also been accepted by the NMPA in November 2025.

Furthermore, CU-20401 (recombinant mutant collagenase) has demonstrated a favorable safety and efficacy profile in its Phase II clinical trial conducted in China. Based on the positive outcomes of the Phase II clinical trial, the Group will further explore CU-20401's therapeutic advantages and expedite the progression to Phase III clinical trial.

We will also fully leverage our R&D strengths to systematically promote the clinical progress of the remaining pipeline candidates.

OUTLOOK

Looking ahead to 2026, we will continue to expand the commercialization of CU-10201 (topical 4% minocycline foam) and CU-40102 (topical finasteride spray), enabling consumers to access our products at the earliest opportunity. We believe that Cutia's brand recognition and the competitiveness and influence of our products will be substantially elevated by leveraging our established online channels and prearranged offline channels that expedite rapid market expansion of our products. Furthermore, CU-30101 (localized topical lidocaine and tetracaine cream) is also anticipated to receive regulatory approval for commercialization in China. In preparation for these milestones, we are proactively coordinating market launch initiatives to ensure seamless connectivity to our existing sales platforms while expanding our sales network more extensively. These efforts will allow us to deliver a comprehensive portfolio of products that address the changing and diverse needs of patients and consumers.

We are optimistic on the market potential of the online and offline channels and adhere to our core marketing strategy of online and offline marketing, and leverage the synergistic advantages of multiple products to drive robust overall sales growth. We will further strengthen the development of our sales capabilities and will actively develop online marketing campaigns on various e-commerce platforms and social media platforms to increase brand awareness. In addition, we will work closely with renowned physicians to conduct product demonstrations and trainings.

Leveraging on our CATAME® technology platform, our integrated commercialization model, in-depth industry experience and the efforts of our team, we believe we can seize the opportunities arising from the rapid expansion of China's sales network, create value and provide innovative solutions for patients.

On behalf of the Board, I would like to express my utmost respect to all employees and extend sincere gratitude to our Shareholders and stakeholders for their unwavering trust and support throughout the years.

Dr. Chen Lian Yong
Chairman and Non-executive Director
24 March 2026

HIGHLIGHTS

FINANCIAL HIGHLIGHTS

- Two Key Products of the Group, CU-40102 (topical finasteride spray) and CU-10201 (topical 4% minocycline foam), began commercialization in late October 2025. For the year ended 31 December 2025, revenue of these two products was over RMB100 million.
- For the year ended 31 December 2025, revenue of the Group was approximately RMB336 million. Revenue in the second half of 2025 increased sequentially by approximately 307% to approximately RMB270 million as compared to the first half of 2025, primarily attributable to the rapid growth in the commercialization of the Key Products.
- For the year ended 31 December 2025, gross profit of the Group was approximately 58%. Gross profit margin increased approximately 13 percentage points from approximately 48% in the first half of 2025 to approximately 61% in the second half of 2025, primarily driven by a higher sales contribution from high-margin product categories and strategic cost control initiatives.
- The Group continued to optimize its operating efficiency. For the year ended 31 December 2025, selling and distribution, research and development and administrative expenses decreased by approximately RMB109 million year-on-year. Loss for the year decreased by approximately RMB94 million year-on-year.
- The Group's total cash and cash equivalents, time deposits over three months and financial assets at fair value through profit or loss amounted to approximately RMB788 million as of 31 December 2025.

CORPORATE PROFILE

OVERVIEW

Founded in 2019, we are a R&D-driven, dermatology innovative products-focused biopharmaceutical company committed to developing comprehensive solutions that are tailored to meet the diverse and evolving needs of patients and consumers in the broader dermatology treatment and care market. We have built a broad portfolio of products, targeting the four main sectors of the broader dermatology treatment and care market, namely scalp diseases and care, skin diseases and care, topical anesthesia and localized adipose accumulation management. We currently have two Key Products that have begun commercialization. We have also distributed several commercialized products developed by overseas collaboration partners and marketed several products in China.

We are one of the few players in the broader dermatology treatment and care market in China equipped with fully integrated capabilities. We have applied a customer-centric approach to bolster our product candidates and expand our integrated capabilities to the entire broader dermatology treatment and care industry value chain. Our platform spans from the early phase of identifying demands, developing core technologies, managing clinical trials and product registrations, to the manufacturing and marketing of products.

Our proprietary CATAME® technology platform improves topical or transdermal delivery of drugs by developing micron and nano-sized particulates, as well as evaluating formulation quality and stability, and performing cutaneous pharmacokinetic analysis. Our platform also helps design the most suitable product formats that are key to specific and successful drug delivery. Through this platform, we have built a competitive product pipeline of creams, sprays, ointments, aerosol foams and other dosage forms.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

As at the date of this annual report, the Group has a number of scalp diseases and care products, skin diseases and care products, as well as certain skin care products (“**Routine Skin Care Products**”) for sale. The Group’s CU-10201 (topical 4% minocycline foam) and CU-40102 (topical finasteride spray) have obtained marketing approval from the NMPA and have begun commercialization in Chinese Mainland in late October 2025. CU-40102 has also obtained marketing approval from the Hong Kong Department of Health. We have achieved the following significant advancements in both business operations and pipeline products.

Commercialization

We have adopted a well-tailored commercialization strategy to penetrate the broader dermatology treatment and care market in China. Our pivotal research results have been consecutively selected for the Annual Meeting of Chinese Society of Dermatology and the Annual Meeting of China Dermatologist Association & National Congress of Cosmetic Dermatology, and were published in leading scientific journals such as the “Journal of the European Academy of Dermatology and Venereology” and the “Chinese Medical Journal”. This highlights our influence in the industry and advanced standing in the field of dermatology. Our Scientific Advisory Committee consists of top dermatologists from numerous Grade 3A hospitals, which helps to build consumers’ trust.

Topical finasteride spray (Finjuve®) is the world’s first and only product of its kind, with significant efficacy, high safety and refreshing user experience, fully addressing the issues of existing medications for androgenetic alopecia. Topical 4% minocycline foam (Amzeeq®) is the world’s first and only product of its kind. Due to its advantages such as rapid onset of action, strong efficacy and high safety, it has received good reviews in the field of acne treatment since its market launch, and its penetration rate has continued to increase.

To align with the commercialization of these two Key Products, namely topical finasteride spray (Finjuve®) and topical 4% minocycline foam (Amzeeq®), we have proactively established a dedicated marketing team with strong market insights and marketing capabilities, covering various provinces in Chinese Mainland. Since their commercialization in Chinese Mainland in late October 2025, these two Key Products have rapidly expanded to hundreds of public and private hospitals, hospital-adjacent pharmacies, leading chained hair transplant institutions, and e-commerce platforms such as Tmall and JD.com. Meanwhile, we continued to organize marketing and public education on social media platforms such as Xiaohongshu, Weibo, and Douyin in accordance with relevant laws and regulations in China. Positive reputation on therapeutic efficacy, safety and user experience has spread widely among physicians and customers. With strong product capabilities, sales and operational advantages, these two Key Products have achieved strong commercialization momentum in 2025, reaching a total revenue of over RMB100 million.

Scalp Diseases and Care

Key Product CU-40102 (Finjuve®, topical finasteride spray)

- CU-40102 is the first and only topical finasteride product approved for androgenetic alopecia treatment globally and the first topical finasteride to obtain marketing approval from the NMPA. Finasteride can treat androgenetic alopecia in male patients by acting as a competitive and specific inhibitor of Type II 5-alpha reductase, thereby inhibiting the conversion of testosterone to DHT in the scalp.
- Unlike oral finasteride, CU-40102's topical formulation allows patients to apply the drug directly to the surface of the scalp, thereby maintaining a high concentration at the affected site and reducing the systemic exposure of the drug compared to oral formulations.
- CU-40102 obtained marketing approval from the NMPA in June 2025 and from the Hong Kong Department of Health in August 2025, with an approved indication for the treatment of androgenetic alopecia. We began its commercialization in late October 2025.
- The marketing approval for CU-40102 was primarily based on the results of its Phase I and Phase III pivotal clinical trials completed in China. The clinical trials demonstrated that CU-40102 was effective in treating androgenetic alopecia and also showed a favorable local tolerance to the administration area.

Skin Diseases and Care

Key Product CU-10201 (Amzeeq®, topical 4% minocycline foam)

- CU-10201 is the first and only topical minocycline approved for acne vulgaris treatment globally and the first topical minocycline with priority review designation to obtain marketing approval from the NMPA. The indication of CU-10201 is for the treatment of non-nodular moderate to severe acne vulgaris in pediatric and adult patients aged nine or above.
- Minocycline is a tetracycline antibiotics used to treat a number of bacterial infections and acne vulgaris. The currently available minocycline products are mostly oral medications. Compared to other major anti-acne antibiotics and conventional oral drugs, topical minocycline foam has lower systemic drug exposure, fewer side effects, lower rate of drug resistance, and likely higher patient compliance.
- CU-10201 obtained marketing approval from the NMPA in November 2024. We began its commercialization in late October 2025.
- The marketing approval of CU-10201 was primarily based on the results of a Phase III pivotal clinical trial completed in China. The clinical trial demonstrated that CU-10201 had a significant efficacy and a favorable safety profile in the treatment of acne.

Topical Anesthesia

CU-30101 (localized topical lidocaine and tetracaine cream)

- CU-30101 is a localized lidocaine and tetracaine compound topical anesthesia cream for topical anesthesia operations. The formulation of lidocaine and tetracaine combination in CU-30101 may produce rapid and long-lasting anesthetic effects due to its ingredients' unique pharmacokinetic properties.
- Lidocaine diffuses more rapidly, and more extensively than tetracaine, whereas tetracaine, a long-acting localized amino ester type anesthetic, is more lipophilic than lidocaine and can be concentrated in the topical stratum corneum. Systemic absorption of the anesthetic component ingredients is also limited from the topical cream formulation.
- The Phase III clinical trial of CU-30101 in China was completed in January 2024 and its drug marketing authorization application was accepted by the NMPA in July 2024.
- The drug marketing authorization application for CU-30101 was primarily based on the results of its Phase III pivotal clinical trial completed in China. The clinical trial showed that CU-30101 was as effective as its control and reference drug Pliaglis® lidocaine and tetracaine cream in analgesia and demonstrated an overall favorable safety profile.

Localized Adipose Accumulation Management

Core Product CU-20401 (recombinant mutant collagenase)

- CU-20401 is a recombinant mutant collagenase that targets localized adipose accumulation associated metabolic diseases. CU-20401 adopts an alternative mechanism of action where it acts as a collagenase to selectively act on the extracellular matrix attached to adipose tissue. After localized injection, CU-20401 degrades extracellular matrix collagen in the subcutaneous fat layer which leads to apoptosis of adipocytes, and is expected to effectively reduce localized adipose accumulation.
- CU-20401 is technologically modified with reduced rate to catalyze the collagen degradation with mild catalytic activity, thus reducing the adverse effects of wild-type collagenase, such as bruising and pain.
- In December 2024, we completed the Phase II clinical trial for submental adipose accumulation in China, and we expect to obtain its regulatory approval for commercialization in China in 2028. In the Phase II clinical trial, CU-20401 demonstrated significant and robust efficacy advantages with a favorable safety profile. In terms of efficacy, the treatment efficacy of different doses of CU-20401 was superior to that of the placebo group, with statistically significant differences in efficacy. During the follow-up period, as the follow-up time extended, the treatment efficacy of CU-20401 at different doses showed more significant improvement compared to baseline, and the treatment benefits were also greater than those of the placebo group. Preliminary observations from the clinical trial also indicated a dose-response trend. In terms of safety, the overall safety profile of CU-20401 was favorable, with no dosage-related differences in the incidence rate or severity level of adverse events observed.

Warning: There is no assurance that the Core Product and each of the pipeline products will ultimately be successfully developed and marketed by the Company. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

Manufacturing Facilities

Our commercial-scale GMP manufacturing facilities with three drug product production lines in Jiangsu Province have commenced operation in 2023. The three production lines cover topical cream, ointment, aerosol, and foam products. The flow and control of the entire manufacturing processes are designed to be compliant with the latest GMP requirements, ensuring that our production can meet the clinical and marketing approval requirements of various drug regulatory authorities (including the NMPA, FDA and European Medicines Agency). The capacity of these manufacturing facilities can support clinical trials of our pipeline products and the production of our commercialized products.

KEY EVENTS AFTER THE REPORTING PERIOD

In January 2026, CU-20101 (botulinum toxin type A for injection) for improving moderate to severe glabellar lines has achieved positive topline results from a Phase III clinical trial in China. In March 2026, the IND application of CU-40104 (topical dutasteride agent) has obtained clinical trial approval from the NMPA. The indication is for the treatment of androgenetic alopecia.

Save as disclosed above, there are no significant events affecting the Group occurred since the end of the Reporting Period and up to the date of this annual report.

FUTURE DEVELOPMENT

We are dedicated to providing consumers and patients with safe and comprehensive dermatology treatment and care solutions. Looking forward to 2026, we will continue enhancing the commercialization activities of CU-10201 (topical 4% minocycline foam) and CU-40102 (topical finasteride spray), enabling patients and consumers to access our products at the earliest possible. Capitalizing on our established omnichannel network, we intend to accelerate market penetration for our products, thereby significantly boosting brand awareness and continuously expanding our market influence and product competitiveness. CU-30101 (localized topical lidocaine and tetracaine cream) is anticipated to receive regulatory approval for commercialization in China and we are proactively coordinating market launch initiatives to ensure seamless connection to our existing sales platforms. We hope to deliver a comprehensive portfolio of products that addresses the changing and diverse therapeutic needs of patients and consumers by expanding our sales network more extensively.

Furthermore, CU-20401 (recombinant mutant collagenase) has demonstrated a favorable safety and efficacy profiles in its Phase II clinical trial conducted in China. Based on the positive outcomes of the Phase II clinical trial, the Group will further explore CU-20401's therapeutic advantages and expedite the progression to Phase III clinical trial. Meanwhile, Abbreviated New Drug Application (ANDA) for CU-40105 (self-developed topical finasteride spray) has been accepted by the NMPA. We will cooperate with regulators to actively promote the marketing approval progress of our pipeline candidates and will be fully prepared for their commercialization in advance. We will also fully leverage our R&D strengths to systematically pursue the clinical progress of the remaining pipeline candidates.

We are optimistic on the market potential of the online and offline channels and will continue to adhere to our core marketing strategy of online and offline marketing while exploring online-to-offline marketing combination and leverage the synergistic advantages of multiple products to drive robust overall sales growth. We will also continue to strengthen our sales capabilities and actively develop online marketing campaigns on various e-commerce platforms and social media platforms to increase brand awareness. In addition, we will work closely with renowned physicians to conduct product demonstrations and trainings.

Leveraging on our CATAME® technology platform, our integrated commercialization model, in-depth industry experience and the determination of our team, we believe we can seize the opportunities arising from the rapid expansion of China's sales network, provide innovative solutions for patients and generate higher returns to our Shareholders.

FINANCIAL REVIEW

Revenue

Our revenue was substantially generated from the sale of our in-licensed and distributed scalp diseases and care products, skin diseases and care products, as well as certain Routine Skin Care Products. The commercialization of CU-10201 (topical 4% minocycline foam) and CU-40102 (topical finasteride spray) has commenced during the Reporting Period. These products contributed directly to revenue growth through their launch and distribution in China, further supporting the Group's overall growth during the year.

Revenue of the Group increased by 20.2% from RMB279.6 million for the year ended 31 December 2024 to RMB336.2 million for the year ended 31 December 2025, which was primarily due to an increase in sales of scalp diseases and care products and Routine Skin Care Products, as well as revenue contributions from the commercialization of the Key Products. Notably, revenue in the second half of 2025 increased sequentially by 307.1% to RMB269.9 million as compared to the first half of 2025. Revenue in the second half of 2025 achieved a significant sequential improvement compared to the first half, primarily attributable to the rapid growth upon commercialization of the Key Products.

Cost of Sales

Our cost of sales primarily consisted of purchase costs and logistics costs related to our scalp diseases and care products, skin diseases and care products, and Routine Skin Care Products. For the year ended 31 December 2025, we recorded cost of sales of RMB140.4 million, representing an increase of RMB4.2 million from RMB136.2 million for the year ended 31 December 2024. Cost of sales remained relatively stable, primarily due to a higher sales contribution from high-margin product categories.

Gross Profit and Gross Profit Margin

Gross profit represents our revenue less our cost of sales. Gross profit margin represents our gross profit as a percentage of our revenue. Our gross profit amounted to RMB195.8 million for the year ended 31 December 2025, representing an increase of 36.5% from RMB143.5 million for the year ended 31 December 2024. Our gross profit margin increased from 51% for the year ended 31 December 2024 to 58% for the year ended 31 December 2025. Notably, our gross profit margin increased from 48% in the first half of 2025 to 61% in the second half of 2025, primarily driven by a higher sales contribution from high-margin product categories and strategic cost control initiatives.

Other Income and Gains

Our other income primarily consisted of interest income and government grants. The government grants mainly represent subsidies received from local government authorities for the purpose of compensation for our operating activities and investing activities. Our interest income comprised (i) bank interest income; (ii) deemed interest income from loans to employees and related parties; and (iii) imputed interest income on rental and other deposits. Other income of the Group decreased by 12.5% from RMB18.6 million for the year ended 31 December 2024 to RMB16.3 million for the year ended 31 December 2025, which was primarily due to a decrease in bank interest income of RMB5.1 million and partially offset by an increase in government grants of RMB3.5 million.

Our gains primarily consisted of net foreign exchange gains which are in connection with our cash and cash equivalents and time deposits over three months denominated in the U.S. dollars, as a result of the appreciation of the U.S. dollar against RMB and our gains on financial assets at fair value through profit or loss ("FVTPL"). Other gains decreased by 93.8% from RMB24.3 million for the year ended 31 December 2024 to RMB1.5 million for the year ended 31 December 2025, which resulted from a decrease in gains on financial assets at FVTPL and net foreign exchange gains.

Selling and Distribution Expenses

During the Reporting Period, our selling and distribution expenses consisted of staff costs, share-based payments expenses, marketing expenses and others. Our selling and distribution expenses decreased by 17.2% from RMB263.7 million for the year ended 31 December 2024 to RMB218.4 million for the year ended 31 December 2025, which was primarily due to a decrease in marketing expenses resulting from the improved conversion efficiency in traffic acquisition, disciplined ROI management, and strategic cost control initiatives.

Research and Development Costs

Our research and development costs consisted of staff costs, share-based payment expenses, acquisition/licensing-in expenses, third-party contracting costs, depreciation and amortization and others. For the year ended 31 December 2025, we recorded research and development costs of RMB148.7 million, representing an decrease of 25.3% as compared to RMB199.0 million for the corresponding period of 2024, which was primarily due to (i) a decrease in the share-based payment expenses resulting from the vesting of a portion of share options and restricted share units under the Pre-IPO Equity Incentive Plan; and (ii) a decrease in third-party contracting costs and licensing-in expenses in line with the research and development activities.

Set out below are the components of research and development costs for the periods indicated:

	For the year ended 31 December	
	2025 RMB'000	2024 RMB'000
Staff costs	46,729	53,671
Share-based payment expenses	11,016	20,444
Acquisition/licensing-in expenses	16,019	39,593
Third-party contracting costs	45,823	49,957
Depreciation and amortization	19,650	23,893
Others	9,415	11,487
Total	148,652	199,045

Administrative Expenses

Our administrative expenses consisted of staff costs, share-based payment expenses, consulting fees, depreciation and amortization and others. Administrative expenses decreased by 9.1% from RMB141.9 million for the year ended 31 December 2024 to RMB128.9 million for the year ended 31 December 2025, which was primarily due to the decrease in the share-based payment expenses resulting from the vesting of a portion of share options and restricted share units under the Pre-IPO Equity Incentive Plan.

Set out below are the components of administrative expenses for the periods indicated:

	For the year ended 31 December	
	2025 RMB'000	2024 RMB'000
Staff costs	49,337	51,888
Share-based payment expenses	18,530	36,831
Consulting fees	15,978	16,071
Depreciation and amortization	22,589	17,317
Others	22,483	19,766
Total	128,917	141,873

Finance costs

During the Reporting Period, our finance costs mainly included interests on bank loans and lease liabilities. Finance costs decreased by 10.6% from RMB10.9 million for the year ended 31 December 2024 to RMB9.7 million for the year ended 31 December 2025, which was primarily due to the decrease in interests on lease liabilities.

Income Tax Expenses

Our income tax expense for the year ended 31 December 2025 was nil (for the year ended 31 December 2024: nil).

Loss for the Year

As a result of the foregoing, we recorded a loss of RMB340.2 million for the year ended 31 December 2025, representing a decrease of RMB93.6 million from RMB433.8 million for the year ended 31 December 2024.

Non-IFRS Measure

To supplement our consolidated financial statements which are presented in accordance with IFRS Accounting Standards, we also use adjusted net loss for the year, a non-IFRS measure to present our operating performance. Adjusted net loss for the year, as an additional financial measure, is not required by, or presented in accordance with IFRS Accounting Standards. We believe that such non-IFRS measure facilitates comparisons of our operating performance from year to year by eliminating impacts of non-cash or non-recurring items that our management considers to be not indicative of our operating performance and provides useful information to Shareholders and investors to evaluate our operating results in the same manner as our management does. However, our presentation of the adjusted net loss for the year may not be comparable to similarly titled measures presented by other companies, including peer companies, and therefore their comparability may be limited. The use of such non-IFRS measure has limitations as an analytical tool, and Shareholders and investors should not consider it in isolation, or as substitute for analysis of, our results of operations or financial position as reported under IFRS Accounting Standards. We define adjusted net loss for the year as loss for the year adjusted by adding back share-based payment expenses. We continued to optimize its operating efficiency, and the proportion of adjusted net loss to revenue further narrowed.

The following table reconciles our non-IFRS adjusted net loss for the year with our loss for the periods indicated:

	For the year ended 31 December	
	2025 RMB'000	2024 RMB'000
Loss for the year	(340,192)	(433,811)
<i>Add:</i>		
Share-based payment expenses	25,785	68,615
Non-IFRS adjusted net loss for the year (Note)	(314,407)	(365,196)
Proportion of non-IFRS adjusted net loss to revenue for the year	(0.94)	(1.31)

Note:

Share-based payment expenses relates to the share options and restricted share units granted by the Company under its equity incentive plans, which the management considers that to be a non-cash item.

Liquidity and Financial Resources

Our primary uses of cash were to fund (i) R&D activities of our product candidates; and (ii) our daily operation and commercial promotion activities. We financed our operations primarily through equity financing, bank borrowings and cash generated from sale of our certain in-licensed and distributed scalp diseases and care products, skin diseases and care products, and certain Routine Skin Care Products. We monitor and maintain a level of cash and cash equivalents deemed adequate to finance our operations and mitigate the effects of fluctuations in cash flows. Currently, we follow a set of funding and treasury policies to manage our capital resources and mitigate potential risks involved.

As of 31 December 2025, our total cash and cash equivalents amounted to approximately RMB265.0 million, representing a decrease of approximately 31.3% as compared to approximately RMB385.7 million as of 31 December 2024. Such decrease was primarily due to the expenditures on research and development, selling and distribution and other operating activities.

As of 31 December 2025, our time deposits over three months amounted to approximately RMB91.7 million, representing an increase of approximately 771.3% as compared to approximately RMB10.5 million as of 31 December 2024. Such increase was primarily due to new placement of time deposits.

As of 31 December 2025, our financial assets at FVTPL amounted to approximately RMB431.5 million, representing a decrease of approximately 10.1% as compared to approximately RMB480.0 million as of 31 December 2024, primarily due to the withdrawal of the financial assets at FVTPL.

As of 31 December 2025, current assets of the Group amounted be approximately RMB1,042.7 million, including cash and cash equivalents of approximately RMB265.0 million. Current liabilities of the Group amounted to approximately RMB269.7 million, including interest-bearing bank borrowings of approximately RMB166.6 million.

Details of the maturity profile of interest-bearing bank borrowings as at 31 December 2025 are set out in Note 24 to the financial statements.

Indebtedness

The following table sets forth the breakdown of our lease liabilities and interest-bearing bank borrowings as of the dates indicated:

	As of 31 December 2025 RMB'000	As of 31 December 2024 RMB'000
Lease liabilities	66,183	57,636
Interest-bearing bank borrowings	251,209	263,303

Except as discussed above, we did not have any other material mortgages, charges, debentures, loan capital, debt securities, loans, bank overdrafts or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptance (other than normal trade bills), acceptance credits, which are either guaranteed, unguaranteed, secured or unsecured, or guarantees or other contingent liabilities as of 31 December 2025.

Gearing Ratio

As of 31 December 2025, the gearing ratio was 32.2%, as compared with 30.0% as at 31 December 2024. The increase was primarily due to the decrease in cash and cash equivalents due to the expenditures on research and development, selling and distribution and other operating activities in 2025. Gearing ratio is calculated by dividing total liabilities by total assets multiplying the product by 100%.

Significant Investments, Material Acquisitions and Disposal

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

Capital Commitments

As of 31 December 2025, we have capital commitment of RMB1.1 million for the contracts in relation to acquisition of property, plant and equipment and other intangible assets (as of 31 December 2024: RMB5.0 million).

Contingent Liabilities

As of 31 December 2025, we did not have any material contingent liabilities, guarantees or any litigation against us (as of 31 December 2024: nil).

Pledge of Assets

As of 31 December 2025, we did not pledge or charge any assets (as of 31 December 2024: nil).

Foreign Exchange Exposure

Foreign currency risk refers to the risk of loss resulting from changes in foreign currency exchange rates. Fluctuations in exchange rates between RMB and other currencies in which our Group conducts business may affect our financial condition and results of operation. The Group mainly operates in the PRC and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Hong Kong dollars and the U.S. dollars. The conversion of foreign currencies into RMB, including Hong Kong dollars and the U.S. dollars, has been based on rates set by the People's Bank of China. The Group primarily limits our exposure to foreign currency risk by closely monitoring the foreign exchange market. During the year ended 31 December 2025, the Group did not enter into any currency hedging transactions.

Employees and Remuneration

As of 31 December 2025, the Group had a total of 304 employees. The total remuneration cost of the Group for the year ended 31 December 2025 was RMB158.7 million, as compared to RMB219.3 million for the year ended 31 December 2024, which was primarily due to the decrease in share-based payment expenses. The following table sets forth the total number of employees by function as of 31 December 2025:

Function	Number	Percentage of total
R&D	34	11.2%
Manufacturing and Quality Control	54	17.8%
Medical and Regulatory Affairs	38	12.5%
Sales, Marketing and Administration	178	58.5%
Total	304	100.0%

The remuneration of the employees of our Group comprises salaries, bonuses, employees' provident fund, share-based payment, and social security contributions and other welfare payments. In accordance with applicable laws and regulations, we made contributions to social security insurance funds (including pension plans, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance) and housing funds for the Group's employees. Two equity incentive plans, namely Pre-IPO Equity Incentive Plan and Post-IPO Equity Incentive Plan were adopted by the Company to incentivize and reward our employees and to align their interests with that of the Company.

Use of Proceeds from Listing

The Group received net proceeds (after deduction of underwriting commissions and related costs and expenses) from the global offering of approximately HK\$392.7 million (equivalent to approximately RMB356.8 million). Such net proceeds were used, and are proposed to be used accordingly to the intentions previously disclosed in the section headed “Future Plans and Use of Proceeds” in the Prospectus of the Company. As of 31 December 2025, such net proceeds were utilized as follows:

	Amount of net proceeds for planned applications (HK\$ million)	Percentage of total net proceeds (%)	Utilized net proceeds		Utilized net proceeds as of 31 Dec 2025 (HK\$ million)	Unutilized net proceeds as of 31 Dec 2025 (HK\$ million)	Expected time frame for unutilized amount
			Unutilized net proceeds as of 1 January 2025 (HK\$ million)	Utilized net proceeds during the year ended 31 December 2025 (HK\$ million)			
Use of proceeds from listing							
For the Core Product							
1. For funding the costs and expenses in connection with R&D personnel as well as continuing R&D activities of CU-20401	164.9	42.0	104.1	21.2	82.0	82.9	by the end of 2029
2. For the local production of CU-20401 in Chinese Mainland	11.8	3.0	11.8	–	–	11.8	by the end of 2029
For the Key Products							
1. For funding the costs and expenses in connection with R&D personnel as well as continuing R&D activities of CU-40102 and CU-10201	43.2	11.0	10.8	10.8	43.2	–	by the end of 2026
2. For milestone payments of CU-10201	43.2	11.0	35.2	1.0	9.0	34.2	by the end of 2026
For the other candidates in the pipeline							
1. For the continuing R&D activities of CU-40101, CU-40103, CU-40104 and other potential scalp diseases and care products	28.3	7.2	7.3	–	21.0	7.3	by the end of 2028
2. For the continuing R&D activities of CU-10101, CU-10401 and other potential skin diseases and care products	28.3	7.2	16.3	–	12.0	16.3	by the end of 2028
3. For the continuing R&D activities of CU-30101	14.1	3.6	–	–	14.1	–	
For technology development and business development for pipeline expansion	39.3	10.0	10.1	10.1	39.3	–	
For our working capital and other general corporate purposes	19.6	5.0	–	–	19.6	–	
Total	392.7	100.0	195.6	43.1	240.2	152.5	

Use of Proceeds from Placing

On 28 August 2025, the Company entered into placing agreements with BOCI Asia Limited and Haitong International Securities Company Limited (the “**Placing Agents**”), pursuant to which, the Placing Agents have agreed to, as agents of the Company, procure on a best efforts basis places for 28,904,000 new Shares in aggregate (with an aggregate par value of US\$578.08) at a price of HK\$8.40 per Share (the “**Placing**”). The closing price of the Shares on such date was HK\$9.55 per Share. On 5 September 2025, 28,904,000 Shares, representing approximately 9.05% and 8.30% of the issued Share (excluding treasury shares) immediately before and after the completion of the Placing, respectively, have been successfully placed to TruMed Health Innovation Fund LP, Octagon Investments Master Fund LP and Octagon Private Opportunities Fund II LP respectively at the placing price of HK\$8.40 per Share. The gross proceeds raised from the Placing is approximately HK\$242.79 million. The net proceeds from the Placing is approximately HK\$240.27 million, after deducting related fees and expenses (the “**Net Proceeds from Placing**”), for a net placing price of approximately HK\$8.31 per Share. The Company intended to use the net proceeds from the Placing for (i) approximately 45% of the net proceeds of the Placing, or approximately HK\$108.12 million for pre-clinical research and development and clinical trials for the Company’s pipeline in localized adipose accumulation management, scalp diseases and care, skin diseases and care, and topical anesthesia, as well as for the deployment of corresponding production facilities and equipments; (ii) approximately 45% of the net proceeds of the Placing, or approximately HK\$108.12 million for marketing activities, channel expansion, and brand building for CU-40102 (topical finasteride spray) and CU-10201 (topical 4% minocycline foam); and (iii) approximately 10% of the net proceeds of the Placing, or approximately HK\$24.03 million for working capital and other corporate purposes. For details, please refer to the announcements of the Company dated 28 August 2025 and 5 September 2025.

As of 31 December 2025, there were no changes to the intended use of Net Proceeds from Placing and the analysis of the utilization of the Net Proceeds from Placing is as follows:

	Amount of net proceeds for planned applications <i>(HK\$ million)</i>	Percentage of total net proceeds <i>(%)</i>	Utilized net proceeds as of 31 Dec 2025 <i>(HK\$ million)</i>	Unutilized net proceeds as of 31 Dec 2025 <i>(HK\$ million)</i>	Expected net time frame for unutilized amount
Use of proceeds from Placing					
For the Key Products					
For marketing activities, channel expansion, and brand building of CU-40102 and CU-10201	108.12	45.0	60.0	48.12	by the end of 2026
For the other candidates in the pipeline					
For pre-clinical research and development and clinical trials for the Company’s pipeline	108.12	45.0	–	108.12	by the end of 2027
For working capital and other corporate purposes	24.03	10.0	11.0	13.03	by the end of 2026
Total	240.27	100.0	71.0	169.27	

The Company expects to fully utilize the Net Proceeds from Placing by the end of 2027.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last three financial years (Note) is set out below:

	For the year ended 31 December		
	2025 RMB'000	2024 RMB'000	2023 RMB'000
Revenue	336,152	279,615	137,623
Gross profit	195,792	143,463	71,008
Loss for the year	(340,192)	(433,811)	(1,963,758)

	As at 31 December		
	2025 RMB'000	2024 RMB'000	2023 RMB'000
Cash and cash equivalents	265,006	385,670	473,120
Total non-current assets	263,626	306,120	290,481
Total current assets	1,042,650	1,087,121	1,416,316
Total current liabilities	269,715	323,251	254,788
Total non-current liabilities	151,280	95,260	102,970
Total equity	885,281	974,730	1,349,039

Note: The Shares were listed on the Main Board of the Stock Exchange under Chapter 18A of the Listing Rules on 12 June 2023.

CORPORATE GOVERNANCE REPORT

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

CORPORATE GOVERNANCE CULTURE AND STRATEGY

The Company is committed to ensuring that its affairs are conducted in accordance with high ethical standards. This reflects its belief that, in the achievement of its long-term objectives, it is imperative to act with probity, transparency and accountability. By so acting, the Company believes that Shareholder's value will be maximized in the long term and that its employees, those with whom it does business, and the communities in which it operates, will all benefit.

Corporate governance is the process by which the Board instructs management of the Group to conduct its affairs with a view to ensuring that its objectives are met. The Board is committed to maintaining and developing robust corporate governance practices that are intended to ensure:

- satisfactory and sustainable returns to the Shareholders;
- that the interests of those who deal with the Company are safeguarded;
- that overall business risk is understood and managed appropriately;
- the delivery of high-quality products and services to the satisfaction of customers; and
- that high standards of ethics are maintained.

CORPORATE GOVERNANCE PRACTICES

The Board is committed to achieving high corporate governance standards.

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

MODEL CODE FOR SECURITIES TRANSACTIONS

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

BOARD OF DIRECTORS

The Company is headed by an effective Board which assumes responsibility for its leadership and control, and it is 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 balanced composition of executive Directors and non-executive Directors (including 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 the following:

	Date of appointment	Current term of appointment
Executive Directors		
Ms. Zhang Lele (張樂樂) (<i>Chief Executive Officer</i>)	15 November 2022	3 years
Mr. Huang Yuqing (黃雨青)	15 November 2022	3 years
Non-executive Directors		
Dr. Chen Lian Yong (陳連勇) (<i>Chairman</i>)	15 November 2022	3 years
Dr. Xie Qin (謝沁)	15 November 2022	3 years
Mr. Lu Minfang (盧敏放)	30 December 2025	3 years
Ms. Yang Yunxia (楊雲霞)	15 November 2022	3 years
Independent non-executive Directors		
Mr. Chung Ming Kit (鍾明杰)	12 June 2023	3 years
Mr. Zhang Zhisong (張志嵩)	28 August 2025	3 years
Mr. Ye Xiaoxiang (葉曉翔)	12 June 2023	3 years

The biographical information of the Directors including the relationships among the members of the Board are set out in the section headed "Directors and Senior Management" of this annual report.

To the best knowledge of the Company, there is no financial, business or family relationship among the members of the Board.

Each of Mr. Zhang Zhisong and Mr. Lu Minfang has obtained the legal advice referred to under Rule 3.09D of the Listing Rules and confirmed that he understood his obligations as a Director on 28 August 2025 and 30 December 2025, respectively.

BOARD MEETINGS AND DIRECTORS' ATTENDANCE RECORDS

The Company adopts the practice of holding Board meetings regularly, at least four times a year. Directors may participate in meeting either in person or through electronic means of communication. All Directors are given not less than 14 days' notice for regular Board meetings. For other Board and Board committee meetings, reasonable notice will be given.

The agenda and the accompanying meeting papers are sent in full to all Directors or relevant committee members at least three working days before the date of meetings (or such other period as the members may agree). The Directors are allowed to include into the draft agenda any additional matters that they wish to discuss and resolve at the meeting.

Minutes of each Board and Board committees' meeting record in sufficient details the matters considered, and decisions made, including any concerns or views of the Directors or the relevant committee members or dissenting views expressed. Final version of minutes is circulated to all Directors or committee members for their perusal prior to confirmation of the minutes at the subsequent Board or Board committees' meeting. The Directors or committee members may request for clarification or raise comments before the minutes are tabled for confirmation. Upon receiving confirmation from the Directors or committee members, the minutes will be signed by the chairman of the meeting as a correct record of the proceedings of the meeting and kept by the accounts department of the Company, and are open for inspection at any reasonable time on reasonable notice given by any Director or committee member.

A summary of the attendance records of Directors at the Board and committee meetings held for the year ended 31 December 2025 is set out below:

Name of Director	Board	Attendance/Number of Meetings			Annual General Meeting
		Audit Committee	Remuneration Committee	Nomination Committee	
Executive Directors					
Ms. Zhang Lele	4/4	N/A	N/A	N/A	1/1
Mr. Huang Yuqing	4/4	N/A	N/A	N/A	1/1
Non-executive Directors					
Dr. Chen Lian Yong	4/4	N/A	2/2	3/3	1/1
Dr. Xie Qin	4/4	N/A	N/A	1/1	1/1
Dr. Huang Xiao (<i>resigned on 30 December 2025</i>)	4/4	N/A	N/A	N/A	1/1
Mr. Lu Minfang (<i>appointed on 30 December 2025</i>)	0/0	N/A	N/A	N/A	0/0
Ms. Yang Yunxia	2/4	N/A	N/A	N/A	1/1
Independent Non-executive Directors					
Mr. Chung Ming Kit	4/4	2/2	2/2	3/3	1/1
Mr. Tao Tak Yan Dennis (<i>resigned on 28 August 2025</i>)	2/3	1/2	N/A	1/2	1/1
Mr. Zhang Zhisong (<i>appointed on 28 August 2025</i>)	1/1	N/A	N/A	1/1	0/0
Mr. Ye Xiaoxiang	4/4	2/2	2/2	1/1	1/1

Apart from regular Board meetings, the Chairman of the Board also held a meeting with the independent non-executive Directors without the presence of executive Directors during the year ended 31 December 2025.

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 Group's operational and financial performance, and ensures that sound internal control and risk management systems are in place.

All Directors, including non-executive Directors 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 for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and coordinating the daily operation and management of the Company are delegated to the management.

DIRECTORS' AND OFFICERS' LIABILITIES INSURANCE

Please refer to the paragraph headed "Permitted Indemnity" in the section headed "Directors' Report" of this annual report.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Code provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The positions of Chairman and Chief Executive Officer are held by Dr. Chen Lian Yong and Ms. Zhang Lele respectively, thus we have complied with code provision C.2.1. The division of responsibilities between the Chairman and the Chief Executive Officer has been clearly established.

INDEPENDENT NON-EXECUTIVE DIRECTORS

During the year ended 31 December 2025, 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 one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

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

BOARD INDEPENDENCE EVALUATION

The Company has established a board independence evaluation mechanism (the “**Board Independence Evaluation Mechanism**”) during the year which sets out the processes and procedures to ensure a strong independent element on the Board, which allows the Board effectively exercises independent judgment to better safeguard the Shareholders’ interests.

The objectives of the evaluation are to improve Board effectiveness, maximize strengths, and identify the areas that need improvement or further development. The evaluation process also clarifies what actions of the Company need to be taken to maintain and improve the Board performance, for instance, addressing individual training and development needs of each Director.

Pursuant to the Board Independence Evaluation Mechanism, the Board will conduct annual review on its independence. The board independence evaluation report will be presented to the Board which will collectively discuss the results and the action plan for improvement, if appropriate.

During the year ended 31 December 2025, all Directors has completed the independence evaluation individually. The board independence evaluation report was presented to the Board and the evaluation results were satisfactory.

Independent View from Directors

To ensure independent views and input from any Director are available to the Board, the following mechanisms implemented in the corporate governance framework of the Company has been reviewed by the Board:

Proceedings of the Board

At least 7 days’ formal notice of regular Board and Board committee meetings was given to all Directors, and all Directors were invited to include matters for discussion in the agenda.

Directors were provided with the meeting agenda and the relevant board papers containing complete, adequate and timely information at least three business days in advance of every regular Board and Board committee meeting, which enables full deliberation on the issues to be considered at the respective meetings.

Board decision making

During the Board and Board committee meetings, all Directors were encouraged to freely express their independent views and inputs in an open and candid manner, provide open and objective challenges, offer informed insight and responses to the management, and contribute their knowledge of the businesses and markets in which the Group operates. Independent non-executive Directors may express their views through formal or informal channels in an open and candid manner as well as in a confidential manner. Comments and concerns raised by the Directors were closely followed up by the management.

In addition to regular Board meetings, the Chairman shall schedule an annual meeting with the independent non-executive Directors without the presence of other Directors to discuss the affairs of the Group.

The company secretary of the Company prepared minutes of meetings of the Board and Board committees to record not only the decisions reached but also any concerns raised or dissenting views expressed by Directors. The draft version of the minutes is circulated to all Directors for their comments and confirmations.

The final versions were provided to the Directors for records. Minutes of all Board and Board committee meetings are available for Directors’ inspection.

Supply of and access to information

Directors were provided with monthly reports covering highlights of the Group's major businesses, keeping them abreast of the Group's business performance and enabling them to make informed decisions in the best interests of the Company and its Shareholders. More thorough and comprehensive management and financial updates were provided to all Board members on a quarterly basis to ensure each member was aware of the Group's financial performance and position.

The Board met the management on a quarterly basis, reporting the Group's business performance, risk management, internal controls, and legal and compliance matters.

Directors also had access to the advice and services of the company secretary of the Company who supported the Board, ensured proper information flow within the Board, and Board policies and procedures were followed.

To facilitate the proper discharge of Directors' duties and responsibilities, all Directors were entitled to seek advice from the company secretary of the Company or inhouse legal team, as well as from independent professional advisers, at the expense of the Company, in which the company secretary of the Company were responsible for making all necessary arrangements.

As such, the Board considered the Company has established the mechanism to ensure independent views and input are available to the Board, and the implementation and effectiveness of the mechanism is effective throughout the year.

The implementation and effectiveness of the above mechanism shall be reviewed by the Board on an annual basis.

Board Performance Review

No evaluation of the Board's performance has been conducted during the Reporting Period. It is currently expected the next Board performance review will be conducted after the financial year ending 31 December 2026.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

The non-executive Directors (including independent non-executive Directors) are appointed for a specific term of three years, subject to renewal after the expiry of the then current term.

The procedures and process of appointment, re-election and removal of Directors are set out in the Articles of Association and the nomination policy of the Company. The Nomination Committee is responsible for reviewing the Board composition, assessing the independence of independent non-executive Directors and making recommendations to the Board on the appointment or re-election of Directors and succession planning for Directors.

Mr. Lu Minfang, Ms. Yang Yunxia, Mr. Chung Ming Kit, Mr. Zhang Zhisong and Mr. Ye Xiaoxiang are subject to retirement by rotation and re-election at the annual general meetings. Under the Articles of Association, at each annual general meeting, one-third of the Directors for the time being (or, if the number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years. The Articles of Association also provides that any Director appointed by the Board to fill a casual vacancy shall be subject to re-election by shareholders at the first general meeting after appointment and any Director appointed by the Board as an addition to the Board shall be eligible for re-election at the next following annual general meeting. The retiring Directors shall be eligible for re-election.

CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS

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 Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

Directors should participate in appropriate continuing professional development to develop and refresh their knowledge and skills, which shall cover the following topics:

- (a) the roles, functions and responsibilities of the Board, its committees and its Directors, and Board effectiveness;
- (b) the Company's obligations and the Directors' duties under Hong Kong law and the Listing Rules, and key legal and regulatory developments (including Listing Rule updates) relevant to the discharge of such obligations and duties;
- (c) corporate governance and ESG matters (including developments on sustainability or climate-related risks and opportunities relevant to the Company and its business);
- (d) risk management and internal controls; and
- (e) updates on industry-specific developments, business trends and strategies relevant to the Company.

The Group will organize seminars regularly to provide Directors with the latest development and changes of Listing Rules and other relevant laws and regulations in a timely manner. 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.

The Directors confirmed that they have complied with the Listing Rules on Directors' training and have provided a record of the training they received to the Company. All Directors have participated in continuous professional development by the following means to develop and refresh their knowledge.

During the year ended 31 December 2025, Directors' participation in continuous professional development is set out in the table below:

	Types of training ^(Note)	Completion/participation in continuous professional development
Ms. Zhang Lele,	A, B and C	Yes
Mr. Huang Yuqing	A, B and C	Yes
Dr. Chen Lian Yong	A, B and C	Yes
Dr. Xie Qin	A, B and C	Yes
Dr. Huang Xiao <i>(resigned on 30 December 2025)</i>	A, B and C	Yes
Mr. Lu Minfang <i>(appointed on 30 December 2025)</i>	A, B and C	Yes
Ms. Yang Yunxia	A, B and C	Yes
Mr. Chung Ming Kit	A, B and C	Yes
Mr. Tao Tak Yan Dennis <i>(resigned on 28 August 2025)</i>	A, B and C	Yes
Mr. Zhang Zhisong <i>(appointed on 28 August 2025)</i>	A, B and C	Yes
Mr. Ye Xiaoxiang	A, B and C	Yes

Note:

- A: Read relevant news alerts, newspapers, journals, magazines and other publications.
- B: Obtained learning resources through the Internet.
- C: Attended training sessions, including but not limited to briefings, seminars, conferences and workshops.

BOARD COMMITTEES

The Board has established three committees, namely, the Audit Committee, the Remuneration Committee and the Nomination Committee (collectively, the **Board Committees**), 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 authority and duties. The terms of reference of the Board Committees are posted on the Company's website and the Stock Exchange's website.

The list of the chairman and members of each Board Committee is set out under "Corporate Information" on page 2.

AUDIT COMMITTEE

The Audit Committee comprises three members, all of whom are independent non-executive Directors, namely Mr. Chung Ming Kit, Mr. Zhang Zhisong (appointed on 28 August 2025) and Mr. Ye Xiaoxiang. Mr. Tao Tak Yan Dennis was resigned on 28 August 2025. Mr. Chung Ming Kit is the chairman of the Audit Committee.

The term of reference of the Audit Committee are of no less exacting terms than those set out in the CG Code. The primary duties of the Audit Committee are to assist the Board in reviewing the financial information and reporting process, risk management and internal control systems, effectiveness of the internal audit function, scope of audit and appointment of external auditors, and arrangements to enable employees of the Company to raise concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

The Audit Committee had reviewed together with the management and external auditor the accounting principles and policies adopted by the Company and the consolidated financial statements for the year ended 31 December 2025.

Two meetings of the Audit Committee were held during the year ended 31 December 2025, to review the consolidated financial statements, and annual and interim report before submission to the Board for approval; and review any significant issues on the internal audit function, financial reporting, risk management, internal control and compliance procedures.

REMUNERATION COMMITTEE

The Remuneration Committee comprises three members, namely Mr. Ye Xiaoxiang (independent non-executive Director), Mr. Chung Ming Kit (independent non-executive Director) and Dr. Chen Lian Yong (non-executive Director). Mr. Ye Xiaoxiang is the chairman of the Remuneration Committee.

The term of reference of the Remuneration Committee are of no less exacting terms than those set out in the CG Code. The primary duties of the Remuneration Committee are to review and make recommendation to the Board on the remuneration packages of individual executive Directors and senior management, the remuneration policy and structure for all Directors and senior management, as well as to establish transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his/her associates will participate in deciding his/her own remuneration.

Two meetings of the Remuneration Committee were held during the year ended 31 December 2025, to review the remuneration package and assess performance and bonus distribution of the executive Directors, and to review the remuneration, service contracts and terms of letters of appointment of new non-executive director and new independent non-executive director appointed during the year and to make recommendations to the Board.

Pursuant to code provision E.1.5 of the CG Code, the remuneration (including basic salary, pensions, performance/discretionary bonus and equity-settled share-based payment) of the senior management (other than the Directors) whose particulars are set out in the section headed “Directors and Senior Management” in this annual report, for the Reporting Period by band is set out below:

Annual Remuneration	Number of Individuals
HK\$3,000,001 to HK\$3,500,000	2
HK\$4,000,001 to HK\$4,500,000	2
HK\$5,000,001 to HK\$5,500,000	1

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 the Company’s performance and profitability, the prevailing market conditions and the performance or contribution of each executive Director. The remuneration for the executive Directors comprises basic salary, pensions, performance/discretionary bonus and equity-settled share-based payment. Executive Directors shall receive the Company’s equity-settled share-based payment, and non-executive Directors and independent non-executive Directors shall not receive it. The remuneration policy for independent non-executive Directors is to ensure that 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 their duties and responsibilities by the Board. Individual Directors and senior management have not been involved in deciding their own remuneration.

The Remuneration Committee also made recommendations to the Board on the service contracts or terms of letters of appointment of the new Directors appointed during the year.

No material matters relating to share schemes (as defined under Chapter 17 of the Listing Rules) were required to be reviewed or approved by the Remuneration Committee during the Reporting Period.

NOMINATION COMMITTEE

The Nomination Committee comprises five members, namely Dr. Chen Lian Yong (non-executive Director), Dr. Xie Qin (non-executive Director, appointed on 28 August 2025), Mr. Chung Ming Kit (independent non-executive Director), Mr. Zhang Zhisong (independent non-executive Director, appointed on 28 August 2025) and Mr. Ye Xiaoxiang (independent non-executive Director, appointed on 28 August 2025). Mr. Tao Tak Yan Dennis has resigned on 28 August 2025. Dr. Chen Lian Yong is the chairman of the Nomination Committee.

The terms of reference of the Nomination Committee are of no less exacting terms than those set out in the CG Code. The principal duties of the Nomination Committee include reviewing the Board composition, developing and formulating relevant procedures for the nomination and appointment of the Directors, making recommendations to the Board on the appointment and succession planning of the Directors, reviewing the board diversity policy (the “**Board Diversity Policy**”) and the director nomination policy (the “**Director Nomination Policy**”) and assessing the independence of independent non-executive Directors.

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 Director Nomination Policy that are necessary to complement the corporate strategy and achieve the Board diversity, where appropriate, before making recommendation to the Board.

Three meetings of the Nomination Committee were held during the year ended 31 December 2025, to review the structure, size, composition and diversity of the Board, monitor the independence of the independent non-executive Directors for the purpose of the Listing Rules, monitor and review the Group’s diversity and inclusion development; and recommend to the Board on the re-election of Director at the 2025 annual general meeting.

The Nomination Committee is to review the structure, size and composition of the Board and the independence of the independent non-executive Directors, and to consider the qualifications of the retiring Directors standing for re-election at the Annual General Meeting, to review the Board Diversity Policy and Director Nomination Policy and to consider and recommend to the Board on the appointment of executive/non-executive/independent non-executive Directors. The Nomination Committee considers an appropriate balance of diversity perspectives of the Board is maintained and has not set any measurable objective when implementing the Board Diversity Policy.

Directors’ Time Commitment and Contribution Assessment

The Nomination Committee has assessed the Directors’ time commitment and contribution to the Board for the Reporting Period based on the following factors:

- (a) Other listed directorships and/or other significant external commitments: All non-executive Directors and independent non-executive Directors have continuously disclosed to the Board their other directorships held in Hong Kong listed companies, as well as any other significant commitments. As at 31 December 2025, none of the Directors concurrently holds more than six other listed company directorships in other listed companies in Hong Kong.
- (b) Attendance record: Directors have actively participated in Board and Board Committee meetings. Please refer to the section “Board Meetings and Directors’ Attendance Records” for the record of Directors’ attendance to general meetings, Board and Board Committee meetings.
- (c) Responsibilities and Skills: Directors are able to contribute effectively to the Board through their responsibilities and skills.

In view of the above, the Nomination Committee believes that the Directors are able to devote sufficient time to the affairs of the Company without being over-occupied with the business of other listed companies.

The Nomination Committee reviews and evaluates the composition of the Board and the independence of independent non-executive Directors, and recommends the appointment of new Directors of the Company to the Board. The Nomination Committee identifies individuals who are eligible to become members of the Board of Directors, and after considering the Diversity Policy of the Board and other factors related to the company, selects and nominates relevant individuals to serve as directors or makes recommendations to the Board on this matter.

In recommending candidates for appointment to the Board, the Nomination Committee will assess candidates' strengths against objective criteria and will consider the benefits and diversity of the Board.

Board Diversity Policy

The Company has adopted a Board Diversity Policy which sets out the objective and approach to achieve and maintain diversity of the Board in order to enhance the effectiveness of the Board. The Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level as an essential element in maintaining the Company's competitive advantage.

Pursuant to the Board Diversity Policy, the Nomination Committee reviews regularly, at a minimum on an annual basis, the structure, size and composition of the Board and where appropriate, make recommendations on changes to the Board to complement the Company's corporate strategy and to ensure that the Board maintains a balanced diverse profile. In relation to reviewing and assessing the Board composition, the Nomination Committee is committed to diversity at all levels and will consider a number of aspects, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and regional and industry experience.

The Company aims to maintain an appropriate balance of diversity perspectives that are relevant to the Company's business growth and is also committed to ensuring that recruitment and selection practices at all levels (from the Board downwards) are appropriately structured so that a diverse range of candidates are considered.

The Board will consider setting measurable objectives to implement the Board Diversity Policy and review such objectives from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives.

In addition, in terms of gender diversity, the Board also currently has three female members. The Board places strong emphasis on diversity (including but not limited to gender diversity) at the Board level and across all levels of the Company. Taking into account the Board's view that the current Board composition satisfies the Board Diversity Policy, the Board targets to maintain at least current level of female representation in the Board. In considering the Board's succession, the Board will deploy multiple channels for identifying suitable director candidates, including referral from Directors, shareholders, employee and the management of the Company. These measures will ensure that the Board will be able to develop a pipeline of potential successors to the Board, such that the Board will be able to take the opportunity to further increase the diversity on the Board (including but not limited to the proportion of female members of the Board) as and when such opportunity arise and suitable candidates are identified, taking in account the selection criteria as outlined under the paragraph "Director Nomination Policy" below.

As at the date of this annual report, the Board consists of six male directors and three female directors, namely Ms. Zhang Lele, Dr. Xie Qin and Ms. Yang Yunxia, which brings diversity to the Board and the Board will continue to maintain the current level. The Board is also characterized by significant diversity, in particular, in term of professional expertise and experience, age, culture and ethnicity. An analysis of the Board’s current composition based on the measurable objectives is set out below:

Gender

Male: 6 Directors
 Female: 3 Directors

Age Group

31-40: 1 Director
 41-50: 4 Directors
 51-60: 3 Directors
 61-70: 1 Director

Designation

Executive Directors: 2 Directors
 Non-executive Directors: 4 Directors
 Independent non-executive Directors: 3 Directors

Educational Background

Pharmaceutical preparations: 1 Director
 Communication: 1 Director
 Science: 2 Directors
 Clinical medicine: 2 Directors
 Accounting: 1 Director
 Management: 1 Director
 Law: 1 Director

Nationality

Chinese: 8 Directors
 United States: 1 Director

Business Experience

Accounting: 1 Director
 Experience related to the business: 8 Directors

The Nomination Committee and the Board are of the view that the current composition of the Board has achieved the objectives set in the Board Diversity Policy.

The Nomination Committee will review the Board Diversity Policy, as appropriate, to ensure its effectiveness.

Gender Diversity

The Company values gender diversity across all levels of the Group. The following table sets out the gender ratio in the workforce of the Group, including the Board and senior management as at the date of the Reporting Period:

	Female	Male
Board	33.3% (3)	66.7% (6)
Senior Management	42.9% (3)	57.1% (4)
Other employees	57.9% (172)	42.1% (125)
Overall workforce	57.6% (175)	42.4% (129)

The Board had targeted to achieve and had achieved at least 33.3% (3) of female Directors, 42.9% (3) of female senior management and 57.9% (172) of female employees of the Company and considers that the above current gender diversity is satisfactory.

Details on the gender ratio of the Company together with relevant data can be found in the Company’s 2025 ESG 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 adopted a 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 the Directors 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 nomination process set out in the Director Nomination Policy is as follows:

Appointment of New Director

- (i) The Nomination Committee and/or the Board may select candidates for directorship from various channels, including but not limited to internal promotion, re-designation, referral by other member of the management and external recruitment agents.
- (ii) The Nomination Committee and/or the Board should, upon receipt of the proposal on appointment of new Director and the biographical information (or relevant details) of the candidate, evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship.
- (iii) If the process yields one or more desirable candidates, the Nomination Committee and/or the Board should rank them by order of preference based on the needs of the Company and reference check of each candidate (where applicable).
- (iv) The Nomination Committee should then recommend to the Board to appoint the appropriate candidate for directorship, as applicable.
- (v) For any person that is nominated by a Shareholder for election as a Director at the general meeting of the Company, the Nomination Committee and/or the Board should evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship.

Where appropriate, the Nomination Committee and/or the Board should make recommendation to Shareholders in respect of the proposed election of Director at the general meeting.

Re-election of Director at General Meeting

- (i) The Nomination Committee and/or the Board should review the overall contribution and service to the Company of the retiring Director and the level of participation and performance on the Board.
- (ii) The Nomination Committee and/or the Board should also review and determine whether the retiring Director continues to meet the criteria as set out above.
- (iii) The Nomination Committee and/or the Board should then make recommendation to the Shareholders in respect of the proposed re-election of Director at the general meeting.

Where the Board proposes a resolution to elect or re-elect a candidate as Director at the general meeting, the relevant information of the candidate will be disclosed in the circular to the Shareholders and/or explanatory statement accompanying the notice of the relevant general meeting in accordance with the Listing Rules and/or applicable laws and regulations.

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

- Character and integrity;
- Qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy;
- Diversity in all 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;
- Requirements of independent non-executive Directors on the Board and independence of the proposed independent non-executive Directors in accordance with the Listing Rules; and
- Commitment in respect of available time and relevant interest to discharge duties as a member of the Board and/or Board committee(s) of the Company.

During the year ended 31 December 2025, (1) Dr. Xie Qin, a non-executive Director, was appointed as a member of the Nomination Committee in August 2025; (2) Mr. Zhang Zhisong was appointed as an independent non-executive Director, a member of the Audit Committee and a member of the Nomination Committee in August 2025; (3) Mr. Tao Tak Yan Dennis has resigned as an independent non-executive Director, a member of the Audit Committee and a member of the Nomination Committee in August 2025; (4) Mr. Ye Xiaoxiang, an independent non-executive Director, was appointed as a member of the Nomination Committee in August 2025; (5) Mr. Lu Minfang was appointed as a non-executive Director in December 2025; and (6) Dr. Huang Xiao has resigned as a non-executive Director in December 2025.

Save as disclosed above, there was no change in the composition of the Board.

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

Corporate Governance Functions

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

For the year ended 31 December 2025, the Board met once to review 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 compliance of the Model Code and the Company's compliance with the CG Code and disclosure in this corporate governance report.

RISK MANAGEMENT AND INTERNAL CONTROLS

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

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

The Audit Committee assist the Board in leading the management and overseeing the design, implementation and monitoring of the risk management and internal control systems.

The Company has developed and adopted various risk management procedures and guidelines with defined authority for implementation by key business processes and office functions, including project management, sales and leasing, financial reporting, human resources and information technology.

The Company's risk management and internal control systems have been developed with the following principles, features and processes:

The Audit Committee is responsible for overseeing the management of risk management and internal control of the Company.

- **Risk Management**

The Audit Committee is responsible for assessing the risks of the Company; the internal audit department of the Company ("**Internal Audit Department**") reviews the risks of each functional department, business unit and subsidiary of the Company and is the risk audit monitoring department.

Senior management and department heads are required to identify, evaluate and manage risks associated with business operations on an on-going basis with defined parameters, and record these in the risk registers.

For each risk identified, management assesses their root causes, consequences and mitigating controls. Such assessment takes into account of the (i) probability of risk occurrence and (ii) degree of potential loss. The result of the assessment is summarized on a risk register and is reviewed by the Board. It is mandatory for this process to be conducted at least once a year.

Each quarter, the Internal Audit Department formulates risk information collection requirements in light of the development objectives and business practices of the Company. And then, the Internal Audit Department will identify and provides feedback from specific responsible departments on the strategic risks, financial risks, market risks, operational risks and legal risks faced or potentially faced by the Company. The Internal Audit Department synthesizes the various types of risks and updates the risk list. At the end of each year, the Internal Audit Department formulates risk management strategies and risk-specific response plans for the following year.

At the end of each year, the Audit Committee carries out risk assessment based on the risk list and risk evaluation criteria and submits them to the Board for approval and implementation.

The management of the Company at least annually re-examines the internal control policies and procedures and make updates when necessary. Each department of the Company will conduct a self-assessment at least once a year to ensure proper compliance with the Company's internal control policies.

The Audit Committee will monitor and manage the overall risks associated with our business operations, including: discussing risk management and internal control systems with management to ensure that management has fulfilled its responsibilities to establish effective systems. This discussion should include the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function. The Audit Committee will consider major investigation findings on risk management and internal control matters as delegated by the Board or on its own initiative and management's response to these findings.

- **Internal Control Management**

The person in charge of internal control of the company is responsible for the construction of the internal control system and the rectification of internal control issues; the Audit Department of the Company is responsible for the evaluation of internal control.

At the beginning of each year, the Audit Department formulates an evaluation plan and evaluation program, evaluates the level of internal control management of the Company in the previous year, and prepares an evaluation report. After review and approval by the management, the in charge of internal control of the company assists each department to implement the rectification of problems and optimization of procedures.

In order to enhance the Group's system of handling inside information, and to ensure the truthfulness, accuracy, and completeness of its public disclosures, the Group also adopts and implements an inside information policy and procedures. Certain reasonable measures have been taken from time to time to ensure that proper safeguards exist to prevent a breach of a disclosure requirement related to the Group, which include:

- The access to information is restricted to a limited number of employees on a need-to-know basis. Employees who are in possession of inside information are fully conversant with their obligations to preserve confidentiality.
- Confidentiality agreements or confidentiality clauses are in place when the Group enters into significant negotiations.
- The Executive Directors are designated as the persons who speak on behalf of the Company when communicating with external parties such as the media, analysts, or investors.

All divisions/departments conducted internal control assessment regularly to identify risks that potentially impact the business of the Group and various aspects including key operational and financial processes, regulatory compliance and information security. Self-evaluation has been conducted annually to confirm that control policies are properly complied with by each division/department.

The management, in coordination with division/department heads, assessed the likelihood of risk occurrence, provide treatment plans, and monitor the risk management progress, and reported to the Audit Committee and the Board on all findings and the effectiveness of the systems.

The management has confirmed to the Board and the Audit Committee on the effectiveness of the risk management and internal control systems for the year ended 31 December 2025.

The Company has engaged external professional firm for providing the internal audit function and performing independent review of the adequacy and effectiveness of the risk management and internal control systems. The internal audit function examined key issues in relation to the accounting practices and all material controls and provided its findings and recommendations for improvement to the Audit Committee.

The Board, as supported by the Audit Committee as well as the management report and the internal audit findings, conducted an annual review of the risk management and internal control systems, including the financial, operational and compliance controls, for the year ended 31 December 2025, and considered that such systems are appropriate, effective and adequate. The annual review also covered the financial reporting and internal audit function and staff qualifications, experiences, training programmes, budget and adequacy of relevant resources.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, inside information announcements and other disclosures required under the Listing Rules and other regulatory requirements. The management has provided such explanation and information to the Board as necessary to enable the Board to make an informed assessment of the financial information and position of the Group put forward to the Board for approval.

The Directors have acknowledged their responsibilities for preparing the financial statements of the Group for the year ended 31 December 2025.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

The Directors have prepared the financial statements in accordance with the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants. Appropriate accounting policies have also been used and applied consistently except the adoption of revised standards, amendments to standards and interpretation.

The statement of the external auditors of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditors' Report of this annual report.

AUDITORS' REMUNERATION

The remuneration for the audit service included statutory audits and reviews for the Company; while the remuneration for the non-audit services included professional services on tax advisory and other consulting services. The remuneration paid and payable to the external auditors of the Company in respect of audit services and non-audit services for the year ended 31 December 2025 is set out below:

Service Category	Fees Paid/Payable RMB'000
Audit Services	3,780
Non-audit Services	301
– Tax Consultation Services	133
– Environmental, Social and Governance Report Consulting Service	168
Total	4,081

COMPANY SECRETARY

Ms. Chan Sze Ting (陳詩婷) has resigned as the company secretary of the Company with effect from 28 August 2025. On even date, the Company has appointed Mr. Leung Chi Kit (“**Mr. Leung**”) as the company secretary of the Company. Mr. Leung is a manager of the Listing Services Department of TMF Hong Kong Limited (a global corporate services provider).

All Directors have access to the advice and services of the Company Secretary on corporate governance and board practices and matters. Mr. Huang Yuqing, an executive Director has been designated as the primary contact person at the Company which would work and communicate with Mr. Leung on the Company's corporate governance and secretarial and administrative matters.

For the year ended 31 December 2025, Mr. Leung has attended a total of no less than 15 hours of training courses on the Listing Rules, corporate governance, information disclosure, investors relation as well as the functions and duties of the company secretary of a Hong Kong listed issuer as required under Rule 3.29 of the Listing Rules.

SHAREHOLDERS' RIGHTS

CONVENING AN EXTRAORDINARY GENERAL MEETING AND PUTTING FORWARD PROPOSALS AT GENERAL MEETINGS

Pursuant to the Article 9.3 of the Articles of Association, the Board may, whenever it thinks appropriate, convene an extraordinary general meeting. Any one or more members holding as at the date of deposit of the requisition, in aggregate not less than one-tenth of the voting rights, on a one vote per share basis, in the share capital of the Company, shall at all times have the right, by written requisition signed by the requisitioner(s) deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office, to require an extraordinary general meeting to be called for the transaction of any business specified in such requisition and/or add resolutions to the meeting agenda (if any). If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting to be held within a further 21 days, the requisitioner(s) themselves may convene the physical meeting at only one location which will be the principal meeting place, and all reasonable expenses incurred by the requisitioner(s) as a result of the failure of the Board shall be reimbursed to them by the Company.

Shareholders should follow the requirements and procedures as set out in the Articles of Association for convening a general meeting.

To put forward proposals at a general meeting of the Company, a Shareholder should lodge a written notice of his/her proposal with his/her detailed contact information at the Company's principal place of business in Hong Kong at 31/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong.

The request will be verified with the Company's branch share registrar in Hong Kong and upon their confirmation that the request is proper and in order, the Board will be asked to include the proposal in the agenda for the general meeting.

Putting Forward Enquiries to the Board

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

The Shareholders may also make enquiries to the Board at general meetings of the Company. In addition, the Shareholders can contact Tricor Investor Services Limited, the branch share registrar of the Company in Hong Kong, if they have any enquiries about their shareholdings and entitlement to dividend.

Contact Details

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

Address: 31/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong
(For the attention of the Board of Directors of Cutia Therapeutics)
Email: ir@cutiatx.com

For the avoidance of doubt, the 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. The Shareholders' information may be disclosed as required by law.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

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

To safeguard the 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.

Shareholders' Communication Policy

The Company has in place a shareholders' communication policy (the "**Shareholders' Communication Policy**"). The policy aims at promoting effective communication with the Shareholders and other stakeholders, encouraging the Shareholders to engage actively with the Company and enabling the Shareholders to exercise their rights as the Shareholders effectively. The Board has reviewed the implementation and effectiveness of the Shareholders' Communication Policy including shareholders and investor engagement and communication activities conducted in 2025 and considered the results were satisfactory.

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

(a) *Corporate Communication*

"Corporate Communication" as defined under the Listing Rules refers to any document issued or to be issued by the Company for the information or action of holders of any of its securities, including but not limited to the following documents of the Company: (a) the Directors' report, annual accounts together with a copy of the auditor's report and, where applicable, its summary financial report; (b) the interim report and, where applicable, its summary interim report; (c) a notice of meeting; (d) a listing document; (e) a circular; and (f) a proxy form. The Corporate Communication of the Company will be published on the Stock Exchange's website (www.hkex.com.hk) in a timely manner as required by the Listing Rules. Corporate Communication will be provided to the Shareholders and non-registered holders of the Company's securities in both English and Chinese versions or where permitted, in a single language, in a timely manner as required by the Listing Rules. The Shareholders and non-registered holders of the Company's securities shall have the right to choose the language (either English or Chinese) or means of receipt of the Corporate Communication (in printed form or through electronic means).

(b) *Announcements and Other Documents pursuant to the Listing Rules*

The Company shall publish announcements (on inside information, corporate actions and transactions etc.) and other documents (e.g. Memorandum and Articles of Association) on the Stock Exchange's website in a timely manner in accordance with the Listing Rules.

(c) *Corporate Website*

Any information or documents of the Company posted on the Stock Exchange's website will also be published on the Company's website (www.cutiatx.com). Other corporate information about the Company's business developments, goals and strategies, corporate governance and risk management will also be available on the Company's website.

(d) Shareholders' Meetings

The annual general meeting and other general meetings of the Company are primary forum for communication between the Company and its Shareholders. The Company has provided the Shareholders with relevant information on the resolutions(s) proposed at a general meeting in a timely manner in accordance with the Listing Rules. The information provided shall be reasonably necessary to enable the Shareholders to make an informed decision on the proposed resolution(s). The Shareholders are encouraged to participate in general meetings or to appoint proxies to attend and vote at the meetings for and on their behalf if they are unable to attend the meetings. The Chairman of the Board and other Board members, the chairmen of board committees or their delegates, and the external auditors have attended general meetings of the Company to answer the Shareholders' questions (if any).

(e) Shareholders' Enquiries

Enquiries about Shareholdings

Shareholders can direct their enquiries about their shareholdings to the Company's branch share registrar, Tricor Investor Services Limited, via email to is-enquiries@vistra.com or call its hotline at (852) 2980 1333, or go in person to its public counter at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

Enquiries about Corporate Governance or Other Matters to be put to the Board and the Company

The Company will not normally deal with verbal or anonymous enquiries. Shareholders may send any enquiries to the Board by email: ir@cutiatx.com or by post to 20/F, Huanzhi Building, 436 Heng Feng Road, Jingan District, Shanghai, China.

(f) Other Investor Relations Communication Platforms

Investor/analysts briefings, roadshows (both domestic and international), media interviews, marketing activities for investors and specialist industry forums etc. will be launched on a regular/required basis.

Company's Constitutional Documents

There was no change in the Company's constitutional documents for the year ended 31 December 2025.

Dividend Policy

The Company has adopted a dividend policy (the "**Dividend Policy**") on payment of dividends, including the proposal of declaration and/or payment of dividend and determination of the dividend amount. The Company currently does not set any pre-determined dividend payout ratio.

Depending on the financial conditions of the Company and the Group and the conditions and factors as set out below, interim and/or special dividends may be proposed and/or declared by the Board in its sole and absolute discretion during a financial year and any final dividends for a financial year will be subject to the Shareholders' approval.

In considering the payment of dividends, there shall be a balance between maintaining sufficient capital to grow the Group's business and rewarding the shareholders of the Company. The Board shall take into account the following factors, among other factors:

- (a) the Group's overall results of operation, financial position, liquidity position, capital requirements, cash flow and future prospects;
- (b) the amount of distributable reserves of the Company;

- (c) the general business and regulatory conditions, the business cycle of the Group and other internal or external factors that may have an impact on the business or financial performance and position of the Group;
- (d) the statutory and regulatory restrictions;
- (e) the contractual restrictions on the payment of dividends by the Company to the Shareholders or by the subsidiaries of the Company to the Company;
- (f) the Shareholders' interests; and
- (g) other factors that the Board deems relevant.

The dividend decision made by the Board on account of the Reporting Period was made in accordance with the Company's dividend policy.

The Board does not recommend the payment of a final dividend for the Reporting Period, as the Company is currently loss-making and the Board considers it appropriate to retain the Group's cash reserve for the Group's operations.

DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

The Group is an R&D-driven, dermatology innovative products-focused biopharmaceutical company committed to develop comprehensive solutions that are tailored to meet the diverse and evolving needs of patients and consumers in the broader dermatology treatment and care market.

A list of the Company's subsidiaries, together with their places of incorporation and principal activities, is set out in note 1 to the consolidated financial statements in this annual report.

BUSINESS REVIEW

A review of the business of the Group during the year, a discussion and analysis on the Group's future business development and the financial and operational key performance indicators employed by the Directors in measuring the performance of the Group's business are set out in the sections headed "Highlights" on page 6 of this annual report, "Chairman's Statement" on pages 4 to 5 of this annual report and "Management Discussion and Analysis" on pages 8 to 19 of this annual report. There are no significant events that have an effect on the Group subsequent to the financial year ended 31 December 2025.

GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 15 May 2019, as an exempted limited liability company under the laws of the Cayman Islands. The Company's Shares were listed on the Main Board of the Stock Exchange on 12 June 2023.

DIRECTORS

The Directors during the year ended 31 December 2025 and up to the date of this annual report were:

Executive Directors:

Ms. Zhang Lele (張樂樂) (*Chief Executive Officer*)
Mr. Huang Yuqing (黃雨青) (*Chief Financial Officer*)

Non-executive Directors:

Dr. Chen Lian Yong (陳連勇) (*Chairman*)
Dr. Xie Qin (謝沁)
Mr. Lu Minfang (盧敏放) (*appointed on 30 December 2025*)
Dr. Huang Xiao (黃瀟) (*resigned on 30 December 2025*)
Ms. Yang Yunxia (楊雲霞)

Independent Non-executive Directors:

Mr. Chung Ming Kit (鍾明杰)
Mr. Zhang Zhisong (張志嵩) (*appointed on 28 August 2025*)
Mr. Tao Tak Yan Dennis (陶德仁) (*resigned on 28 August 2025*)
Mr. Ye Xiaoxiang (葉曉翔)

BIOGRAPHIES OF THE DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and senior management of the Company are set out in the section headed “Directors and Senior Management” on pages 66 to 72 of this annual report. Save for changes in the biographical details of the Directors, there was no other change in the information of the Directors required to be disclosed pursuant to Rules 13.51B of the Listing Rules.

SERVICE CONTRACTS OF THE DIRECTORS

Each of Ms. Zhang Lele and Mr. Huang Yuqing, being our executive Directors, has entered into a service contract with us for an initial term of three years commencing from the Listing Date, which may be terminated by not less than 30 days’ notice in writing served by either the executive Director or our Company.

Each of Dr. Chen Lian Yong, Dr. Xie Qin and Ms. Yang Yunxia, being our non-executive Directors, has entered into a service contract with us for an initial term of three years commencing from the Listing Date; and Mr. Lu Minfang, being our non-executive Director, has entered into a letter of appointment with us for an initial term of three years commencing from 30 December 2025, which may be terminated by not less than 30 days’ notice in writing served by either the non-executive Director or our Company.

Each of Mr. Chung Ming Kit and Mr. Ye Xiaoxiang, being our independent non-executive Directors, has entered into a letter of appointment with us for an initial term of three years commencing from the Listing Date; and Mr. Zhang Zhisong, being our independent non-executive Director, has entered into a letter of appointment with us for an initial term of three years commencing from 28 August 2025, which may be terminated by not less than 30 days’ notice in writing served by either the independent non-executive Director or our Company.

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

DIRECTORS’ RIGHTS TO PURCHASE SHARES OR DEBENTURES

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

REMUNERATION OF THE DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

Details of the Directors’ remuneration and the five highest paid individuals in the Group are set out in notes 9 and 10 to the consolidated financial statements in this annual report.

None of the Directors waived or agreed to waive any remuneration and there were no emoluments paid by the Group to any of the Directors as an inducement to join, or upon joining the Group, or as compensation for loss of office.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive Directors an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers that all of the independent non-executive Directors are independent in accordance with the guidelines set out in the Listing Rules.

DIRECTORS’ INTERESTS IN COMPETING BUSINESSES

Saved as disclosed in this annual report, as at 31 December 2025, none of the Directors or their respective associates had engaged in or had any interest in any business which competes or may compete with the business of the Group.

DIRECTORS' INTERESTS IN TRANSACTION, ARRANGEMENT OR CONTRACT OF SIGNIFICANCE

Save as disclosed in this annual report, there was no transaction, arrangement or contract of significance subsisted in which a Director or an entity connected with a Director was materially interested, whether directly or indirectly, during or at the end of the Reporting Period.

CONTRACTS OF SIGNIFICANCE

Save as disclosed in this annual report, (i) no contract of significance between the Company, or any of its subsidiaries, and a controlling Shareholder or any of its subsidiaries subsisted during the Reporting Period; and (ii) no contract of significance for the provision of services to the Company or any of its subsidiaries by a controlling Shareholder or any of its subsidiaries subsisted during the Reporting Period.

RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

Details on related party transactions for the year ended 31 December 2025 are set out in note 30 to the consolidated financial statements of this annual report. None of the related party transactions constitute "connected transactions" or "continuing connected transactions" under Chapter 14A of the Listing Rules.

Save as disclosed above, during the Reporting Period, there was no connected transaction of the Group which has to be disclosed in accordance with the Listing Rules.

PRINCIPAL RISKS AND UNCERTAINTIES

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

- We face substantial competition for the development of our products, as our competitors may discover, develop or commercialize competing products earlier or more successfully than we do.
- Our business and financial prospects depend substantially on the success of our clinical stage and pre-clinical stage drug candidates. If we are unable to successfully complete clinical development, obtain relevant regulatory approvals or achieve commercialization of our product candidates, or if we experience significant delays in any of the foregoing, our business, results of operations and financial condition may be adversely affected.
- Adverse events or undesirable side effects caused by our product candidates could interrupt, delay or halt clinical trials, delay or prevent regulatory approval, limit the commercial profile of an approved label, or result in significant negative consequences following any regulatory approval or cause product liability claims, which could expose us to costs and liabilities and adversely affect our operations and reputation.
- We have entered into collaborations or licensing arrangements and may seek collaborations or enter into licensing arrangements in the future. We may not realize the benefits of such collaborations or licensing arrangements, and disputes may arise between us and our collaboration partners which could harm our business.
- We are largely dependent on the sales of our commercialized products. If we fail to achieve or further promote the widespread market acceptance of our products, or if we fail to grow or retain our customers or consumer base, our business, results of operations and financial condition may be materially and adversely affected.
- Claims that our product candidates or the sale, distribution or use of our future products infringes, misappropriates or otherwise violates the patent or other intellectual rights of third parties could result in costly litigation, the outcome of which would be uncertain, or could require substantial time and money to resolve, even if litigation is avoided.

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

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to fulfilling social responsibility, promoting employee benefits and development, protecting the environment and giving back to community and achieving sustainable growth.

The Company's Environmental, Social and Governance report will be prepared separately from this annual report and will be published on the same date as the publication of this annual report.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

As far as the Board and management are aware, the Group has complied in all material aspects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. The Group has compliance policies and procedures in place and would seek professional legal advice from its legal advisers to ensure that transactions and business to be performed by the Group are in compliance with the applicable laws and regulations. During the Reporting Period, there was no material breach of, or non-compliance, with applicable laws and regulations by the Group.

EMPLOYEES AND REMUNERATION POLICIES

A review of the employees and remuneration policies of the Group for the Reporting Period are set out in the section headed "Management Discussion and Analysis" on pages 8 to 19 and section headed "Corporate Governance Report" on pages 21 to 41 of this annual report.

RETIREMENT BENEFITS SCHEME

The Group participates in several defined contribution retirement schemes which cover the Group's eligible employees in the PRC, and a Mandatory Provident Fund Scheme for the employees in Hong Kong. Particulars of these retirement schemes are set out in note 2.4 to the financial statements of this annual report.

There are no provisions under the scheme whereby forfeited contributions may be used to reduce existing level of contributions.

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

As at 31 December 2025, the following Directors and chief executive of the Company had or were deemed to have interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the "SFO")) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code:

Long Positions in the Underlying Shares

Name of Director	Capacity/Nature of interest	Class of Shares	Number of Shares held	Approximate percentage of shareholding (%)
Zhang Lele	Beneficial owner	Ordinary Shares	25,062,956	7.56
	Beneficiary of a trust (other than a discretionary interest)		2,499,519	
Huang Yuqing	Beneficial owner	Ordinary Shares	1,037,705	1.33
	Beneficiary of a trust (other than a discretionary interest)		3,797,295	

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

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

As at 31 December 2025, the following persons (not being Directors or chief executive of the Company) had, or were deemed to have, interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of interests required to be kept by the Company under Section 336 of the SFO:

Name of Shareholder	Capacity/nature of interest	Number of Shares held	Approximate percentage of shareholding (%)
6 Dimensions Capital, L.P. ("6 Dimensions LP") ^(Note 1)	Beneficial owner	61,771,710	16.94
6 Dimensions Capital GP, LLC ^(Note 1)	Interest in controlled corporation	65,022,855	17.83
Suzhou 6 Dimensions Venture Capital Partnership L.P. (蘇州通和毓承投資合夥企業(有限合夥)) ("Suzhou 6 Dimensions") ^(Note 2)	Beneficial owner	60,516,000	16.59
Suzhou Tongyu Investment Management Partnership (Limited Partnership) (蘇州通毓投資管理合夥企業(有限合夥)) ("Tongyu Investment") ^(Note 2)	Interest in controlled corporation	60,516,000	16.59
Suzhou Frontline BioVentures Venture Capital Fund II L.P. (蘇州通和二期創業投資合夥企業(有限合夥)) ("Suzhou Frontline II") ^(Note 2)	Beneficial owner	25,935,425	7.11
Suzhou Fuyan Venture Capital Management Partnership (Limited Partnership) (蘇州富沿創業投資管理合夥企業(有限合夥)) ("Fuyan VC") ^(Note 2)	Interest in controlled corporation	25,935,425	7.11
Suzhou Yunchang Investment Consulting Co., Ltd. (蘇州蘊長投資諮詢有限公司) ("Yunchang Investment") ^(Note 2)	Interest in controlled corporation	86,451,425	23.70
Ms. Zhang Qiping ^(Note 2)	Interest in controlled corporation	86,451,425	23.70
Aurora Cutis Limited ^(Note 3)	Trustee	28,353,323	7.77
Futu Trustee Limited ^(Note 3)	Trustee	48,462,964	13.44
	Custodian (other than an exempt custodian interest)	548,665	

Name of Shareholder	Capacity/nature of interest	Number of Shares held	Approximate percentage of shareholding (%)
YF Dermatology Limited ^(Note 4)	Beneficial owner	39,223,400	10.75
Yunfeng Fund III, L.P. ("Yunfeng LP") ^(Note 4)	Interest in controlled corporation	39,223,400	10.75
Yunfeng Investment III, Ltd. ("Yunfeng GP") ^(Note 4)	Interest in controlled corporation	39,223,400	10.75
HongShan Capital Growth Fund V, L.P. ("HongShan Capital") ^(Note 5)	Beneficial owner	25,714,285	7.05
HSG Growth V Holdco Q, Ltd ("HSG Growth V") ^(Note 5)	Interest in controlled corporation	25,714,285	7.05
HSG Growth V Management, L.P. ("HSG LP") ^(Note 5)	Interest in controlled corporation	25,714,285	7.05
HSG Holding Limited ^(Note 5)	Interest in controlled corporation	25,714,285	7.05
SNP China Enterprises Limited ^(Note 5)	Interest in controlled corporation	25,714,285	7.05
Mr. Neil Nanpeng Shen ^(Note 5)	Interest in controlled corporation	25,714,285	7.05

Notes:

1. 6 Dimensions LP and 6 Dimensions Affiliates Fund, L.P. ("**6 Dimensions Affiliates**") are limited partnerships whose general partner is 6 Dimensions Capital GP, LLC. As such, under the SFO, 6 Dimensions Capital GP, LLC is deemed to be interested in Shares held by 6 Dimensions LP and 6 Dimensions Affiliates.
2. Suzhou 6 Dimensions is a limited partnership whose general partner is Tongyu Investment. As such, under the SFO, Tongyu Investment is deemed to be interested in the Shares held by Suzhou 6 Dimensions.

Suzhou Frontline II is a limited partnership whose general partner is Fuyan VC. As such, under the SFO, Fuyan VC is deemed to be interested in the Shares held by Suzhou Frontline II.

Tongyu Investment and Fuyan VC are limited partnerships whose general partner is Yunchang Investment, which is wholly-owned by Ms. Zhang Qiping (spouse of Mr. Chen Ziqing (陳梓卿), who inherited the shares of Yunzhang Investment following Mr. Chen Ziqing's passing). As such, under the SFO, each of Yunchang Investment and Ms. Zhang Qiping is deemed to be interested in the Shares held by Suzhou 6 Dimensions and Suzhou Frontline II.

3. Upon exercise of the options and settlement of the share awards granted under the Pre-IPO Equity Incentive Plan, a total of 54,019,020 Shares under the options and share awards granted under the Pre-IPO Equity Incentive Plan will be issued to Aurora Cutis Limited, a company incorporated in BVI and wholly owned by Futu Trustee Limited (the “Trustee”), the trustee of Aurora Cutis Employee Trust (“Trust I”), the trust set up by the Company to facilitate the administration of the Pre-IPO Equity Incentive Plan. Pursuant to the trust deed of Trust I, all options and share awards will be held by Aurora Cutis Limited and administered under Trust I by the Trustee, solely for the benefit of the identified grantees under the Pre-IPO Equity Incentive Plan. By virtue of the SFO, Futu Trustee Limited is deemed to be interested in the options and share awards held by Aurora Cutis Limited. From the Listing Date to 31 December 2025, 376,100 Shares were cancelled in Trust I.
4. YF Dermatology Limited is a private company controlled by Yunfeng LP, whose general partner is Yunfeng GP. As such, under the SFO, each of Yunfeng LP and Yunfeng GP is deemed to be interested in the Shares held by YF Dermatology Limited.
5. The general partner of HongShan Capital is HSG Growth V whose general partner is HSG LP. HSG Holding Limited is general partner of HSG LP, and it is a wholly-owned subsidiary of SNP China Enterprises Limited, whose sole shareholder is Mr. Neil Nanpeng Shen. As such, under the SFO, each of HSG Growth V, HSG LP, HSG Holding Limited, SNP China Enterprises Limited and Mr. Neil Nanpeng Shen is deemed to be interested in the Shares held by HongShan Capital.
6. All of the Shares held by Shareholders are ordinary Shares and represent long positions.

Save as disclosed above, as at 31 December 2025, none of the substantial or significant shareholders or other persons, other than the Directors and chief executive of the Company whose interests are set out in the paragraph headed “Directors’ and Chief Executive’s Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company and its Associated Corporations” above, had any interests or short positions in the Shares or underlying Shares as recorded in the register required to be kept by the Company under Section 336 of the SFO.

EQUITY INCENTIVE PLANS

The number of Shares that may be issued in respect of options and awards granted under all schemes of the Company during the year ended 31 December 2025 divided by the weighted average number of Shares of the Company (excluding treasury shares) for the year ended 31 December 2025 is 0% as no option or award was granted under all schemes of the Company during the year ended 31 December 2025.

The following is a summary of the principal terms of the Pre-IPO Equity Incentive Plan, which was adopted by the Company and took effect on 23 August 2019.

1. Pre-IPO Equity Incentive Plan

(a) *Purpose*

The purpose of the Pre-IPO Equity Incentive Plan is to promote the success of the Company and the interests of its Shareholders by providing a means through which the Company may grant equity-based incentives to attract, motivate, retain and reward certain officers, employees, directors and other eligible persons and to further link the interests of award recipients with those of the Company's Shareholders generally.

(b) *Eligibility*

An officer (whether or not a director) or employee of the Company or any of its affiliates, any member of the Board or any director of one of the Company's affiliates, or any individual consultant or advisor who renders or has rendered bona fide services (other than services in connection with the offering or sale of securities of the Company or one of its affiliates, as applicable, in a capital raising transaction or as a market maker or promoter of that entity's securities) to the Company or one of its affiliates.

(c) *Maximum number of Shares*

The maximum number of Shares that may be delivered pursuant to options and share awards (the "Awards") granted under the Pre-IPO Equity Incentive Plan will not exceed the limit as duly approved by the shareholders of the Company from time to time. The maximum number of Shares the Company is authorized to issue is 70,685,670 Shares upon the completion of Share Subdivision as defined in the Prospectus under the Pre-IPO Equity Incentive Plan.

As at the date of this annual report, the total number of Shares available for issue under the Pre-IPO Equity Incentive Plan was 34,912,253 Shares, representing 9.6% of the issued Shares (excluding treasury shares) of the Company.

(d) *Maximum entitlement of each participant*

The terms of the Pre-IPO Equity Incentive Plan have no limit on the maximum entitlement of each participant.

(e) *Administration*

The Pre-IPO Equity Incentive Plan shall be administered, and all Awards under the Pre-IPO Equity Incentive Plan shall be authorized, by the administrator. The "administrator" means the Board or one or more committees appointed by the Board or another committee (within its delegated authority) to administer all or certain aspects of the Pre-IPO Equity Incentive Plan. The administrator may delegate ministerial, non-discretionary functions to individuals who are officers or employees of the Company or any of its affiliates or to third parties.

Aurora Cutis Limited is a company incorporated in BVI and wholly owned by Futu Trustee Limited, the trustee of Trust I, the trust set up by the Company on 25 October 2021. Pursuant to the trust deed of Trust I, options and share awards with 54,019,020 underlying Shares will be held by Aurora Cutis Limited and administered under Trust I by the Trustee, solely for the benefit of the identified grantees (collectively “**Trust Beneficiaries Group I**”) under the Pre-IPO Equity Incentive Plan. From the Listing Date to 31 December 2025, 376,100 Shares were cancelled in Trust I.

Aurora Cutis Employee II Trust (“**Trust II**”) was set up by the Company with Futu Trustee Limited as the Trustee on 1 December 2023. Pursuant to the trust deed of Trust II, upon exercise of the options and settlement of the share awards granted under the Pre-IPO Equity Incentive Plan, 8,572,580 Shares will be issued to and held by the Trustee and administered under Trust II by the Trustee, solely for the benefit of the identified grantees (collectively “**Trust Beneficiaries Group II**”) under the Pre-IPO Equity Incentive Plan.

Trust I and Trust II were set up by the Company to facilitate the administration of the Pre-IPO Equity Incentive Plan.

Pursuant to agreements between the grantees and the Company, 6,786,920 Shares may be held by the grantees directly upon the exercise of options and/or delivery of share awards. During the year, 3,797,295 Shares of such Shares were issued to and are now held by the Trustee under Trust II, solely for the benefit of the grantees.

(f) *Awards*

The Pre-IPO Equity Incentive Plan is divided into two separate equity programs: (1) the option and share appreciation rights (the “**SAR**”) grant program under which eligible persons may, at the discretion of the administrator, be granted options and/or SARs, and (2) the share award program under which eligible persons may, at the discretion of the administrator, be awarded restricted or unrestricted Shares or restricted share units. No options and share awards representing under the Pre-IPO Equity Incentive Plan will be further granted.

(g) *Period of the Pre-IPO Equity Incentive Plan*

The Pre-IPO Equity Incentive Plan is effective for a period of 10 years from 23 August 2019 and the remaining life of the Pre-IPO Equity Incentive Plan as of the date of this annual report is around 3 years.

Options and SAR

(a) *Award agreement and general*

Each option or SAR shall be evidenced by an award agreement (the “**Award Agreement**”) in the form approved by the administrator. The Award Agreement evidencing an option or SAR shall contain the terms established by the administrator for that Award and any other terms, provisions, or restrictions that the administrator may impose on the option or SAR or any Shares subject to the option or SAR. The administrator may require that the recipient of an option or SAR promptly execute and return to the Company his or her Award Agreement evidencing the Award. In addition, the administrator may require that the spouse of any married recipient of an option or SAR also promptly execute and return to the Company the Award Agreement evidencing the Award granted to the recipient or such other spousal consent form that the administrator may require in connection with the grant of the Award.

(b) *Price*

The administrator will determine the purchase price per share of the Shares covered by each option (the “**exercise price**” of the option) at the time of the grant of the option, which exercise price will be set forth in the applicable Award Agreement, with the following factors.

- (i) the par value of Share;
- (ii) subject to clause (iii) below, 100% of the fair market value of a Share on the date of grant; or
- (iii) in the case of an option granted to a participant, possessing more than 10% of the total combined voting power of all classes of shares of the Company, 110% of the Fair market value of a Share on the date of grant.

The administrator will determine the base price per share of the Shares covered by each SAR at the time of the grant of the SAR, which base price will be set forth in the applicable Award Agreement and will not be less than 100% of the fair market value of a Share on the date of grant of the SAR.

(c) *Vesting, term and exercise*

An option or SAR may be exercised only to the extent that it is vested and exercisable. The administrator will determine the vesting and/or exercisability provisions of each option or SAR (which may be based on performance criteria, passage of time or other factors or any combination thereof), which provisions will be set forth in the applicable Award Agreement. Unless the administrator otherwise expressly provides, once exercisable an option or SAR will remain exercisable until the expiration or earlier termination of the option or SAR.

Each option and SAR shall expire not more than 10 years after its date of grant. Any exercisable option or SAR will be deemed to be exercised when (a) the applicable exercise procedures in the related Award Agreement have been satisfied (or, in the absence of any such procedures in the related Award Agreement, the Company has received written notice of such exercise from the participant), and (b) in the case of an option, the Company has received any required payment, and (c) in the case of an option or SAR, the Company has received any written statement.

(d) *Termination of employment*

Unless otherwise provided in the applicable Award Agreement, if a participant’s employment by or service to the Company or any of its affiliates is terminated by such entity for cause, the participant’s option or SAR will terminate on the participant’s severance date, whether or not the option or SAR is then vested and/or exercisable.

Share Award Program

(a) *General*

Each share award shall be evidenced by an Award Agreement in the form approved by the administrator. The Award Agreement evidencing a share award shall contain the terms established by the administrator for that share award, as well as any other terms, provisions, or restrictions that the administrator may impose on the share award (including, but not limited to, the number of Shares subject to such share award); in each case subject to the applicable provisions and limitations of this Plan. The administrator may require that the recipient of a share award promptly execute and return to the Company his or her Award Agreement evidencing the share award. In addition, the administrator may require that the spouse of any married recipient of a share award also promptly execute and return to the Company the Award Agreement evidencing the share award granted to the recipient or such other spousal consent form that the administrator may require in connection with the grant of the share award.

(b) *Price*

The administrator will determine the purchase price per share of the Shares covered by each share awards at the time of grant of the Award. In no case will such purchase price be less than the par value of the Shares.

(c) *Vesting, settlement and term*

The restrictions imposed on the Shares subject to a restricted share award and the vesting conditions applicable to each restricted share unit award (which may in each case be based on performance criteria, passage of time or other factors or any combination thereof) will be set forth in the applicable Award Agreement. Unless otherwise set forth in an Award Agreement, a restricted share unit award may, in the discretion of the administrator, be settled in Shares or cash (or a combination thereof).

Any payment of cash or delivery of shares in payment for a share award, if applicable, may be delayed until a future date if specifically authorized by the administrator in writing and by the participant.

As at 1 January 2025, no option was available for grant under the Pre-IPO Equity Incentive Plan. In connection with the listing of the Shares on the Stock Exchange on 12 June 2023, the Board has approved that upon listing, the Company will not grant any additional options under the Pre-IPO Equity Incentive Plan. Accordingly, no option was available for grant under the Pre-IPO Equity Incentive Plan as at the Listing Date and 31 December 2025, respectively.

As at 31 December 2025, pursuant to the Pre-IPO Equity Incentive Plan, the Company had granted:

- (i) to directors, senior management, consultants and employees of the Group outstanding options to subscribe for 18,658,859 Shares, representing approximately 5.1% of the total issued Shares (excluding treasury shares) of the Company as at 31 December 2025 and as at the date of this annual report.
- (ii) to the five highest paid individuals of the Group outstanding options to subscribe for 11,024,080 Shares, representing approximately 3.0% of the total issued Shares (excluding treasury shares) of the Company as at 31 December 2025 and as at the date of this annual report.
- (iii) to other grantees (excluding directors and the five highest paid individuals) of the Group outstanding options to subscribe for 7,634,779 Shares, representing approximately 2.1% of the total issued Shares (excluding treasury shares) of the Company as at 31 December 2025 and as at the date of this annual report.

Below is a list of the grantees of the outstanding options who are (i) Directors, (ii) senior management (other than connected persons), (iii) consultants and (iv) other employees, of the Company under the Pre-IPO Equity Incentive Plan.

Name and category of participant	Date of grant	Exercise Price	Fair value per share as of grant date	As of 1 January 2025	Number of options				As of 31 December 2025	Vesting Period	Exercise Period
					Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Forfeited during the Reporting Period			
Directors											
Ms. Zhang Lele	23 August 2019	US\$0.06	US\$0.26918	128,215	-	-	-	-	128,215	5 years ⁽¹⁾	10 years from the vesting commencement date
	26 February 2021	US\$0.396	US\$0.62362	6,988,325	-	-	-	-	6,988,325	5 years ⁽¹⁾	10 years from the vesting commencement date
	19 October 2022	US\$0.06	US\$1.19946	202,195	-	-	-	-	202,195	5 years and Performance-Based Vesting ⁽¹⁾⁽²⁾	10 years from the vesting commencement date
	19 October 2022	US\$0.396	US\$0.93300	49,965	-	-	-	-	49,965	5 years and Performance-Based Vesting ⁽¹⁾⁽²⁾	10 years from the vesting commencement date
Mr. Huang Yuqing	10 July 2021	US\$0.06	US\$0.95794	592,010	557,476 ⁽³⁾	-	-	-	34,534	5 years ⁽¹⁾	10 years from the vesting commencement date
	10 July 2021	US\$0.396	US\$0.70828	1,711,195	1,611,375 ⁽³⁾	-	-	-	99,820	5 years ⁽¹⁾	10 years from the vesting commencement date
	28 February 2022	US\$0.06	US\$1.29184	27,970	24,008 ⁽³⁾	-	-	-	3,962	5 years and Performance-Based Vesting ⁽¹⁾⁽²⁾	10 years from the vesting commencement date
Senior Management (Except for Ms. Zhang Lele and Mr. Huang Yuqing)											
Mr. Zhu Qi	28 February 2020	US\$0.06	US\$0.26918	1,714,285	-	-	-	-	1,714,285	5 years ⁽¹⁾	10 years from the vesting commencement date
	26 February 2021	US\$0.396	US\$0.62362	385,715	-	-	-	-	385,715	5 years ⁽¹⁾	10 years from the vesting commencement date
	28 February 2022	US\$0.06	US\$1.29184	29,320	-	-	-	-	29,320	5 years and Performance-Based Vesting ⁽¹⁾⁽²⁾	10 years from the vesting commencement date
Dr. Lei Lei	24 April 2020	US\$0.06	US\$0.26934	450,000	100,000 ⁽³⁾	-	-	-	350,000	5 years ⁽¹⁾	10 years from the vesting commencement date
	26 February 2021	US\$0.396	US\$0.62782	500,000	-	-	-	-	500,000	5 years ⁽¹⁾	10 years from the vesting commencement date
	28 February 2022	US\$0.06	US\$1.29184	20,220	-	-	-	-	20,220	5 years and Performance-Based Vesting ⁽¹⁾⁽²⁾	10 years from the vesting commencement date
Ms. Zhang Chunna	28 February 2020	US\$0.06	US\$0.26970	1,028,570	-	-	-	-	1,028,570	5 years ⁽¹⁾	10 years from the vesting commencement date
	26 February 2021	US\$0.396	US\$0.62782	271,430	-	-	-	-	271,430	5 years ⁽¹⁾	10 years from the vesting commencement date
	28 February 2022	US\$0.06	US\$1.29184	22,915	-	-	-	-	22,915	5 years and Performance-Based Vesting ⁽¹⁾⁽²⁾	10 years from the vesting commencement date

Name and category of participant	Date of grant	Exercise Price	Fair value per share as of grant date	As of 1 January 2025	Number of options				As of 31 December 2025	Vesting Period	Exercise Period
					Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Forfeited during the Reporting Period			
Ms. Xu Jingxin	15 September 2020	US\$0.06	US\$0.87714	308,570	-	-	-	-	308,570	5 years ⁽¹⁾	10 years from the vesting commencement date
	26 February 2021	US\$0.396	US\$0.64578	191,430	-	-	-	-	191,430	5 years ⁽¹⁾	10 years from the vesting commencement date
	28 February 2022	US\$0.06	US\$1.29184	17,525	-	-	-	-	17,525	5 years and Performance-Based Vesting ⁽¹⁾⁽²⁾	10 years from the vesting commencement date
Mr. Wu Jiaru	28 February 2020	US\$0.06	US\$0.26918	642,855	642,855 ⁽³⁾	-	-	-	-	5 years ⁽¹⁾	10 years from the vesting commencement date
	26 February 2021	US\$0.396	US\$0.62362	307,145	307,145 ⁽³⁾	-	-	-	-	5 years ⁽¹⁾	10 years from the vesting commencement date
	28 February 2022	US\$0.06	US\$1.29184	16,850	14,462 ⁽³⁾	-	-	-	2,388	5 years and Performance-Based Vesting ⁽¹⁾⁽²⁾	10 years from the vesting commencement date
Consultants											
Dr. Steven Brian Landau MD	23 August 2019	nil	US\$0.04040	1,097,145	-	-	-	-	1,097,145	Vested at the date of grant	10 years from the vesting commencement date
Ms. Zhang Jingyuan	15 September 2020	US\$0.06	US\$0.87690	34,285	-	-	-	-	34,285	5 years ⁽¹⁾	10 years from the vesting commencement date
Other employees	From 28 February 2020 to 19 October 2022	US\$0.06 to US\$0.396	US\$0.26888- US\$1.29184	5,378,030	121,245 ⁽³⁾	-	-	78,740	5,178,045	5 years or 5 years and Performance-Based Vesting ⁽¹⁾⁽²⁾	10 years from the vesting commencement date
Total				22,116,165	3,378,566	-	-	78,740	18,658,859		

Notes:

- (1) The Grantees will vest in twenty percent of the option on the one year anniversary of the vesting commencement date and an additional one sixtieth of the option upon each successive monthly anniversary (or if there is no corresponding day, on the last day of such month) for the next 48 months following such one-year anniversary, subject generally to the Grantees continuing to be an employee of the Company through each such date (the "Time-Based Vesting").
- (2) Subject to the fulfilment of the Time-Based Vesting set forth above, the Option only become vested on each Time-Based Vesting Date, subject to the Grantee's continued employment with the Company through the applicable Time-Based Vesting Date and the achievement of the applicable performance target for the applicable fiscal year of the Company ending immediately prior to the applicable Time-Based Vesting Date (the "Performance-Based Vesting", each such fiscal year, a "Fiscal Year", and each such performance target, a "Performance Target"). Each Performance Target shall be decided by the Company annually, initially the Performance Target shall be the Grantee has received at least three points in the Performance Target annual review.

- (3) During the Reporting Period, the weighted average closing price immediately before the date on which the share options were exercised for Mr. Huang Yuqing was approximately HK\$7.53 per Share. The weighted average closing price immediately before the date on which the share options were exercised for Dr. Lei Lei was approximately HK\$9.91 per Share. The weighted average closing price immediately before the date on which the share options were exercised for Mr. Wu Jiaru was approximately HK\$7.65 per Share. The weighted average closing price immediately before the date on which the share options were exercised for other employees was approximately HK\$9.89 per Share.

As at 1 January 2025, no share award was available for grant under the Pre-IPO Equity Incentive Plan. In connection with the listing of the Shares on the Stock Exchange on 12 June 2023, the Board has approved that upon listing, the Company will not grant any additional share awards under the Pre-IPO Equity Incentive Plan. Accordingly, no share award was available for grant under the Pre-IPO Equity Incentive Plan as at the Listing Date and 31 December 2025, respectively.

As at 31 December 2025, pursuant to the Pre-IPO Equity Incentive Plan, the Company had granted:

- (i) to directors, senior management and employees of the Group outstanding share awards to subscribe for 16,376,174 Shares, representing approximately 4.5% of the total issued Shares (excluding treasury shares) of the Company as at 31 December 2025 and as at the date of this annual report.
- (ii) to the five highest paid individuals of the Group outstanding share awards to subscribe for 8,034,345 Shares, representing approximately 2.2% of the total issued Shares (excluding treasury shares) of the Company as at 31 December 2025 and as at the date of this annual report.
- (iii) to other grantees (excluding directors and the five highest paid individuals) of the Group outstanding share awards to subscribe for 8,341,829 Shares, representing approximately 2.3% of the total issued Shares (excluding treasury shares) of the Company as at 31 December 2025 and as at the date of this annual report.

Below is a list of the grantees of the outstanding share awards who are (i) connected persons, (ii) senior management (other than connected persons), and (iii) other employees (who are all current employees but not Directors, members of senior management, consultants or connected persons of the Company) under the Pre-IPO Equity Incentive Plan.

Name and category of participant	Date of grant	Fair value per share as of grant date	As of 1 January 2025	Number of share awards				As of 31 December 2025	Vesting Period
				Vested ⁽³⁾ during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Forfeited during the Reporting Period		
Directors									
Ms. Zhang Lele	19 October 2022	US\$1.25838	4,624,039	2,312,019 ⁽⁴⁾	-	-	-	2,312,020	4 years and Performance-Based Vesting ⁽¹⁾⁽²⁾
	20 November 2022	US\$1.25840	562,500	187,500 ⁽⁴⁾	-	-	-	375,500	4.5 years and Performance-Based Vesting ⁽¹⁾⁽²⁾
Mr. Huang Yuqing	28 February 2022	US\$1.35096	1,580,100	1,185,074 ⁽⁴⁾	-	-	-	395,026	4 years and Performance-Based Vesting ⁽¹⁾⁽²⁾
	20 November 2022	US\$1.25840	838,725	419,362 ⁽⁴⁾	-	-	-	419,363	4.5 years and Performance-Based Vesting ⁽¹⁾⁽²⁾
Senior Management (Except for Ms. Zhang Lele and Mr. Huang Yuqing)									
Mr. Zhu Qi	28 February 2022	US\$1.35096	1,970,450	1,100,000 ⁽⁴⁾	-	-	-	870,450	4 years and Performance-Based Vesting ⁽¹⁾⁽²⁾
	20 November 2022	US\$1.25840	650,230	-	-	-	-	650,230	4.5 years and Performance-Based Vesting ⁽¹⁾⁽²⁾
Dr. Lei Lei	28 February 2022	US\$1.35096	1,857,205	1,000,000 ⁽⁴⁾	-	-	-	857,205	4 years and Performance-Based Vesting ⁽¹⁾⁽²⁾
	20 November 2022	US\$1.25840	422,575	-	-	-	-	422,575	4.5 years and Performance-Based Vesting ⁽¹⁾⁽²⁾
Ms. Zhang Chunna	28 February 2022	US\$1.35096	1,881,500	1,100,000 ⁽⁴⁾	-	-	-	781,500	4 years and Performance-Based Vesting ⁽¹⁾⁽²⁾
	20 November 2022	US\$1.25840	45,585	-	-	-	-	45,585	4.5 years and Performance-Based Vesting ⁽¹⁾⁽²⁾
Ms. Xu Jingxin	28 February 2022	US\$1.35096	1,932,915	1,000,000 ⁽⁴⁾	-	-	-	932,915	4 years and Performance-Based Vesting ⁽¹⁾⁽²⁾
	20 November 2022	US\$1.25840	799,560	-	-	-	-	799,560	4.5 years and Performance-Based Vesting ⁽¹⁾⁽²⁾
Mr. Wu Jiaru	28 February 2022	US\$1.35096	1,389,340	1,042,004 ⁽⁴⁾	-	-	-	347,336	4 years and Performance-Based Vesting ⁽¹⁾⁽²⁾
	20 November 2022	US\$1.25840	393,810	196,905 ⁽⁴⁾	-	-	-	196,905	4.5 years and Performance-Based Vesting ⁽¹⁾⁽²⁾
Other employees	From 1 December 2021 to 20 November 2022	US\$1.25838- US\$1.35096	11,449,165	2,954,866 ⁽⁴⁾	-	-	1,523,795	6,970,504	4 years and Performance-Based Vesting or 4.5 years and Performance-Based Vesting ⁽¹⁾⁽²⁾
Total			30,397,699	12,497,730	-	-	1,523,795	16,376,174	

Notes:

- (1) 25% of the restricted shares units (the “**RSUs**”) shall vest on the one year anniversary (or for share awards granted in November 2022, one and a half years anniversary) of the vesting commencement date and an additional 25% of the RSUs upon each successive one year anniversary for the next 3 years following such one-year anniversary, subject generally to the Awardees continuing to be an employee of the Company through each such date.
- (2) Subject to the fulfilment of the Time-Based Vesting set forth above, the Share Awards only become vested on each Time-Based Vesting Date, subject to the Grantee’s continued employment with the Company through the applicable Time-Based Vesting Date and the achievement of the applicable performance target for the applicable fiscal year of the Company ending immediately prior to the applicable Time-Based Vesting Date (the “**Performance-Based Vesting**”, each such fiscal year, a “**Fiscal Year**”, and each such performance target, a “**Performance Target**”). Each Performance Target shall be decided by the Company annually, initially the Performance Target shall be the Grantee has received at least three points in the Performance Target annual review.
- (3) According to the Pre-IPO Equity Incentive Plan, upon vesting of the share awards, the participants are required to pay the stipulated purchase price before the Company issues certificates evidencing the Shares awarded pursuant to the share awards. The consideration paid upon delivery of each Share underlying the share awards is US\$0.00002.
- (4) During the Reporting Period, the weighted average closing price immediately before the date on which the share options were exercised for Mr. Zhang Lele was approximately HK\$7.53 per Share. The weighted average closing price immediately before the date on which the share options were exercised for Mr. Huang Yuqing was approximately HK\$7.53 per Share. The weighted average closing price immediately before the date on which the share options were exercised for Mr. Zhu Qi was approximately HK\$7.75 per Share. The weighted average closing price immediately before the date on which the share options were exercised for Dr. Lei Lei was approximately HK\$7.53 per Share. The weighted average closing price immediately before the date on which the share options were exercised for Ms. Zhang Chunna was approximately HK\$7.75 per Share. The weighted average closing price immediately before the date on which the share options were exercised for Ms. Xu Jingxin was approximately HK\$7.53 per Share. The weighted average closing price immediately before the date on which the share options were exercised for Mr. Wu Jiaru was approximately HK\$7.53 per Share. The weighted average closing price immediately before the date on which the share options were exercised for other employees was approximately HK\$7.10 per Share.

2. Post-IPO Equity Incentive Plan

The Post-IPO Equity Incentive Plan was conditionally approved and adopted in compliance with Chapter 17 of the Listing Rules by resolution of our then shareholders on 30 May 2023.

(a) *Purpose*

The purpose of the Post-IPO Equity Incentive Plan is to incentivize and reward the Eligible Participants (as defined below) for their contribution to the Group and to align their interests with that of our Company so as to encourage them to work towards enhancing the value of our Company.

(b) *Eligible Participants*

The Board (which expression shall, for the purpose of this paragraph, include the Board or a duly authorized committee thereof) may, at its absolute discretion, offer to grant an option or a share award to subscribe for such number of Shares as the Board may determine to (a) an employee (whether full time or part-time) or a director of our Company or any of its subsidiaries (the “**Eligible Employee(s)**”) and (b) a consultant who provides services to the Group on a continuing and recurring basis in its ordinary and usual course of business which are material to the long term growth of the Group (“**Service Provider(s)**”, together with the Eligible Employees referred as the “**Eligible Participant(s)**”).

For the avoidance of doubt, Service Providers shall exclude placing agents or financial advisers providing advisory services for fundraising, mergers or acquisitions, and any professional service providers such as auditors or valuers.

The eligibility of any Eligible Employees shall be determined by the Board from time to time on the basis of the Board's opinion as to, among others, the participant's individual performance, time commitment, responsibilities or employment conditions according to the prevailing market practice and industry standard, the length of engagement with the Group and the actual or potential contribution to the development and growth of the Group.

The eligibility of any Service Providers shall be determined by the Board from time to time on the basis of the Board's opinion as to, among others, their contribution to the development and growth of the Group, the prevailing market practice and industry standard, the actual degree of involvement in and/or cooperation with the Group and length of collaborative relationship the Service Providers has established with the Group, and the amount of support, assistance, guidance, advice, efforts and contributions the Service Providers has exerted and given towards the success of the Group, and/or whether the person is regarded as a valuable consultant of the Group, taking into account the knowledge, experience, qualification, expertise and reputation of the Service Providers or other relevant factors (including without limitation technical know-how, market competitiveness, synergy between him/her and the Group and his/her strategic value).

(c) *Maximum number of Shares*

- (i) Subject to paragraphs (iv) and (v) below, the total number of Shares which may be issued upon exercise of all options and share awards to be granted under the Post-IPO Equity Incentive Plan shall not in aggregate exceed 10% of the relevant class of Shares in issue on the day on which trading of the Shares commences on the Stock Exchange (the "**Plan Mandate Limit**"), being 30,402,446 Shares. Options and share awards lapsed in accordance with the terms of the Post-IPO Equity Incentive Plan will not be counted for the purpose of calculating the Plan Mandate Limit. As at 1 January 2025, 31 December 2025 and the date of this annual report, the number of options and share awards available for grant under the Post-IPO Equity Incentive Plan mandate was 30,402,446 Shares, representing 8.4% of the issued Shares (excluding treasury shares) of the Company.
- (ii) Subject to paragraph (i) above, within the Plan Mandate Limit, the total number of Shares which may be issued upon exercise of all options and share awards to be granted to Service Providers shall not exceed 1% of the relevant class of Shares in issue on the day on which trading of the Shares commences on the Stock Exchange, being 3,040,244 Shares (the "**Service Providers Sublimit**"). As at 1 January 2025, 31 December 2025 and the date of this annual report, the Service Providers Sublimit available for grant under the Post-IPO Equity Incentive Plan mandate was 3,040,244 Shares representing 0.84% of the issued Shares (excluding treasury shares) of the Company.

- (iii) Subject to paragraph (iv) below, the Plan Mandate Limit and the Service Providers Sublimit may be refreshed at any time after three years from the date of Shareholders' approval for the last refreshment (or the date on which the Post-IPO Equity Incentive Plan is adopted, as the case may be) by approval of the Shareholders in general meeting provided that (1) any controlling shareholders and their associates (or if there is no controlling shareholder, directors (excluding independent non-executive directors) and the chief executive of our Company and their respective associates) must abstain from voting in favor of the relevant resolution at the general meeting; and (2) our Company must comply with the requirements under Rules 13.39(6), 13.39(7), 13.40, 13.41 and 13.42 of the Listing Rules. The requirements under (1) and (2) of this paragraph do not apply if the refreshment is made immediately after an issue of securities by our Company to the Shareholders on a pro rata basis as set out in Rule 13.36(2)(a) of the Listing Rules such that the unused part of the plan mandate (as a percentage of the relevant class of Shares in issue) upon refreshment is the same as the unused part of the plan mandate immediately before the issue of securities, rounded to the nearest whole Share.
- (iv) The total number of Shares which may be issued upon exercise of all options and share awards to be granted under the Post-IPO Equity Incentive Plan and any other plans of our Company under the plan mandate as refreshed must not exceed 10% of the relevant class of Shares in issue as at the date of approval of the refreshed plan mandate.
- (v) Without prejudice to paragraph (iv) above, our Company may seek separate Shareholders' approval in a general meeting to grant options and/or share awards beyond the Plan Mandate Limit to participants specifically identified by our Company before such approval is sought. In such event, our Company must send a circular to its Shareholders containing a general description of the specified participants, the number and terms of options and/or share awards to be granted, the purpose of granting options and/or share awards to the specified participants with an explanation as to how the terms of the options and/or share awards will serve such purpose and all other information required under the Listing Rules.

(d) *Maximum entitlement of a grantee*

Where any grant of options or share awards to a participant would result in the Shares issued and to be issued upon exercise of all options and/or share awards granted and to be granted to such participant (excluding any options and share awards lapsed in accordance with the terms of the Post-IPO Equity Incentive Plan) in the 12-month period up to and including the date of such grant representing in aggregate over 1% of the relevant class of Shares in issue (excluding treasury shares), such grant must be separately approved by the Shareholders in general meeting with such participant and his/her close associates (or his/her associates if the participant is a connected person) abstaining from voting. The number and terms (including the exercise price) of options and/or share awards to be granted to such participant must be fixed before Shareholders' approval.

(e) *Subscription price*

The amount (if any) payable by a participant upon application or acceptance of a share option shall be determined by the Board at its sole discretion. The amount payable for each Share to be subscribed for under an option (the "**Subscription Price**") in the event of the option being exercised shall be determined by the Board or a duly authorized committee thereof at its absolute discretion, which shall be not less than the highest of:

- (i) the nominal value of a Share;

- (ii) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a business day; and
- (iii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant.

The amount payable for each Share to be subscribed for under a share award (the "**Purchase Price**") shall be determined by the Board or a duly authorized committee thereof at its absolute discretion, based on considerations such as the prevailing closing price of the Shares, the purpose of the share award and the contribution of the Eligible Participant.

(f) *Vesting period*

An offer of the grant of an option or a share award shall be made to any Eligible Participants by letter in such form as the Board or a duly authorized committee thereof may from time to time determine specifying the number of Shares, the vesting period, the subscription price, the option period, the date by which the grant must be accepted and further requiring the Eligible Participants to hold the option or share award on the terms on which it is to be granted and to be bound by the provisions of the Post-IPO Equity Incentive Plan.

(g) *Exercise period*

An option or a share award are may be exercised in accordance with the terms of the Post-IPO Equity Incentive Plan at any time during a period to be determined and notified by the Board to each grantee, which period may commence on a day falling at least 12 months after the date upon which the offer for the grant of options or share awards are made but shall end in any event not later than 10 years from the date on which an option or a share award are offered to a participant, subject to the provisions for early termination under the Post-IPO Equity Incentive Plan. The minimum period for which an option or a share award must be held before it can be vested or exercised (if applicable) shall be 12 months from the date of grant of such option or share award.

(h) *Duration*

The Post-IPO Equity Incentive Plan shall be valid and effective for a period of 10 years commencing on the date when the Post-IPO Equity Incentive Plan becomes unconditional, after which period no further options or share awards will be granted by the provisions of the Post-IPO Equity Incentive Plan, but the provisions of the Post-IPO Equity Incentive Plan shall remain in full force and effect to the extent necessary to give effect to the exercise of any options or share awards granted prior thereto or otherwise as may be required in accordance with the provisions of the Post-IPO Equity Incentive Plan.

No options or share awards had been granted or agreed to be granted under the Post-IPO Equity Incentive Plan from the Listing Date and up to 31 December 2025. Options and share awards to subscribe for 30,402,446 Shares remained available for grant as at both the Listing Date and 31 December 2025.

(i) *Period of the Post-IPO Equity Incentive Plan*

The Post-IPO Equity Incentive Plan is effective for a period of 10 years from 30 May 2023 and the remaining life of the Post-IPO Equity Incentive Plan as of the date of this annual report is around 7 years.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2025, the Group recognized revenue of RMB336 million. Our customers mainly include commercial customers and distributors with good scale advantages (or group customers). During the Reporting Period, sales from the Group's five largest customers accounted for approximately 57.6% (2024: 47.4%) of the Group's total sales amount. The Group's largest customer for the year ended 31 December 2025 accounted for approximately 27.0% of the Group's total sales amount for the same year (2024: 26.1%). The Board believes that there was no material reliance on major customers and no material related risk was noted in the Reporting Period.

For the year ended 31 December 2025, purchases from the Group's five largest suppliers accounted for approximately 29.6% (2024: 39.5%) of the Group's total purchase amount. The Group's largest supplier for the year ended 31 December 2025 accounted for approximately 9.0% (2024: 12.7%) of the Group's total purchase amount for the same year.

None of the Directors, their respective close associates, or any shareholder of the Company (which to the knowledge of the Directors owns more than 5% of the Company's issued share capital) has any interest in any of the Group's five largest customers or suppliers.

During the year ended 31 December 2025, the Group did not experience any significant disputes with its customers or suppliers.

RELATIONSHIP WITH EMPLOYEES, SUPPLIERS AND CUSTOMERS

The Group understands the importance of maintaining a good relationship with its employees, suppliers, customers and other stakeholders to meet its immediate and long-term goals. The Group will continue to ensure effective communication and maintain good relationship with each of its key stakeholders.

MANAGEMENT CONTRACTS

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

SUBSIDIARIES

Particulars of the Company's subsidiaries are set out in note 1 to the consolidated financial statements in this annual report.

BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Group as at 31 December 2025 are set out in note 24 to the consolidated financial statements in this annual report.

LOAN AGREEMENT

During the Reporting Period, the Company had not breached any terms of its loan agreements for loans that are significant to its operations.

PERMITTED INDEMNITY

Pursuant to the Articles of Association and subject to the applicable laws and regulations, every Director shall be indemnified and secured harmless out of the assets and profits of the Company against all actions, costs, charges, losses, damages and expenses which they or any of them may incur or sustain in or about the execution of their duty in their offices.

The Company has arranged appropriate liability insurance coverage for the Directors and senior management of the Group during the year ended 31 December 2025.

RESULTS AND DIVIDEND

The results of the Group for the Reporting Period are set out in the consolidated financial statements on pages 77 to 137 of this annual report. The Board does not recommend any payment of final dividend for the year ended 31 December 2025.

SHARE CAPITAL

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

RESERVES

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

Details of the movements in the reserves of the Group and the Company during the Reporting Period are set out in page 80 and note 34, respectively, to the consolidated financial statements in this annual report.

DONATIONS

During the Reporting Period, the Group did not make any material charitable donations (2024: nil).

DEBENTURE ISSUED

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

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the Reporting Period are set out in note 14 to the consolidated financial statements in this annual report.

USE OF PROCEEDS FROM LISTING

An analysis on the use of proceeds from listing is set out in the “Management Discussion and Analysis” section on pages 8 to 19 of this annual report.

USE OF PROCEEDS FROM PLACING

An analysis on the use of proceeds from the Placing is set out in the “Management Discussion and Analysis” section on pages 8 to 19 of this annual report.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES OF THE COMPANY

In 2024, the Company has repurchased a total of 1,362,600 Shares (the “Repurchased Shares”) on the Stock Exchange.

As of 31 December 2025, the 1,362,600 Repurchased Shares were accounted for as treasury shares of being used for incentives for eligible participants, sale or transfer to obtain liquidity and other purposes.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities (including sale of treasury shares) for the year ended 31 December 2025.

EQUITY-LINKED AGREEMENTS

Save for the Pre-IPO Equity Incentive Plan as set out in this annual report, no equity-linked agreements were entered into by the Company, or existed during the Reporting Period.

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The annual general meeting will be held on Friday, 26 June 2026. A notice convening the annual general meeting is expected to be published and despatched to the Shareholders in due course in accordance with the requirements of the Listing Rules.

For determining the qualification as members of the Company to attend and vote at the annual general meeting, the register of members of the Company will be closed from Tuesday, 23 June 2026 to Friday, 26 June 2026, both dates inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the annual general meeting, non-registered holders of Shares shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Monday, 22 June 2026. The Shareholders whose names appear on the register of members of the Company on Friday, 26 June 2026 are entitled to attend and vote at the annual general meeting.

CORPORATE GOVERNANCE

A report on the principle corporate governance practices adopted by the Company is set out in the "Corporate Governance Report" on pages 21 to 41 of this annual report.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available and within the knowledge of the Directors, the Company maintained the prescribed public float of 25% as required by Rule 8.08 of the Listing Rules from the beginning of the Reporting Period to the date of this annual report.

TAX RELIEF AND EXEMPTION OF HOLDERS OF LISTED SECURITIES

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

PRE-EMPTIVE RIGHTS

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

FINANCIAL SUMMARY

A summary of the results and assets and liabilities of the Group for the most recent three years is set out in the section headed "Financial Summary" on page 20 of this annual report.

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

As of the date of this annual report, the Company did not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its own code of conduct regarding securities transactions by the Directors, its employees or a director or employee of a subsidiary or holding company who, because of such office or employment, is likely to possess inside information in relation to the Issuer or its Shares. Having made specific enquiries with all Directors, each of them has confirmed that he/she has complied with the Model Code for the year ended 31 December 2025. No incident of non-compliance of the Model Code by the employees who are likely to be in possession of inside information of the Company was noted by the Company.

AUDITOR

There has been no change in auditor since the Listing Date. The consolidated financial statements for the year ended 31 December 2025 have been audited by Ernst & Young, Certified Public Accountants and Registered Public Interest Entity Auditor, who are proposed for re-appointment at the forthcoming annual general meeting of the Company.

On Behalf of the Board
Cutia Therapeutics
Zhang Lele
Chief Executive Officer and Executive Director

Hong Kong, 24 March 2026

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Executive Directors

Ms. Zhang Lele (張樂樂), aged 48, is our founder. She was appointed as our Director on 12 May 2020 and was re-designated as our executive Director on 15 November 2022. Ms. Zhang has been serving as our CEO since 1 September 2019, and as the chief executive officer of Cutia Shanghai, Aurora Cutis and Cutia Wuxi since September 2019, November 2020 and December 2020 respectively. Ms. Zhang has been serving as a director of Cutia HK, Cutia Shanghai, Aurora Cutis, Cutia Wuxi and Chongqing Lehao since June 2020, November 2020, November 2020, December 2020 and November 2022 respectively. Ms. Zhang is responsible for overall strategic planning, business direction, operational management, and supervision of the senior management of the Group.

Ms. Zhang has worked in the pharmaceutical industry for approximately 20 years, accumulating a wealth of first-hand experience in the industry with a proven track record of success. Prior to joining the Group, Ms. Zhang served as an assistant business development manager at Shanghai Novartis Trading Co., Ltd (上海諾華貿易有限公司) from June 2008 to June 2011. She has worked in Eisai China Inc. (衛材(中國)藥業有限公司), which is wholly owned by Eisai Co., Ltd., a Japanese pharmaceutical company listed on the Tokyo Stock Exchange (stock code: 4523) as (i) the senior strategic alliance manager responsible for management of alliance products from September 2011 to October 2012, (ii) the vice president of management and development excellence department responsible for sales and marketing training and online promotion from November 2012 to August 2014, (iii) head of optimization and development department responsible for business development, sales and marketing training from September 2014 to February 2015, and (iv) the head of strategic alliances responsible for sales of products from strategic alliances from March 2015 to September 2016. From October 2016 to April 2019, she has served as the head of strategic projects department in Santen Pharmaceutical (China) Co., Ltd. (參天製藥(中國)有限公司) where she was responsible for overall management.

Ms. Zhang obtained a bachelor's degree in pharmaceutical preparations from Shenyang Pharmaceutical University (瀋陽藥科大學) in the PRC in July 2000, and a master's degree in pharmacology from Shanghai Institute of Pharmaceutical Industry (上海醫藥工業研究院) in the PRC in July 2005.

Mr. Huang Yuqing (黃雨青), aged 36, was appointed as our executive Director on 15 November 2022. Mr. Huang has been serving as our CFO since 10 May 2021. Mr. Huang is responsible for overall strategic planning, investment and financing, mergers and acquisitions, capital markets and investor relations of the Group.

Prior to joining the Group, Mr. Huang had served as the lead analyst for Greater China Healthcare Research at Jefferies Hong Kong Limited from February 2017 to March 2018. He was recognized as one of the Top Three Best Analysts in the healthcare industry by the Institutional Investor All-China Research Team Survey in 2017. From March 2018 to October 2019, he worked in Kintor Pharmaceutical Limited (開拓藥業有限公司), a clinical-stage novel drug developing company listed on the Stock Exchange (stock code: 9939), as the chief financial officer and chief business officer. He had also worked at Harvest Global Investments Limited (嘉實國際資產管理有限公司), with his last position as an analyst from May 2020 to May 2021.

Mr. Huang obtained a bachelor's degree in communication studies from Fudan University (復旦大學) in the PRC in July 2014.

Non-executive Directors

Dr. Chen Lian Yong (陳連勇), aged 63, was appointed as our Director and the chairman of our Board on 23 August 2019, and was re-designated as our non-executive Director on 15 November 2022. Dr. Chen is currently the chairman of the Nomination Committee and a member of the Remuneration Committee. He is primarily responsible for providing strategic advice and recommendations on the operations and management of the Group.

Dr. Chen has more than 20 years of experience in the life sciences and medical-related industries. He is currently the founding managing partner and chief executive officer of 6 Dimensions Capital (通和毓承), the private equity fund management company under which the Controlling Shareholders are managed. He has been the founder and managing partner of Frontline BioVentures (Hong Kong) Limited since 2012 and a partner at Eight Roads Capital Advisors (Hong Kong) Limited (formerly known as FIL Capital Management (Hong Kong) Limited) from May 2008 to March 2014, as well as an executive director and general manager of Frontline BioVentures (Shanghai) Limited (崇凱創業投資諮詢(上海)有限公司) since September 2013.

Dr. Chen has been the chairman of Ocumension Therapeutics (歐康維視生物), a company primarily engaged in ophthalmic therapies and listed on the Hong Kong Stock Exchange (stock code: 1477), since May 2018 and was re-designated from executive director to non-executive director with effect from 20 July 2021. He has been a director of 111, Inc. (111 集團), an internet medical and health company listed on the Nasdaq Stock Market (stock code: YI), from May 2019 to November 2024. Dr. Chen was a non-executive director of Xikang Cloud Hospital Holdings Inc. (熙康雲醫院控股有限公司) (former name: Neusoft Xikang Holdings Inc. (東軟熙康控股有限公司)) from December 2019 to April 2025, a company primarily engaged in cloud hospital platform and listed on the Hong Kong Stock Exchange (stock code: 9686).

Dr. Chen obtained a bachelor's degree in chemistry from Peking University (北京大學) in the PRC in July 1984. He obtained his Ph.D. in chemistry with grand distinction from the Catholic University of Louvain in Belgium in June 1991. He conducted postdoctoral research in chemistry at the Massachusetts Institute of Technology in the United States from August 1991 to December 1992.

Dr. Xie Qin (謝沁), aged 45, was appointed as our Director on 23 August 2019, and was re-designated as our non-executive Director on 15 November 2022. She is a member of the Nomination Committee. She is primarily responsible for providing strategic advice and recommendations on the operations and management of the Group.

Dr. Xie has more than 10 years of experience in the pharmaceuticals-related industry. Prior to joining the Group, Dr. Xie has served as a senior investment manager in Shanghai Pharmaceuticals Holding Co. Ltd. (上海醫藥集團股份有限公司), a company primarily engaged in pharmaceutical industry and listed on both the Shanghai Stock Exchange (stock code: 601607) and the Hong Kong Stock Exchange (stock code: 2607), from November 2010 to December 2012. From September 2013 to December 2015, she had served as a business development manager in Huizheng (Shanghai) Pharmaceutical Technology Co., Ltd. (輝正(上海)醫藥科技有限公司), a subsidiary of Zhejiang Hisun Pharmaceutical Co., Ltd. (浙江海正藥業股份有限公司), a pharmaceutical company listed on the Shanghai Stock Exchange (stock code: 600267). From January 2016 to August 2017, she had served at 6 Dimensions Venture Consultant (Shanghai) Co., Ltd. (毓承投資諮詢(上海)有限公司). Since September 2017, she has worked in Frontline BioVentures (Shanghai) Limited (崇凱創業投資諮詢(上海)有限公司) with her current position as managing partner, primarily overseeing its overall strategic development. Since January 2025, Dr Xie was a non-executive director of Ocumension Therapeutics (歐康維視生物), a company primarily engaged in ophthalmic therapies and listed on the Hong Kong Stock Exchange (stock code: 1477).

Dr. Xie obtained a bachelor's degree in clinical medicine from the Xi'an Jiaotong University (西安交通大學) in the PRC in July 2003. She then received her master's degree in pharmacology and doctorate degree in pharmacology from University of Oxford in the United Kingdom in September 2004 and April 2011, respectively.

Mr. Lu Minfang (盧敏放), aged 57, was appointed as our non-executive Director on 30 December 2025. He is primarily responsible for providing strategic advice and recommendations on the operations and management of the Group.

Mr. Lu has been the partner of Yunfeng Investment Management (HK) Limited (“**Yunfeng**”) since June 2025. Prior to joining Yunfeng, Mr. Lu has served as an executive director of China Mengniu Dairy Company Limited (中國蒙牛乳業有限公司*), a company listed on the Stock Exchange (stock code: 2319), from September 2016 to October 2024, and as its chief executive officer from September 2016 to March 2024. Mr. Lu has been the chairman and a non-executive director of Yashili International Holdings Limited (雅士利國際控股有限公司) (Delisted, previous stock code: 1230), a company previously listed on the Stock Exchange and was privatised and delisted in 2023, from September 2016 to September 2023, and a non-independent director of Shanghai Milkground Food Tech Co., Ltd. (上海妙可藍多食品科技股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600882), from September 2021 to May 2024. Mr. Lu was a non-executive director of China Shengmu Organic Milk Limited (中國聖牧有機奶業有限公司), a company listed on the Stock Exchange (stock code: 1432), from July 2021 to May 2024. Mr Lu was also the chairman and a non-executive director of China Modern Dairy Holdings Ltd. (中國現代牧業控股有限公司), a company listed on the Stock Exchange (stock code: 1117), from March 2017 to February 2023. From February 2005 to September 2016, Mr. Lu served as vice president (Greater China) of Danone Early Life Nutrition Greater China, and worked at Danone S.A. and its subsidiaries and Dumex Baby Food Co., Ltd. From October 1995 to February 2005, Mr. Lu served at Johnson & Johnson (China) Company Limited as a marketing manager.

Mr. Lu obtained his bachelor's degree in biochemistry from Fudan University (復旦大學) in Shanghai in July 1991.

Ms. Yang Yunxia (楊雲霞), aged 52, was appointed as our Director on 26 August 2020, and was re-designated as our non-executive Director on 15 November 2022. She is primarily responsible for providing strategic advice and recommendations on the operations and management of the Group.

Ms. Yang is a partner of HongShan. Prior to joining HongShan in May 2015, Ms. Yang successively served as an investment manager and a vice president in Legend Capital Co., Ltd. (君聯資本管理股份有限公司) from April 2011 to May 2015. From December 2009 to April 2011, she worked in Johnson & Johnson, a company listed on the New York Stock Exchange (stock code: JNJ).

Ms. Yang obtained a master's degree in clinical medicine from Tongji Medical University (同濟醫科大學) (currently known as Tongji Medical College of Huazhong Technology University (華中科技大學)) in the PRC in July 1997, and a master's degree of business administration from Duke University in the United States in May 2009.

* For identification purpose only

Independent Non-executive Directors

Mr. Chung Ming Kit (鍾明杰), aged 48, has been appointed as an independent non-executive Director with effect from the Listing Date. He is the chairman of the Audit Committee, a member of the Remuneration Committee and a member of the Nomination Committee. He is primarily responsible for supervising and providing independent advice on the operations and management of the Group.

Mr. Chung has over 20 years of experience in finance, accounting and management. He served as an auditor at Deloitte Touche Tohmatsu (德勤會計事務所) from September 2001 to April 2006. From June 2006 to March 2008, he served as the financial executive manager of Tomoike Industrial (HK) Ltd. (香港友池有限公司), a subsidiary of CDW Holding Limited (CDW 控股有限公司), a company listed on the Singapore Exchange Securities Trading Limited (stock code: BXE). He worked in China Medical Technologies Inc. (中國醫療技術公司), a company previously listed on Nasdaq Stock Market (stock code: CMED) and delisted on February 2012, from April 2008 to January 2012, with his last position held as the group financial controller. And he worked at I.T. Limited, a company previously listed on the Hong Kong Stock Exchange (stock code: 999) and delisted on April 2021 due to privatization, from April 2012 to January 2014, with his last position held as the financial controller. From January 2014 to July 2017, he served as the chief financial officer and company secretary in China Fordoo Holdings Limited (中國虎都控股有限公司) (currently known as China Anchu Energy Storage Group Limited (中國安儲能源集團有限公司)), a menswear company listed on the Hong Kong Stock Exchange (stock code: 2399). From July 2017 to July 2019, he worked at New World Department Store China Limited (新世界百貨中國有限公司), a company listed on the Hong Kong Stock Exchange (stock code: 825), where his last position was the chief financial officer. From September 2020 to September 2022, he served as the financial controller in Arredamenti Company Limited, and has been a non-executive director in Arredamenti Company Limited from September 2022 to December 2023. From September 2022 to July 2024, he also has been a chief financial officer in Computime Group Limited, a company listed on the Hong Kong Stock Exchange (Stock Code: 320) and he has been a company secretary from January 2024 to July 2024. Since December 2024, he is the chief financial officer in Sasa International Holdings Limited (a company listed on the Hong Kong Stock Exchange with stock code: 178) and has been a company secretary and executive director since April 2025 and June 2025, respectively.

Mr. Chung obtained a bachelor's degree of business administration in accounting from Hong Kong University of Science and Technology in Hong Kong in November 2001. He obtained a certificate of membership from the Hong Kong Institute of Certified Public Accountants in January 2005 and then a fellow in October 2014. He was qualified as a chartered financial analyst in September 2008, granted by the Board of Governors of CFA Institute.

Mr. Zhang Zhisong (張志嵩), aged 42, was appointed as our independent non-executive Director on 28 August 2025. He is a member of the Audit Committee and a member of the Nomination Committee. He is primarily responsible for providing strategic advice and recommendations on the operations and management of the Group.

Mr. Zhang became part of TUHU Car Inc. (the "TUHU Car") in July 2021 and served as the deputy chief financial officer and senior vice president from July 2021 to July 2022. He has held the role of the chief financial officer of TUHU Car since July 2022. Prior to joining TUHU Car, Mr. Zhang served as executive director at Goldman Sachs (Asia) L.L.C. from 2018 to 2021. Prior to that, Mr. Zhang served as vice president at Citigroup Global Markets Asia Limited from 2015 to 2018 and associate at Merrill Lynch (Asia Pacific) Ltd. from 2014 to 2015. He also worked at Deutsche Bank AG as an associate from 2008 to 2014.

Mr. Zhang received his master's degree in management from Cass Business School in the United Kingdom in October 2008.

Mr. Ye Xiaoxiang (葉曉翔), aged 51, has been appointed as an independent non-executive Director with effect from the Listing Date. He is the chairman of the Remuneration Committee, a member of the Audit Committee and a member of the Nomination Committee. He is primarily responsible for supervising and providing independent advice on the operations and management of the Group.

From October 2003 to March 2016, Mr. Ye held various positions at Eisai China Holdings Ltd., a company wholly owned by Eisai Co., Ltd., a Japanese pharmaceutical company listed on the Tokyo Stock Exchange (stock code: 4523), including legal manager, senior director of the department of legal and compliance, and head of administration division, where he was mainly responsible for legal and compliance affairs. Since April 2016, Mr. Ye served as a vice president and general counsel in Eisai China Holdings Ltd. of China region.

Mr. Ye obtained a bachelor's degree in engineering from Southwest Jiaotong University (西南交通大學) in the PRC in July 1996. He obtained a master's degree in law from Nankai University (南開大學) in the PRC in July 2003. He obtained the Certificate of National Legal Professional Qualification issued by the Ministry of Justice of the PRC in September 2002, and the Certificate of Patent Agent Qualification issued by the China National Intellectual Property Administration in March 2003.

SENIOR MANAGEMENT

Ms. Zhang Lele (張樂樂), aged 48, is our founder, executive Director and CEO. For more details of her biography, see “—Directors – Executive Directors” above.

Mr. Huang Yuqing (黃雨青), aged 36, is our executive Director and CFO. For more details of his biography, see “—Directors – Executive Directors” above.

Mr. Zhu Qi (朱琦), aged 53, joined our Group on 9 September 2019 and has been serving as the chief medical officer of our Group since then. He is primarily responsible for clinical operations, medical, pharmacovigilance, clinical pharmacology, statistics and data management, and medical support for product development and lifecycle management of the Group.

Mr. Zhu has more than 20 years of experiences in the medical industry. Prior to joining our Group, Mr. Zhu worked in Shanghai Johnson & Johnson Pharmaceuticals Ltd. (上海強生製藥有限公司) from August 2001 to May 2005. He then worked in Shanghai Roche Pharmaceuticals Limited (上海羅氏製藥有限公司) from May 2005 to July 2006 and worked in Nanjing Organon Pharmaceutical Co., Ltd. Shanghai Branch (南京歐加農製藥有限公司上海分公司) from August 2006 to April 2007. From May 2007 to September 2010, Mr. Zhu worked in Baxter (China) Investment Co., Ltd. (百特(中國)投資有限公司), where he is responsible for medical affairs in Hong Kong and Chinese Mainland. He then served as director of medical affair in Shandong Bausch & Lomb Freda Pharmaceutical Co., Ltd, a subsidiary of Bausch + Lomb Corporation, a company listed on the New York Stock Exchange (stock code: BLCO), and Biogen Idec Pharmaceutical Consultancy (Shanghai) Company Limited (百健艾迪醫藥諮詢(上海)有限公司), from October 2010 to March 2013. From September 2013 to September 2015, he worked in AbbVie Pharmaceutical Trading (Shanghai) Co., Ltd. (艾伯維醫藥貿易(上海)有限公司) as a medical affair associate director. Mr. Zhu also served as a medical affair director in the Shanghai branch of Wyeth Pharmaceutical Co., Ltd. (惠氏製藥有限公司上海分公司) from September 2015 to January 2018 and in Menarini (China) Investment Co. (美納裏尼(中國)投資有限公司) from February 2018 to August 2019.

Mr. Zhu obtained a bachelor's degree in Chinese medicine and a master's degree in Chinese medicine Surgery from Shanghai University of Traditional Chinese Medicine (上海中醫藥大學) in the PRC in July 1995 and July 2001, respectively. He also obtained a master's degree of business administration from the Joint MBA program of Shanghai University of Finance and Economics-Webster University (上海財經大學—美國韋伯斯特大學合作培養工商管理碩士項目) in the PRC in December 2005.

Dr. Lei Lei (雷磊), aged 41, joined our Group on 10 January 2020 and has been serving as the president of research and development department of our Group since January 2025. He is primarily responsible for the overall research and development work of the Group.

Dr. Lei has over 10 years of experiences in the development of medical/pharmaceutical products. Prior to joining the Group, Dr. Lei served as a senior product development engineer responsible for development of medical products in 3M Medical Devices and Materials Manufacturing (Shanghai) Co., Ltd (明尼蘇達礦業製造醫用器材(上海)有限公司) from October 2012 to January 2017. From January 2017 to January 2020, he worked as a senior scientist and then a principal scientist in Shanghai Johnson & Johnson Pharmaceuticals Ltd. (上海強生製藥有限公司).

Dr. Lei obtained a bachelor's degree in Pharmaceutical Engineering and master's degree in Biochemistry and Molecular Biology from Southwest Jiaotong University (西南交通大學) in the PRC in July 2006 and in December 2008, respectively. He also obtained a doctor's degree in Pharmaceutical Science from Shanghai Jiao Tong University (上海交通大學) in the PRC in January 2013. He has been a member of the Industrial Pharmaceutics Group of the Shanghai Pharmaceutical Society 2020 Pharmaceutics Special Committee (上海市藥學會 2020 藥劑學專委會工業藥劑學組) since June 2021.

Ms. Zhang Chunna (張春娜), aged 47, joined our Group on 10 October 2019 and has been serving as the president of regulatory affairs department our Group since January 2025. She is primarily responsible for the development and registration of the Company's products, the establishment and compliance management of product lines and research and development platforms of the Group.

Ms. Zhang has more than 15 years of experiences in the research and development pharmaceutical industry. Prior to joining the Group, Ms. Zhang served as an intermediate research and development staff in Shanghai Institute of Pharmaceutical Industry (上海醫藥工業研究院有限公司) from April 2004 to March 2006. From April 2006 to December 2009, she served as a department director in Beijing Hanmi Pharmaceutical Co., Ltd. (北京韓美藥品有限公司) where she was mainly responsible for development and manufacture of new drugs. From January 2010 to November 2010 and from November 2010 to October 2019, she served as a manager of product development department in Senju Pharmaceutical Co., Ltd Beijing Office (日本千壽製藥株式會社北京代表處) and Senju Pharmaceutical Science & Technology (Beijing) Co., Ltd. (千壽製藥科技(北京)有限公司), where she was mainly responsible for product development and regulatory affairs.

Ms. Zhang obtained a bachelor's degree with a major in pharmacy (Japanese) from Shenyang Pharmaceutical University (瀋陽藥科大學) in the PRC in July 2001, and a master's degree of medicine from Shanghai Jiao Tong University (上海交通大學) in the PRC in March 2004.

Ms. Xu Jingxin (徐靜欣), aged 47, joined our Group on 1 December 2020 and has been serving as the president of manufacturing and quality control department of our Group since January 2025. She is primarily responsible for the management of the Company's quality management system and production operations, including the project management and daily management of the plant under construction in Wuxi, the PRC.

Ms. Xu has more than 20 years of experiences in quality management of medical products. Prior to joining the Group, Ms. Xu worked in Pfizer Pharmaceutical (Wuxi) Co., Ltd. (輝瑞製藥(無錫)有限公司), a subsidiary of Pfizer Inc., a company listed on the New York Stock Exchange (Stock Code: PFE), with her last position as a quality assurance manager from July 2001 to April 2010. She then served as various positions responsible for policy and strategy planning for quality improvement in Wuxi plant of AstraZeneca Pharmaceutical Co., Ltd. (阿斯利康製藥有限公司), a subsidiary of AstraZeneca plc, listed on London Stock Exchange (stock code: ZAN), from April 2010 to September 2018. She then served as a quality manager responsible for policy and strategy planning for quality improvement in Japanese Yonehara plant of AstraZeneca Pharmaceutical Co., Ltd. (阿斯利康製藥有限公司) from September 2018 to February 2019. From February 2019 to November 2020, she also worked in BeiGene (Suzhou) Co., Ltd. (百濟神州(蘇州)生物科技有限公司) (currently known as SuGene Pharmaceuticals (Suzhou) Co., Ltd.), a subsidiary of BeiGene, Ltd. listed on the Stock Exchange (stock code: 6160), the NASDAQ (stock code: BGNE) and the Shanghai Stock Exchange (stock code: 688235) where she first served as a director of excellent quality operations management in China and then a quality manager.

Ms. Xu obtained a bachelor's degree with a major in pharmacy (Japanese) from Shenyang Pharmaceutical University (瀋陽藥科大學) in the PRC in July 2001.

Mr. Wu Jiaru (鄔佳儒), aged 42, joined our Group on 5 August 2019 and has been serving as the president of the support platform of our Group since January 2025. He has served as a supervisor of Aurora Cutis from November 2020 to April 2021. He is primarily responsible for decision making and executive oversight of finance, information technology and procurement operations.

Prior to joining the Group, Mr. Wu served as a senior system controller in Giti Tire (China) Investment Company Ltd. (佳通輪胎(中國)投資有限公司), where he was mainly responsible for improvement and execution of financial policy, from October 2013 to February 2019. From February 2019 to July 2019, he served as a reporting expert in KaVo-Sybron Dental (Shanghai) Co. Ltd. (卡瓦盛邦(上海)牙科醫療器械有限公司) where he was mainly responsible for analysis of financials as well as improvement and execution of financial system and operation process.

Mr. Wu obtained a bachelor's degree in accounting from the Shanghai University of Finance and Economics (上海財經大學) in the PRC in July 2008. He was qualified as US Certified Public Accountant by Guam Board of Accountancy in March 2019.

COMPANY SECRETARY

Mr. Leung Chi Kit (梁志傑) ("**Mr. Leung**") was appointed as the company secretary of the Company on 28 August 2025.

Mr. Leung is a manager of the Listing Services Department of TMF Hong Kong Limited (a global corporate services provider) and has more than 13 years of experience in company secretarial field. Mr. Leung is also an associate member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

INDEPENDENT AUDITOR'S REPORT



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Independent auditor's report

To the shareholders of Cutia Therapeutics

(Incorporated in the Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of Cutia Therapeutics (the “**Company**”) and its subsidiaries (the “**Group**”) set out on pages 77 to 137, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

Basis for opinion

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

Key audit matters

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

Key audit matters (continued)

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

Key audit matter	How our audit addressed the key audit matter
<p>Risk of misstatement of research and development expenses</p> <p>For the year ended 31 December 2025, the Group incurred significant research and development (“R&D”) expenses amounting to approximately RMB149 million. Large portions of the Group’s R&D expenses were service fees paid to contract research organisations, clinical site management operators and clinical trial centres (collectively referred to as “Outsourced Service Providers”).</p> <p>The R&D activities with these Outsourced Service Providers were documented in detailed contracts and were typically performed over an extended period. Recording of these expenses in the appropriate financial reporting period based on the progress of the research and development projects involves estimations.</p> <p>Related disclosures are included in notes 2.4 and 3 to the financial statements.</p>	<p>Our procedures included, among others:</p> <ul style="list-style-type: none"> • obtaining an understanding of key internal controls in relation to the accrual of the R&D expenses and performing walk-through tests for internal controls related to the accrual of the R&D expenses; • checking contracts entered into with and progress reports received from the Outsourced Service Providers and testing key inputs used in the calculation such as patient enrolment, time lapsed and milestones achieved on a sampling basis to evaluate the key estimation adopted by management in setting up the accrual for R&D services received; and • evaluating the adequacy of the accrual of the R&D expenses by comparing the subsequent milestone billings received from the Outsourced Service Providers, if any, with the accrued R&D expenses at the year end.

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.

Responsibilities of the directors for the consolidated financial statements (continued)

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.

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

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

Auditor’s responsibilities for the audit of the consolidated financial statements (continued)

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

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

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

The engagement partner on the audit resulting in this independent auditor’s report is Chan Ching Man (practising certificate number: P07287).

Ernst & Young
Certified Public Accountants
Hong Kong
24 March 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
REVENUE	5	336,152	279,615
Cost of sales		(140,360)	(136,152)
Gross profit		195,792	143,463
Other income and gains	5	17,794	42,936
Selling and distribution expenses		(218,370)	(263,658)
Research and development expenses		(148,652)	(199,045)
Administrative expenses		(128,917)	(141,873)
Impairment losses on financial assets		(10,463)	(430)
Other expenses	6	(37,664)	(4,344)
Finance costs	8	(9,712)	(10,860)
LOSS BEFORE TAX	7	(340,192)	(433,811)
Income tax expense	11	–	–
LOSS AND TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(340,192)	(433,811)
Attributable to:			
Owners of the parent		(340,192)	(433,811)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted (RMB)	13	(1.03)	(1.41)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	155,052	173,267
Right-of-use assets	15	49,754	47,662
Other intangible assets	17	8,136	8,895
Amounts due from related parties	30	36,235	36,431
Prepayments, other receivables and other assets	18	14,449	39,865
Total non-current assets		263,626	306,120
CURRENT ASSETS			
Inventories	20	35,464	74,692
Trade receivables	19	175,981	99,164
Prepayments, other receivables and other assets	18	35,060	35,747
Amounts due from related parties	30	7,319	1,363
Financial assets at fair value through profit or loss ("FVTPL")	21	431,488	479,955
Time deposits over three months	22	91,747	10,530
Restricted bank balances	22	585	–
Cash and cash equivalents	22	265,006	385,670
Total current assets		1,042,650	1,087,121
CURRENT LIABILITIES			
Trade and other payables	23	87,518	97,572
Lease liabilities	15	15,558	12,376
Interest-bearing bank borrowings	24	166,639	213,303
Total current liabilities		269,715	323,251
NET CURRENT ASSETS		772,935	763,870

	Notes	2025 RMB'000	2024 RMB'000
TOTAL ASSETS LESS CURRENT LIABILITIES		1,036,561	1,069,990
NON-CURRENT LIABILITIES			
Lease liabilities	15	50,625	45,260
Deferred income	16	16,085	–
Interest-bearing bank borrowings	24	84,570	50,000
Total non-current liabilities		151,280	95,260
Net assets		885,281	974,730
EQUITY			
Equity attributable to owners of the parent			
Share capital	25	51	45
Treasury shares	25	(13,857)	(13,857)
Reserves	26	899,087	988,542
Total equity		885,281	974,730

Zhang Lele
Director

Huang Yuqing
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2025

	Ordinary share capital RMB'000	Treasury shares RMB'000	Share premium* RMB'000	Share option reserve* RMB'000	Other reserve* RMB'000	Accumulated losses* RMB'000	Total equity RMB'000
At 1 January 2024	43	–	4,685,887	293,824	(680,845)	(2,949,870)	1,349,039
Loss and total comprehensive loss for the year	–	–	–	–	–	(433,811)	(433,811)
Recognition of share-based payment expenses (note 27)	–	–	–	68,615	–	–	68,615
Shares issued upon exercise of equity- settled share-based payment (note 25)	2	–	4,742	–	–	–	4,744
Shares repurchased (note 25)	–	(13,857)	–	–	–	–	(13,857)
At 31 December 2024	45	(13,857)	4,690,629	362,439	(680,845)	(3,383,681)	974,730

	Ordinary share capital RMB'000	Treasury shares RMB'000	Share premium* RMB'000	Share option reserve* RMB'000	Other reserve* RMB'000	Accumulated losses* RMB'000	Total equity RMB'000
At 1 January 2025	45	(13,857)	4,690,629	362,439	(680,845)	(3,383,681)	974,730
Loss and total comprehensive loss for the year	–	–	–	–	–	(340,192)	(340,192)
Recognition of share-based payment expenses (note 27)	–	–	–	25,785	–	–	25,785
Issue of shares	4	–	221,189	–	–	–	221,193
Share issue expenses	–	–	(2,278)	–	–	–	(2,278)
Shares issued upon exercise of equity- settled share-based payment (note 25)	2	–	6,041	–	–	–	6,043
At 31 December 2025	51	(13,857)	4,915,581	388,224	(680,845)	(3,723,873)	885,281

* These reserves accounts comprise the consolidated reserves of RMB899,087,000 (2024: RMB988,542,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax	7	(340,192)	(433,811)
Adjustments for:			
Interest income	5	(6,533)	(11,811)
Finance costs	8	9,712	10,860
Depreciation of property, plant and equipment	7	30,680	28,622
Depreciation of right-of-use assets	7	10,326	14,277
Amortisation of other intangible assets	7	2,372	1,663
Loss on disposal of items of property, plant and equipment	6,7	973	359
Loss on termination of lease contracts	6,7	685	512
Write-down of inventories to net realisable value	6,7	31,964	3,437
Impairment losses on financial assets	7	10,463	430
Gains on financial assets at FVTPL	5,7	(1,506)	(21,988)
Income from government grants and subsidies related to assets		(3,430)	–
Net foreign exchange gains	5,7	4,015	(2,342)
Share-based payment expenses	7	25,785	68,615
		(224,685)	(341,177)
Decrease/(increase) in prepayments, other receivables and other assets		17,149	(18,661)
Decrease in deemed remuneration to a related party		1,364	1,300
Decrease/(increase) in inventories		7,264	(32,815)
Increase in trade receivables		(85,281)	(37,396)
Decrease in trade and other payables		(5,320)	(13,835)
Increase in restricted bank balances		(585)	–
Decrease in deferred income		–	(400)
Net cash flows used in operating activities		(290,094)	(442,984)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		4,556	13,131
Purchases of items of property, plant and equipment		(11,692)	(22,571)
Disposal of items of property, plant and equipment		14	12
Purchases of items of other intangible assets		(1,183)	(3,106)
Repayment received on loans from related parties		129	–
Repayment received on loans from employees		51	22
Placement of time deposits		(91,947)	(52,872)
Withdrawal of time deposits		10,306	370,088
Placement of financial assets at FVTPL		(404,656)	(240,000)
Withdrawal of financial assets at FVTPL		454,629	251,370
Receipt of government grants and subsidies related to assets		19,515	–
Net cash flows (used in)/from investing activities		(20,278)	316,074

	Notes	2025 RMB'000	2024 RMB'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of ordinary shares		221,193	–
Issue costs paid		(2,278)	(5,933)
New bank borrowings		268,523	203,447
Repayment of the bank borrowings		(280,652)	(129,200)
Interest of bank borrowings paid		(7,122)	(7,402)
Payment for rental deposits		–	(50)
Lease payments	15	(6,747)	(13,907)
Proceeds from exercise of equity-settled share-based payment		113	4,744
Payment for repurchase of shares		–	(13,857)
Net cash flows from financing activities		193,030	37,842
NET DECREASE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at beginning of year		385,670	473,120
Effect of foreign exchange rate changes, net		(3,322)	1,618
CASH AND CASH EQUIVALENTS AT END OF YEAR	22	265,006	385,670

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

1. CORPORATE AND GROUP INFORMATION

Cutia Therapeutics (the “**Company**”) was incorporated in the Cayman Islands as an exempted company with limited liability on 15 May 2019 and its shares are listed on The Stock Exchange of Hong Kong Limited on 12 June 2023. The registered office address of the Company is 4th Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman KY1-1002, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (the “**Group**”) are principally engaged in developing innovative and comprehensive solutions that are tailored to meet the diverse and evolving needs of patients and consumers in the broader dermatology treatment and care market.

Information about subsidiaries

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

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Cutia Therapeutics (HK) Limited (“ Cutia HK ”) (科笛生物醫藥(香港)有限公司)	Hong Kong	USD1	100	–	Cross-border operational matters and product commercialisation of the Group
Cutia Therapeutics (Shanghai) Co., Ltd.* (“ Cutia Shanghai ”) (科笛生物醫藥(上海)有限公司)	The People’s Republic of China (“ PRC ”)/ Chinese mainland	USD90,086,747	–	100	Product research and development
Aurora Cutis Cosmetics Sales (Shanghai) Co., Ltd.* (“ Aurora Cutis ”) (晨笛化妝品銷售(上海)有限公司)	PRC/ Chinese mainland	RMB130,000,000	–	100	Commercialisation of self-developed products in the domestic market
Cutia Therapeutics (Wuxi) Co., Ltd.* (“ Cutia Wuxi ”) (科笛生物醫藥(無錫)有限公司)	PRC/ Chinese mainland	RMB1,050,000,000	–	100	Product manufacturing and product commercialisation in the domestic market
Chongqing Lehao Pharmaceutical Co., Ltd.* (“ Chongqing Lehao ”) (重慶樂豪醫藥有限公司)	PRC/ Chinese mainland	RMB180,000,000	–	100	Commercialisation of dermatoses pharmaceutical products developed by third-party manufacturers or the Group in the domestic market

* These entities are registered as wholly-foreign-owned enterprises under PRC law.

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

2. ACCOUNTING POLICIES

2.1 Basis of Preparation

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

Basis of consolidation

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

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

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

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

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

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

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

2. ACCOUNTING POLICIES (CONTINUED)

2.2 Changes in Accounting Policies and Disclosures

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

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

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

2.3 Issued but not yet Effective IFRS Accounting Standards

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

IFRS 18	<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>Contracts Referencing Nature-dependent Electricity</i> ¹
Amendments to IFRS 9 and IFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments</i> ¹
Amendments to IFRS 10 and IAS 28	<i>Sales 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 1 January 2026

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

³ No mandatory effective date yet determined but available for adoption

2. ACCOUNTING POLICIES (CONTINUED)

2.3 Issued but not yet Effective IFRS Accounting Standards (continued)

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

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

2.4 Material Accounting Policies

Fair value measurement

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

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

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

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

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

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material Accounting Policies (continued)

Fair value measurement (continued)

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

Impairment of non-financial assets

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

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

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

Related parties

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

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

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

or

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

- (i) the entity and the Group are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material Accounting Policies (continued)

Related parties (continued)

- (b) the party is an entity where any of the following conditions applies: (continued)
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

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

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

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

Machinery and equipment	9% to 18%
Office and electronic equipment	18% to 30%
Motor vehicles	23%
Leasehold improvements	Shorter of remaining lease terms and estimated useful lives

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

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

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material Accounting Policies (continued)

Intangible assets (other than goodwill)

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

Intangible assets are amortised on the straight-line basis over the following useful economic lives, which is determined by the expected usage period after considering technical obsolescence and estimates of useful lives of similar assets:

Software	2 to 10 years
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Research and development costs

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

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

Leases

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

Group as a lessee

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

(a) *Right-of-use assets*

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

Plant	12 years
Office premises	1 to 10 years

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

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material Accounting Policies (continued)

Leases (continued)

Group as a lessee

(b) Lease liabilities

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

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

The Group's lease liabilities are presented in a separate line on the consolidated statements of financial position.

(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 office equipment that is considered to be of low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Investments and other financial assets

Initial recognition and measurement

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade 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.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material Accounting Policies (continued)

Investments and other financial assets (continued)

Initial recognition and measurement (continued)

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

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

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

Subsequent measurement

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

Financial assets at amortised cost (debt instruments)

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

Financial assets at fair value through profit or loss

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

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

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

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material Accounting Policies (continued)

Derecognition of financial assets

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

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

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

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

Impairment of financial assets

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

General approach

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

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

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material Accounting Policies (continued)

Impairment of financial assets (continued)

General approach (continued)

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

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

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

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, or making reference to the credit loss experience of similar companies in the market where the Group has not had sufficient 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, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

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

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material Accounting Policies (continued)

Financial liabilities (continued)

Subsequent measurement

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

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

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

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

Derecognition of financial liabilities

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

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

Offsetting of financial instruments

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

Treasury shares

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

Inventories

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

Cash and cash equivalents

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

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

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material Accounting Policies (continued)

Income tax

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

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

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

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

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

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

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

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

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

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material Accounting Policies (continued)

Income tax (continued)

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

Government grants

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

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to 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 recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

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

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

Sale of products

Revenue from the sale of products is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the products to the specific location and upon the confirmation by the customer.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material Accounting Policies (continued)

Revenue recognition (continued)

Rights of return

For contracts which provide a customer with a right to return the products within a specific period, the expected value method is used to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in IFRS 15 on constraining estimates of variable consideration are applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, a refund liability is recognised. A right-of-return asset (and the corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer.

Other income

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

Share-based payments

The Company operates a share option scheme (the “**Pre-IPO Equity Incentive Plan**”). Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (“**equity-settled transactions**”). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model.

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

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

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

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

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material Accounting Policies (continued)

Other employee benefits

Pension schemes

The employees of the Group's subsidiaries which operate in the Chinese mainland are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are 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 Group's subsidiary which operates in Hong Kong operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

Borrowing costs

All borrowing costs are expensed in the period in which they are incurred.

Foreign currencies

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

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

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 recognises 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.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgements

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

Research and development costs

All research costs are charged to profit or loss as incurred. Costs incurred on each pipeline to develop new products are capitalised and deferred in accordance with the accounting policy for research and development costs in note 2.4 to the financial statements. Determining the amounts to be capitalised requires management to make judgments on the technical feasibility of existing pipelines to be successfully commercialised and bring economic benefits to the Group.

Estimation uncertainty

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

Accrual of research and development costs

The Group relies on contract research organisations, clinical site management operators and clinical trial centres (collectively referred as "**Outsourced Service Providers**") to conduct, supervise, and monitor the Group's ongoing clinical trials in the PRC. Determining the amounts of research and development costs incurred up to the end of each reporting period requires the management of the Group to estimate and measure the progress of receiving research and development services under the contracts with Outsourced Service Providers using inputs such as the number of patient enrolments, time elapsed and milestone achieved.

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 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.

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

4. OPERATING SEGMENT INFORMATION

Operating segment information

For management purposes, the Group has only one reportable operating segment, which is developing innovative and comprehensive solutions that are tailored to meet the diverse and evolving needs of patients and consumers in the broader dermatology treatment and care market. Since this is the only reportable operating segment of the Group, no further operating segment analysis thereof is presented.

Geographical information

During the reporting period, all of the Group's revenue was derived from customers located in the PRC and nearly all of the Group's non-current assets were located in the PRC, and therefore no geographical segment information is presented in accordance with IFRS 8 *Operation Segments*.

Information about major customers

Revenue derived from sales to customers, which amounted to more than 10% of the Group's revenue for the years ended 31 December 2025 and 2024, is as follows:

	2025 RMB'000	2024 RMB'000
Customer A	90,860	NA*
Customer B	38,623	NA*
Customer C	34,847	NA*
Customer D	NA*	73,022
Customer E	NA*	41,033

* The corresponding revenue did not amount to more than 10% of the total revenue of the Group for the year concerned.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2025 RMB'000	2024 RMB'000
Revenue from contracts with customers		
Sale of products – at a point in time	336,152	279,615

There was no revenue recognised during the reporting period that was included in the contract liabilities at the beginning of each reporting period and recognised from performance obligations satisfied in previous periods. Under the practical expedient allowed by IFRS 15, the Group does not disclose the value of unsatisfied performance obligation.

Performance obligations

Sale of products

The performance obligation is satisfied upon delivery of products to the customers' specific locations and confirmation by the customers. The payment is generally made upon confirmation by the customers or due within 7 to 180 days from the acceptance by the customers.

5. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

An analysis of other income and gains is as follows:

	2025 RMB'000	2024 RMB'000
Other income		
Government grants*	9,428	5,966
Bank interest income	4,825	9,945
Imputed interest income on rental and other deposits	78	311
Deemed interest income from loans to employees	266	255
Deemed interest income from loans to related parties (note 30)	1,364	1,300
Others	327	829
Total other income	16,288	18,606
Gains		
Foreign exchange gains, net	–	2,342
Gains on financial assets at FVTPL	1,506	21,988
Total gains	1,506	24,330
Total other income and gains	17,794	42,936

* The government grants have been received from the PRC local government authorities to support certain subsidiaries' operating activities. There are no unfulfilled conditions relating to these government grants.

6. OTHER EXPENSES

	2025 RMB'000	2024 RMB'000
Loss on disposal of items of property, plant and equipment	973	359
Foreign exchange losses, net	4,015	–
Write-down of inventories to net realisable value	31,964	3,437
Loss on termination of a lease contract	685	512
Others	27	36
Total	37,664	4,344

7. LOSS BEFORE TAX

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

	2025 RMB'000	2024 RMB'000
Cost of sales	140,360	136,152
Cost of inventories recognised as expense (included in research and development costs)	4,523	4,208
Research and development costs	148,652	199,045
Depreciation of property, plant and equipment	30,680	28,622
Depreciation of right-of-use assets	10,326	14,277
Amortisation of other intangible assets	2,372	1,663
Loss on disposal of items of property, plant and equipment	973	359
Loss on termination of lease contracts	685	512
Impairment losses on financial assets		
– Impairment of trade receivables	8,464	430
– Impairment of other receivables	2,000	–
Write-down of inventories to net realisable value	31,964	3,437
Bank interest income	(4,825)	(9,945)
Government grants	(9,428)	(5,966)
Gains on financial assets at FVTPL	(1,506)	(21,988)
Foreign exchange differences, net	4,015	(2,342)
Staff costs (including directors' emoluments):		
– Independent non-executive directors' fee	1,141	1,050
– Salaries, bonuses, allowances and benefits in kind	120,016	136,897
– Pension scheme contributions	11,726	12,728
– Share-based payment expenses	25,785	68,615
Total	158,668	219,290
Auditors' remuneration	3,780	3,780
Lease payments not included in the measurement of lease liabilities	548	675

8. FINANCE COSTS

	2025 RMB'000	2024 RMB'000
Interest on bank borrowings	7,157	7,047
Interest on lease liabilities	2,555	3,813
Total	9,712	10,860

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

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

	2025 RMB'000	2024 RMB'000
Fees	1,141	1,050
Other emoluments:		
Salaries, allowances and benefits in kind	6,182	6,111
Performance related bonuses*	1,819	2,511
Pension scheme contributions	89	89
Share-based payment expenses	14,420	27,913
Subtotal	22,510	36,624
Total	23,651	37,674

* Certain executive directors of the Company are entitled to performance related bonus payments.

In prior years, certain directors were granted share options and restricted share units, in respect of their services to the Group, under the equity incentive plan of the Company, further details of which are set out in note 27 to the financial statements. The fair value of such share options and restricted share units, which has been recognised in profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above directors' and chief executive's remuneration disclosures.

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (CONTINUED)

(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
Mr. Chung Ming Kit	350	350
Mr. Tao Tak Yan Dennis (note (a))	320	350
Mr. Zhang Zhisong (note (b))	121	–
Mr. Ye Xiaoxiang	350	350
Total	1,141	1,050

Notes:

(a) Mr. Tao Tak Yan Dennis was appointed as an independent non-executive director on 12 June 2023 and resigned on 28 August 2025.

(b) Mr. Zhang Zhisong was appointed as an independent non-executive director on 28 August 2025.

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

(b) Executive directors, non-executive directors and the chief executive

2025	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Performance related bonuses RMB'000	Pension scheme contributions RMB'000	Share-based payment expenses (note (i)) RMB'000	Total RMB'000
Executive directors:						
Ms. Zhang Lele (Chief executive officer) (note (ii))	–	2,960	930	73	11,909	15,872
Mr. Huang Yuqing	–	3,222	889	16	2,511	6,638
Subtotal	–	6,182	1,819	89	14,420	22,510
Non-executive directors:						
Dr. Chen Lianyong	–	–	–	–	–	–
Dr. Xie Qin	–	–	–	–	–	–
Mr. Lu Minfang (note (iii))	–	–	–	–	–	–
Mr. Huang Xiao (note (iv))	–	–	–	–	–	–
Ms. Yang Yunxia	–	–	–	–	–	–
Subtotal	–	–	–	–	–	–
Total	–	6,182	1,819	89	14,420	22,510

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (CONTINUED)

(b) Executive directors, non-executive directors and the chief executive (continued)

2024	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Performance related bonuses RMB'000	Pension scheme contributions RMB'000	Share- based payment expenses (note (i)) RMB'000	Total RMB'000
Executive directors:						
Ms. Zhang Lele (Chief executive officer) (note (ii))	–	2,886	1,246	73	22,879	27,084
Mr. Huang Yuqing	–	3,225	1,265	16	5,034	9,540
Subtotal	–	6,111	2,511	89	27,913	36,624
Non-executive directors:						
Dr. Chen Lianyong	–	–	–	–	–	–
Dr. Xie Qin	–	–	–	–	–	–
Mr. Huang Xiao	–	–	–	–	–	–
Ms. Yang Yunxia	–	–	–	–	–	–
Subtotal	–	–	–	–	–	–
Total	–	6,111	2,511	89	27,913	36,624

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year.

Notes:

- (i) No cash settlement alternatives for those share-based payments.
- (ii) Ms. Zhang Lele was also the chief executive of the Company and her remuneration disclosed above included the remuneration for the services rendered by her as the chief executive.
- (iii) Mr. Lu Minfang was appointed as a non-executive director on 30 December 2025.
- (iv) Mr. Huang Xiao was appointed as a non-executive director on 15 November 2022 and resigned on 28 August 2025.

10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included two directors, including the chief executive (2024: two directors, including the chief executive), details of whose remuneration are set out in note 9 above. Details of the remuneration for the year of the remaining three (2024: three) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2025 RMB'000	2024 RMB'000
Salaries, bonuses, allowances and benefits in kind	5,555	5,502
Performance related bonuses*	287	474
Pension scheme contributions	196	190
Share-based payment expenses	6,547	14,317
Total	12,585	20,483

* Certain highest paid employees who are neither a director nor chief executive of the Company are entitled to performance related bonus payments.

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

	2025 Number of employees	2024 Number of employees
HKD4,000,001 to HKD5,000,000	2	–
HKD5,000,001 to HKD6,000,000	1	–
HKD7,000,001 to HKD8,000,000	–	2
HKD8,000,001 to HKD9,000,000	–	1
Total	3	3

10. FIVE HIGHEST PAID EMPLOYEES (CONTINUED)

In prior years, share options and restricted share units were granted to the non-director and non-chief executive highest paid employees in respect of their services to the Group, further details of which are included in the disclosures in note 27 to the financial statements. The fair value of such options and restricted share units, which has been recognised in profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above non-director and non-chief executive highest paid employees' remuneration disclosures.

During the year, no highest paid employees waived or agreed to waive any remuneration and no remuneration was paid by the Group to any of the five highest paid employees as an inducement to join or upon joining the Group or as compensation for loss of office.

11. INCOME TAX

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

Cayman Islands

Under the current laws of the Cayman Islands, the Company is not subject to tax on income or capital gains. In addition, upon payments of dividends by the Company to its shareholders, no Cayman Islands withholding tax is imposed on the Company.

Hong Kong

The subsidiary incorporated in Hong Kong is subject to Hong Kong profits tax at the rate of 16.5% (2024: 16.5%) on any estimated assessable profits arising in Hong Kong during the year. No Hong Kong profits tax was provided for as the Group did not generate any assessable profits arising in Hong Kong during the years ended 31 December 2025 and 2024.

Chinese mainland

Pursuant to the Corporate Income Tax Law of the People's Republic of China and the respective regulations (the "CIT Law"), the subsidiaries which operate in the Chinese mainland are subject to CIT at a rate of 25% (2024: 25%) on the taxable income during the year.

Pursuant to the relevant CIT Law, Cutia Wuxi enjoyed a super deduction of 200% on qualifying research and development expenditures during the reporting period.

A reconciliation of the tax expense applicable to loss before tax at the statutory tax rate for the jurisdiction in which the Company and its major subsidiaries are domiciled and operate to the tax expense at the effective tax rate is as follows:

	2025 RMB'000	2024 RMB'000
Loss before tax	(340,192)	(433,811)
Tax at the statutory tax rate (25%)	(85,048)	(108,453)
Tax effect of expenses not deductible for tax purposes	12,915	18,700
Additional deductible allowance for research and development expenses	(8,632)	(11,718)
Tax effect of tax losses not recognised	50,956	79,680
Tax effect of deductible temporary differences not recognised	28,494	15,899
Effect of different tax rates of subsidiaries operating in other jurisdictions	1,315	5,892
Tax charge at the Group's effective rate	-	-

11. INCOME TAX (CONTINUED)

Chinese mainland (continued)

The Group has accumulated tax losses in Hong Kong of approximately RMB185,317,000 (2024: RMB169,849,000) in aggregate as at 31 December 2025 that are available indefinitely for offsetting against future taxable profits of the company in which the losses arose. The Group has accumulated tax losses in the Chinese mainland of RMB1,294,019,000 (2024: RMB1,100,405,000) in aggregate as at 31 December 2025 that would expire in one to five years for offsetting against future taxable profits of the companies in which the losses arose.

The Group has unrecognised deductible temporary differences of RMB237,242,000 (2024: RMB123,264,000) as at 31 December 2025. The unrecognised deductible temporary differences are mainly related to advertising and promotional expenses that exceed 15% of the revenue for the current tax year, as well as significant inventory write-down provisions and bad debt provisions. These differences are allowed to be carried forward to the following tax years for deduction within the applicable deduction limits.

Deferred tax assets have not been recognised in respect of these losses and temporary differences as they have arisen in the subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits in foreseeable future will be available against which the tax losses can be utilised.

12. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company for the year ended 31 December 2025, nor has any dividend been proposed since the end of the reporting period (2024: Nil).

13. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic loss per share amount is based on the loss for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 330,860,864 (2024: 307,192,968) outstanding during the year.

For the years ended 31 December 2025 and 2024, no adjustment has been made to the basic loss per share amount in respect of a dilution as the impact of share options and restricted share units had an anti-dilutive effect on the basic loss per share amount presented.

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

	2025	2024
Loss		
Loss attributable to ordinary equity holders of the parent for the purpose of calculating basic and diluted loss per share (RMB'000)	(340,192)	(433,811)
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic and diluted loss per share calculation	330,860,864	307,192,968
Loss per share (basic and diluted) (RMB per share)	(1.03)	(1.41)

14. PROPERTY, PLANT AND EQUIPMENT

	Machinery and equipment RMB'000	Office and electronic equipment RMB'000	Motor vehicles RMB'000	Leasehold improvements RMB'000	Construction in progress ("CIP") RMB'000	Total RMB'000
31 December 2025						
At 1 January 2025:						
Cost	81,087	7,910	888	156,312	3,108	249,305
Accumulated depreciation	(23,667)	(3,129)	(578)	(48,664)	-	(76,038)
Net carrying amount	57,420	4,781	310	107,648	3,108	173,267
At 1 January 2025, net of accumulated depreciation						
At 1 January 2025, net of accumulated depreciation	57,420	4,781	310	107,648	3,108	173,267
Additions	12,247	154	-	457	594	13,452
Transfer from CIP	-	-	-	3,702	(3,702)	-
Disposals	-	(14)	-	(973)	-	(987)
Depreciation provided during the year	(11,642)	(1,763)	(193)	(17,082)	-	(30,680)
At 31 December 2025, net of accumulated depreciation	58,025	3,158	117	93,752	-	155,052
At 31 December 2025:						
Cost	93,334	8,030	887	160,092	-	262,343
Accumulated depreciation	(35,309)	(4,872)	(770)	(66,340)	-	(107,291)
Net carrying amount	58,025	3,158	117	93,752	-	155,052

14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Machinery and equipment RMB'000	Office and electronic equipment RMB'000	Motor vehicles RMB'000	Leasehold improvements RMB'000	CIP RMB'000	Total RMB'000
31 December 2024						
At 1 January 2024:						
Cost	66,984	6,433	888	148,692	2,483	225,480
Accumulated depreciation	(13,650)	(1,614)	(379)	(32,173)	–	(47,816)
Net carrying amount	53,334	4,819	509	116,519	2,483	177,664
At 1 January 2024, net of accumulated depreciation	53,334	4,819	509	116,519	2,483	177,664
Additions	14,560	1,596	–	2,409	5,990	24,555
Transfer from CIP	154	–	–	5,211	(5,365)	–
Disposals	(318)	(12)	–	–	–	(330)
Depreciation provided during the year	(10,310)	(1,622)	(199)	(16,491)	–	(28,622)
At 31 December 2024, net of accumulated depreciation	57,420	4,781	310	107,648	3,108	173,267
At 31 December 2024:						
Cost	81,087	7,910	888	156,312	3,108	249,305
Accumulated depreciation	(23,667)	(3,129)	(578)	(48,664)	–	(76,038)
Net carrying amount	57,420	4,781	310	107,648	3,108	173,267

At 31 December 2025, no property, plant and equipment were pledged (2024: Nil).

15. LEASES

The Group as a lessee

The Group has lease contracts for various items of plant and office premises used in its operations. Leases of plant generally have lease terms of 12 years, while office premises generally have lease terms between 1 and 10 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

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

	Plant RMB'000	Office premises RMB'000	Total RMB'000
As at 1 January 2024	16,020	32,324	48,344
Additions	12,148	5,250	17,398
Depreciation charge	(4,074)	(10,203)	(14,277)
Termination of lease contracts	–	(3,803)	(3,803)
As at 31 December 2024 and 1 January 2025	24,094	23,568	47,662
Additions	–	14,656	14,656
Depreciation charge	(2,754)	(7,572)	(10,326)
Termination of lease contracts	–	(2,238)	(2,238)
As at 31 December 2025	21,340	28,414	49,754

(b) Lease liabilities

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

	2025 RMB'000	2024 RMB'000
Carrying amount at 1 January	57,636	54,344
New leases	14,656	17,398
Accretion of interest recognised during the year	2,555	3,813
Termination of lease contracts	(1,917)	(3,934)
Payments	(6,747)	(13,907)
Settled with rental deposit	–	(78)
Carrying amount at 31 December	66,183	57,636
Analysed into:		
Current portion	15,558	12,376
Non-current portion	50,625	45,260

15. LEASES (CONTINUED)

The Group as a lessee (continued)

(b) Lease liabilities (continued)

	2025 RMB'000	2024 RMB'000
Analysed into:		
Lease liabilities repayable:		
Within one year	15,558	12,376
Within a period of more than one year, but not exceeding two years	9,626	12,063
Within a period of more than two years, but not exceeding five years	29,868	18,317
Over five years	11,131	14,880
Total	66,183	57,636

The maturity analysis of lease liabilities is disclosed in note 33 to the financial statements.

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	2025 RMB'000	2024 RMB'000
Interest on lease liabilities	2,555	3,813
Depreciation charge of right-of-use assets	10,326	14,277
Loss on termination of a lease contract*	685	512
Expenses relating to short-term leases	357	475
Expenses relating to low-value assets	191	200
Total amount recognised in profit or loss	14,114	19,277

* Included a loss of rental deposits of RMB364,000 as of 31 December 2025 (2024: RMB643,000).

(d) The total cash outflow for leases is disclosed in note 28(c) to the financial statements.

16. DEFERRED INCOME

	2025 RMB'000	2024 RMB'000
Government grants	16,085	–

The Group's deferred government grants represented government grants received for projects and are credited to the statement of profit or loss on a straight-line basis over the expected lives of the related assets.

17. OTHER INTANGIBLE ASSETS

	Software RMB'000
At 1 January 2025:	
Cost	11,973
Accumulated amortisation	(3,078)
Net carrying amount	8,895
Cost at 1 January 2025, net of accumulated amortisation	8,895
Additions	1,613
Amortisation provided during the year	(2,372)
At 31 December 2025	8,136
At 31 December 2025:	
Cost	13,586
Accumulated amortisation	(5,450)
Net carrying amount	8,136
	Software RMB'000
At 1 January 2024:	
Cost	9,225
Accumulated amortisation	(1,415)
Net carrying amount	7,810
Cost at 1 January 2024, net of accumulated amortisation	7,810
Additions	2,748
Amortisation provided during the year	(1,663)
At 31 December 2024	8,895
At 31 December 2024:	
Cost	11,973
Accumulated amortisation	(3,078)
Net carrying amount	8,895

18. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2025 RMB'000	2024 RMB'000
Non-current:		
Loans to employees*	5,670	5,454
Deemed prepaid remuneration to employees*	1,488	1,768
Rental and other deposits	8,885	8,398
Value-added tax recoverable	–	16,915
Prepayments for purchase of items of other intangible assets	–	430
Prepayments for purchase of items of property, plant and equipment	406	6,900
Impairment allowance	(2,000)	–
Total	14,449	39,865
Current:		
Rental deposits	4,418	2,726
Deemed prepaid remuneration to employees*	280	267
Prepayments	13,343	28,534
Other receivables	49	1,902
Value-added tax recoverable	16,970	2,318
Total	35,060	35,747

* The Group provided unsecured and non-interest-bearing loans of RMB7,542,000 to employees in prior years, with terms ranging from 7.5 years to 10 years. On initial recognition, the receivables were measured at fair value, which in this case were equal to the loan amounts given discounted to the present value using an effective interest rate of 4.90%. The difference between the loan amounts and their fair values was treated as deemed prepaid remuneration to employees and was amortised through the expected service period over the loan terms. Repayment of RMB51,000 on loans was received from employees upon resignation for the year ended 31 December 2025 (2024: RMB22,000).

As at 31 December 2025, the Group provided impairment of RMB2,000,000 for other receivables on the individual basis (2024: Nil). The other financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts.

19. TRADE RECEIVABLES

	2025 RMB'000	2024 RMB'000
Trade receivables	185,627	100,346
Impairment	(9,646)	(1,182)
Net carrying amount	175,981	99,164

The Group's trading terms with some of its customers are on credit. The Group primarily allows a credit period of 7 to 180 days. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group has certain concentrations of credit risk as the Group's trade receivables are due from a few customers. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2025 RMB'000	2024 RMB'000
Within 1 month	125,318	54,610
1 month to 6 months	49,262	43,971
6 months to 12 months	892	500
Over 12 months	509	83
Total	175,981	99,164

The movements in the loss allowance for impairment of trade receivables are as follows:

	2025 RMB'000	2024 RMB'000
At beginning of year	1,182	752
Impairment losses, net	8,464	430
At end of year	9,646	1,182

19. TRADE RECEIVABLES (CONTINUED)

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on ageing for groupings of various customer segments with similar loss patterns (i.e., by customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

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

As at 31 December 2025

	Ageing				Total
	Within 1 month	1 to 6 months	6 to 12 months	Over 12 months	
Expected credit loss rate	0.56%	2.89%	76.40%	90.03%	5.02%
Gross carrying amount (RMB'000)	126,018	50,727	3,779	5,103	185,627
Expected credit losses (RMB'000)	700	1,465	2,887	4,594	9,646

As at 31 December 2024

	Ageing				Total
	Within 1 month	1 to 6 months	6 to 12 months	Over 12 months	
Expected credit loss rate	1.00%	1.39%	1.38%	3.49%	1.18%
Gross carrying amount (RMB'000)	55,160	44,593	507	86	100,346
Expected credit losses (RMB'000)	550	622	7	3	1,182

20. INVENTORIES

	2025 RMB'000	2024 RMB'000
Raw materials	2,978	2,282
Finished goods	32,486	72,410
Total	35,464	74,692

21. FINANCIAL ASSETS AT FVTPL

	2025 RMB'000	2024 RMB'000
Financial products	431,488	479,955

The financial assets measured at FVTPL represented financial products with no predetermined return which are principal protected investments. The financial products are with expected yield rates, depending on the market prices of underlying financial instruments, including bonds, debentures and other financial assets. Hence their contractual cash flows do not qualify for solely payments of principal and interest. The expected yield rates ranged from 1.5% to 4.5% per annum as at 31 December 2025 (31 December 2024: 1.5% to 4.5% per annum).

22. TIME DEPOSITS OVER THREE MONTHS/CASH AND CASH EQUIVALENTS AND RESTRICTED BANK BALANCES

Time deposits over three months

	2025 RMB'000	2024 RMB'000
Time deposits over three months	91,747	10,530
Denominated in United States dollars ("US\$")	91,747	10,530

The time deposits are placed with banks in the PRC with a term of over three months upon placement, which carry interest at fixed rates of 3.50% or 3.37% (2024: 3.83%) per annum as at 31 December 2025.

Cash and cash equivalents and restricted bank balances

	2025 RMB'000	2024 RMB'000
Cash and bank balances	265,591	385,670
Less:		
Restricted bank balances	(585)	–
Cash and cash equivalents	265,006	385,670
Denominated in		
RMB	116,473	226,758
US\$	56,000	155,008
EUR	1	–
HK\$	92,532	3,904
Cash and cash equivalents	265,006	385,670

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

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and time deposits over three months are deposited with creditworthy banks with no recent history of default.

23. TRADE AND OTHER PAYABLES

	2025 RMB'000	2024 RMB'000
Trade payables	15,364	12,821
Accrued expenses for research and development services	16,968	20,849
Payables for purchase of items of property, plant and equipment	2,441	7,175
Other payables	33,734	31,503
Salary and bonus payables	5,242	12,107
Other taxes payable	7,219	6,567
Accrued listing expenses	6,550	6,550
Total	87,518	97,572

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

	2025 RMB'000	2024 RMB'000
Within 3 months	15,364	12,821

Trade and other payables are unsecured, non-interest-bearing and repayable on demand. The carrying amounts of financial liabilities included in trade and other payables as at 31 December 2025 and 2024 approximated to their fair values due to their short-term maturities.

24. INTEREST-BEARING BANK BORROWINGS

	2025			2024		
	Effective interest rate (%)	Maturity	Amount RMB'000	Effective interest rate (%)	Maturity	Amount RMB'000
Current						
Bank loans – unsecured	2.50-2.90	2026	97,882	1.80-3.21	2025	167,603
Bank loans – unsecured				One-year Loan prime rate (“LPR”)-105 Basepoints (“bps”)	2025	5,700
Current portion of long – term bank loans – secured (note)	3.45	2026	20,000	3.45	2025	40,000
Current portion of long – term bank loans – secured	One-year LPR-50 bps	2026	6,000	–	–	–
Current portion of long – term bank loans – unsecured	2.50-2.70	2026	2,000	–	–	–
Current portion of long – term bank loans – unsecured	One-year LPR-20-50 bps	2026	40,757	–	–	–
Total – current			166,639			213,303
Non-current						
Other secured bank loans (note)	–	–	–	3.45	2026	20,000
Bank loans – unsecured	2.50-2.70	2027	18,000	–	–	–
Bank loans – unsecured	One-year LPR-30-50 bps	2027	66,570	One-year LPR-20 bps	2026	30,000
Total – non-current			84,570			50,000
Total			251,209			263,303

24. INTEREST-BEARING BANK BORROWINGS (CONTINUED)

	2025 RMB'000	2024 RMB'000
Analysed into:		
Bank loans repayable:		
Within one year or on demand	166,639	213,303
In the second year	84,570	50,000
Total	251,209	263,303

The carrying amounts of borrowings are denominated in the following currency:

	2025 RMB'000	2024 RMB'000
RMB	251,209	263,303

An analysis of the carrying amounts of borrowings by type of interest rate is as follows:

	2025 RMB'000	2024 RMB'000
Fixed interest rate	137,882	227,603
Variable interest rate	113,327	35,700
Total	251,209	263,303

Note: The Company has guaranteed certain of the Group's bank loans up to RMB120,000,000 as at the end of the reporting period.

25. SHARE CAPITAL/TREASURY SHARES

Shares

	2025 RMB'000	2024 RMB'000
Issued and fully paid:		
364,730,877 ordinary shares of US\$0.00002 each (2024: 319,950,581 ordinary shares of US\$0.00002 each)	51	45

25. SHARE CAPITAL/TREASURY SHARES (CONTINUED)

Shares (continued)

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

	Number of shares in issue	Share capital RMB'000
At 1 January 2024	304,024,465	43
Shares issued upon exercise of equity-settled share-based payment (note 27)	15,926,116	2
At 31 December 2024 and 1 January 2025	319,950,581	45
Shares issued upon exercise of equity-settled share-based payment (note 27)	15,876,296	2
Placing of new shares*	28,904,000	4
At 31 December 2025	364,730,877	51

* An aggregate of 28,904,000 placing shares were placed at the placing price of HK\$8.40 per share (equivalent to approximately RMB7.65 per share) pursuant to the general mandate granted by shareholders.

Treasury shares

	Number of shares repurchased	Treasury shares RMB'000
At 1 January 2024, Shares repurchased	– 1,362,600	– 13,857
At 31 December 2024, 1 January 2025 and 31 December 2025	1,362,600	13,857

26. 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 of the financial statements.

Other reserve

Other reserve of the Group represents the excess of the carrying amount of the non-controlling interests acquired over the consideration and the present value of the amount payable at the time of redemption of a put option over non-controlling interests.

Share option reserve

The share option reserve represents the share-based payment reserve related to the Pre-IPO Equity Incentive Plan.

Share premium

The share premium of the Group represents the share premium contributed by the shareholders of the Company.

27. SHARE-BASED PAYMENT TRANSACTIONS

Pre-IPO Equity Incentive Plan

The Company operates the Pre-IPO Equity Incentive Plan, which was adopted pursuant to a resolution passed on 23 August 2019, for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Pre-IPO Equity Incentive Plan include any officers, directors, employees of the Group, and any individual consultants or advisors who render or have rendered bona fide services to the Group.

The directors of the Company approved up to 3,990,858 shares of the Company after the sub-division of ordinary shares on 23 August 2019, in which options may be granted under the Pre-IPO Equity Incentive Plan. On 6 January 2021, a resolution was passed by the board of directors of the Company to increase the capacity of the Pre-IPO Equity Incentive Plan to 6,713,843 shares. On 30 November 2021, a resolution was passed by the board of directors of the Company to increase the capacity of the Pre-IPO Equity Incentive Plan to 14,137,134 shares. After taking account of the Share Subdivision, the capacity of the Pre-IPO Equity Incentive Plan was increased to 70,685,670 shares.

There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for these share options and restricted share units. The Group accounts for the Pre-IPO Equity Incentive Plan as an equity-settled plan.

Share options and restricted share units do not confer rights on the holders to dividends or to vote at shareholders' meetings.

(a) Share options

On 23 August 2019, 219,429 share options ("**Batch 1**"), which can be vested immediately, were granted to one consultant of the Group. During the prior years, 3,162,856 share options ("**Batch 2**"), 183,600 share options ("**Batch 3**"), 355,027 share options ("**Batch 4**"), 2,069,182 share options ("**Batch 5**"), 460,641 share options ("**Batch 6**"), 109,248 share options ("**Batch 7**"), 59,812 share options ("**Batch 8**") and 421,440 ("**Batch 9**") were granted to certain directors, certain employees and consultants of the Group. After taking account of the Share Subdivision, the share options of the respective batches have been increased to 1,097,145, 15,814,280, 918,000, 1,775,135, 10,345,910, 2,303,205, 546,240, 299,060 and 2,107,200, respectively.

27. SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

(a) Share options (continued)

The share options have a service condition that shall vest over a 60-month period, consisting of a cliff vesting of 20% of the share options on the first year anniversary of the vesting commencement date and a vesting of 1/60th of the share options upon each successive monthly anniversary (or if there is no corresponding day, on the last day of such month) for the next 48 months following such first year anniversary. As for Batch 8 and Batch 9, in addition to time-based vesting condition, the number of share options which shall vest also depends on the specific performance target which is that grantees shall receive at least 3 points in the performance target annual review during the vesting period. Also, pursuant to the board resolution dated on 30 November 2021, in case of a listing, the vesting schedule of the unvested share options shall be accelerated by 50% on the six-month anniversary of the listing date (the “**Acceleration Date**”), provided that the participants have been employed by or provided services to the Group for at least one year upon the Acceleration Date (the “**Modification**”).

The exercise period of the share options will expire after ten years from the vesting commencement date.

The following share options were outstanding under the Pre-IPO Equity Incentive Plan during the year:

	2025		2024	
	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
	USD per share		USD per share	
At 1 January	0.26	22,116,165	0.19	33,255,305
Forfeited during the year	0.31	(78,740)	0.40	(124,495)
Exercised during the year	0.25	(3,378,566)	0.06	(11,014,645)
At 31 December	0.26	18,658,859	0.26	22,116,165

The exercise prices and the fair value of the share options outstanding as at the end of each reporting period are as follows:

2025

	Number of share options outstanding	Exercise price	Fair value at grant date
		USD per share	USD per share
Batch 1	1,097,145	0.00002	0.0404
Batch 2	4,086,780	0.06	0.2692-0.2697
Batch 3	818,000	0.06	0.2689-0.2693
Batch 4	576,870	0.06	0.8764-0.8771
Batch 5	9,584,885	0.06/0.396	0.6037-0.8879
Batch 6	134,354	0.06/0.396	0.7083-0.9579
Batch 7	449,025	0.396	0.9261
Batch 8	197,770	0.06/0.396	0.9915-1.2918
Batch 9	1,714,030	0.06/0.396	0.8916-1.1999
Total	18,658,859		

27. SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

(a) Share options (continued)

2024

	Number of share options outstanding	Exercise price USD per share	Fair value at grant date USD per share
Batch 1	1,097,145	0.00002	0.0404
Batch 2	4,799,635	0.06	0.2689-0.2697
Batch 3	918,000	0.06	0.2689-0.2693
Batch 4	576,870	0.06	0.8764-0.8771
Batch 5	9,892,030	0.06/0.396	0.6037-0.8879
Batch 6	2,303,205	0.06/0.396	0.7083-0.9579
Batch 7	465,530	0.396	0.9261
Batch 8	243,345	0.06/0.396	0.9915-1.2918
Batch 9	1,820,405	0.06/0.396	0.8916-1.1999
Total	22,116,165		

(b) Restricted share units (the "RSUs")

On 1 December 2021, 28 February 2022, 19 October 2022 and 20 November 2022, 369,715 RSUs, 3,097,989 RSUs, 1,944,883 RSUs and 1,952,418 RSUs were granted to two directors and certain employees of the Group, respectively. After taking account of the Share Subdivision, the RSUs of the respective batches have been increased to 1,848,575, 15,489,945, 9,724,415 and 9,762,090, respectively.

Except for the RSUs granted on 20 November 2022, the RSUs have a service condition that shall vest over a 4-year period, consisting of a cliff vesting of 25% of the RSUs on the first year anniversary of the vesting commencement date and an additional 25% of the RSUs upon each successive anniversary for the next 3 years following such first year anniversary. As for the RSUs granted on 20 November 2022, the RSUs have a service condition that shall vest over a 4.5-year period, consisting of a cliff vesting of 25% of the RSUs on the first year and a half year anniversary of the vesting commencement date and an additional 25% of the RSUs upon each successive anniversary for the next 3 years following such first and a half year anniversary, provided that the Company has consummated an initial public offering of the Company and listing of the Company's shares on a stock exchange. In addition to a time-based vesting condition, the number of restricted share units which shall vest also depends on the specific performance target which is the grantees shall receive at least 3 points in the performance target annual review during the vesting period.

The exercise period of the RSUs will expire after ten years from the vesting commencement date.

27. SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

(b) Restricted share units (the "RSUs") (continued)

The following RSUs were outstanding under the Pre-IPO Equity Incentive Plan during the year:

	2025		2024	
	Weighted average exercise price	Number of RSUs	Weighted average exercise price	Number of RSUs
	USD per share		USD per share	
At 1 January	0.00002	30,397,699	0.00002	35,747,115
Forfeited during the year	0.00002	(1,523,795)	0.00002	(437,945)
Exercised during the year	0.00002	(12,497,730)	0.00002	(4,911,471)
At 31 December	0.00002	16,376,174	0.00002	30,397,699

The exercise prices and the fair value of the RSUs outstanding as at the end of the reporting period are as follows:

As at 31 December 2025

Grant date	Number of RSUs outstanding	Exercise price	Fair value at grant date
		USD per share	USD per share
1 December 2021	1,043,549	0.00002	1.2820
28 February 2022	6,862,050	0.00002	1.3510
19 October 2022	2,667,405	0.00002	1.2584
20 November 2022	5,803,170	0.00002	1.2584
Total	16,376,174		

As at 31 December 2024

Grant date	Number of RSUs outstanding	Exercise price	Fair value at grant date
		USD per share	USD per share
1 December 2021	1,393,185	0.00002	1.2820
28 February 2022	15,231,645	0.00002	1.3510
19 October 2022	4,999,939	0.00002	1.2584
20 November 2022	8,772,930	0.00002	1.2584
Total	30,397,699		

27. SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

(b) Restricted share units (the “RSUs”) (continued)

An aggregate number of 3,378,566 share options (2024: 11,014,645) and 12,497,730 RSUs (2024: 4,911,471) were exercised during the year, resulting in the issue of 15,876,296 (2024: 15,926,116) ordinary shares of the Company for a total cash consideration of RMB6,043,000 (2024: RMB4,744,000) and new share capital of RMB2,000 (before issue expense) (2024: RMB2,000).

At the end of the reporting period, the Company had 18,658,859 share options and 16,376,174 RSUs outstanding under the Pre-IPO Equity Incentive Plan. The exercise in full of the outstanding share options and RSUs would, under the present capital structure of the Company, result in the issue of 35,035,033 additional ordinary shares of the Company and additional share capital of USD701 (before issue expenses).

At the date of approval of these financial statements, the Company had 18,636,904 share options and 16,275,344 RSUs outstanding under the Pre-IPO Equity Incentive Plan, which represented approximately 9.6% of the Company's shares in issue (excluding treasury shares) as at that date.

The total share-based payment expenses recognised in profit or loss for share options and RSUs were approximately RMB25,785,000 for the year ended 31 December 2025(2024: RMB68,615,000).

28. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year, the Group had non-cash additions to right-of-use assets of RMB14,656,000 (2024: RMB17,398,000) and non-cash additions to lease liabilities of RMB14,656,000 (2024: RMB17,398,000), respectively, in respect of lease arrangements for office premises.

(b) Changes in liabilities arising from financing activities

	Accrued listing expenses included in other payables	Lease liabilities	Interest-bearing bank borrowings	Total
At 1 January 2024	12,467	54,344	189,411	256,222
Changes from financing cash flows	(5,933)	(13,907)	66,845	47,005
Interest on bank borrowings	–	–	7,047	7,047
Accretion of interest	–	3,813	–	3,813
New leases	–	17,398	–	17,398
Termination of a lease contract	–	(3,934)	–	(3,934)
Settled with rental deposit	–	(78)	–	(78)
Foreign exchange movement	16	–	–	16
At 31 December 2024 and 1 January 2025	6,550	57,636	263,303	327,489
Changes from financing cash flows	–	(6,747)	(19,251)	(25,998)
Interest on bank borrowings	–	–	7,157	7,157
Accretion of interest	–	2,555	–	2,555
New leases	–	14,656	–	14,656
Termination of a lease contract	–	(1,917)	–	(1,917)
At 31 December 2025	6,550	66,183	251,209	323,942

28. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(c) Total cash outflow for leases

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

	2025 RMB'000	2024 RMB'000
Within operating activities	548	675
Within financing activities	6,746	13,907
Total	7,294	14,582

29. COMMITMENTS

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

	2025 RMB'000	2024 RMB'000
Acquisition of property, plant and equipment, and other intangible assets	1,130	4,990

30. RELATED PARTY TRANSACTIONS

(a) The Group had the following transactions with related parties during the year:

	2025 RMB'000	2024 RMB'000
Deemed interest income from loans to key management (note)		
Ms. Zhang Lele	868	828
Mr. Wu Jiaru*	74	70
Mr. Zhu Qi*	143	136
Ms. Zhang Chunna*	110	105
Dr. Lei Lei*	86	82
Ms. Xu Jingxin*	83	79
Total	1,364	1,300
Repayment of loans from key management:		
Mr. Wu Jiaru*	27	—
Ms. Zhang Chunna*	34	—
Dr. Lei Lei*	68	—
Total	129	—

30. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Outstanding balances with related parties:

The Group

	2025 RMB'000	2024 RMB'000
Amounts due from related parties:		
Loans to related parties		
– non-trade in nature and non-current (note):		
Ms. Zhang Lele	18,573	17,705
Mr. Wu Jiaru*	1,549	1,502
Mr. Zhu Qi*	3,056	2,913
Ms. Zhang Chunna*	2,324	2,249
Dr. Lei Lei*	1,775	1,756
Ms. Xu Jingxin*	1,778	1,695
Subtotal	29,055	27,820
Deemed prepaid remuneration to related parties		
– trade in nature (note)		
Ms. Zhang Lele	5,402	6,269
Mr. Wu Jiaru*	473	548
Mr. Zhu Qi*	842	984
Ms. Zhang Chunna*	698	808
Dr. Lei Lei*	596	683
Ms. Xu Jingxin*	599	682
Subtotal	8,610	9,974
Amounts of share option exercise fee due from related parties		
– non-trade in nature and current		
Mr. Wu Jiaru*	1,120	–
Mr. Huang Yuqing*	4,769	–
Subtotal	5,889	–
Total	43,554	37,794
Analysed into:		
Current portion	7,319	1,363
Non-current portion	36,235	36,431

* Those persons are key management personnel of the Company. Mr. Zhu Qi is the chief medical officer. Dr. Lei Lei is the senior vice president of the research and development department. Ms. Zhang Chunna is the senior vice president of the regulatory affairs department. Ms. Xu Jingxin is the senior vice president of the manufacturing and quality control department. Mr. Wu Jiaru is the senior vice president of the finance and integrated management department. Mr. Huang Yuqing is the executive director and CFO.

The maturity dates of the loans borrowed by Ms. Zhang Lele in 2021 and 2022 are 1 September 2029 and 20 November 2032, respectively. The maturity dates of the loans borrowed by key management personnel fall between 5 August 2029 and 28 February 2032.

30. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) **Outstanding balances with related parties: (continued)**

The maximum amounts of the non-trade related receivables due from a director during the year:

	2025 RMB'000	2024 RMB'000
Amount due from a related party		
Ms. Zhang Lele	18,573	17,705

Note: The Group provided an eight-year unsecured and non-interest-bearing loans of RMB11,127,000 and a ten-year unsecured and non-interest-bearing loans of RMB12,847,000 to Ms. Zhang Lele in December 2021 and December 2022, respectively. Meanwhile, the Group also provided unsecured and non-interest-bearing loans of RMB3,576,000 and RMB10,244,000 to other key management personnel of the Group in December 2021 and March 2022, respectively, with terms ranging from 7.5 years to 10 years. On initial recognition, the receivable was measured at fair value, which in this case was equal to the cash consideration given discounted to the present value using an effective interest rate of 4.90%. The difference between the loan amount and its fair value on initial recognition date was treated as deemed prepaid remuneration to Ms. Zhang Lele and other key management personnel and is amortised through the expected loan terms.

The Group has assessed the expected loss rate for amounts due from related parties by considering the financial position and credit history of these related parties and assessed that the expected credit loss is minimal.

(c) **Compensation of key management personnel of the Group**

	2025 RMB'000	2024 RMB'000
Salaries, bonuses, allowances and benefits in kind	17,065	17,880
Pension scheme contributions	430	424
Directors' fee	1,141	1,050
Share-based payment expenses	23,747	47,075
Total	42,383	66,429

Further details of directors' and the chief executive's emoluments are included in note 9 to the financial statements.

31. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the Reporting Period are as follows:

2025

Financial assets

	Financial assets at fair value through profit or loss		Total RMB'000
	Mandatorily designated as such RMB'000	Financial assets at amortised cost RMB'000	
Trade receivables	–	175,981	175,981
Financial assets at FVTPL	431,488	–	431,488
Amounts due from related parties	–	34,944	34,944
Financial assets included in prepayments, other receivables and other assets	–	17,022	17,022
Time deposits over three months	–	91,747	91,747
Restricted bank balances	–	585	585
Cash and cash equivalents	–	265,006	265,006
Total	431,488	585,285	1,016,773

Financial liabilities

	Financial liabilities at amortised cost RMB'000
Financial liabilities included in trade and other payables	75,057
Interest-bearing bank borrowings	251,209
Total	326,266

31. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

2024

Financial assets

	Financial assets at fair value through profit or loss		Total RMB'000
	Mandatorily designated as such RMB'000	Financial assets at amortised cost RMB'000	
Trade receivables	–	99,164	99,164
Financial assets at FVTPL	479,955	–	479,955
Amounts due from related parties	–	27,820	27,820
Financial assets included in prepayments, other receivables and other assets	–	18,480	18,480
Time deposits over three months	–	10,530	10,530
Cash and cash equivalents	–	385,670	385,670
Total	479,955	541,664	1,021,619

Financial liabilities

	Financial liabilities at amortised cost RMB'000
Financial liabilities included in trade and other payables	78,898
Interest-bearing bank borrowings	263,303
Total	342,201

32. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, restricted bank balances, time deposits over three months, trade receivables, financial assets included in prepayments, other receivables and other assets (in the current portion), financial liabilities included in trade and other payables and interest-bearing bank borrowings (in the current portion) approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At each reporting date, the finance department analyses 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 fair values of the non-current portion of financial assets included in prepayments, other receivables and other assets, amounts due from related parties and interest-bearing bank borrowings 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 changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank borrowings as at 31 December 2025 were assessed to be insignificant.

The Group invests in wealth management products issued by portfolio companies in the Cayman Islands and banks in the Chinese mainland. The Group has estimated the fair value of these unlisted investments by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 31 December 2025

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Financial products	–	431,488	–	431,488

As at 31 December 2024

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Financial products	–	479,955	–	479,955

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

Fair value hierarchy (continued)

The Group did not have any financial liabilities measured at fair value as at 31 December 2025 and 2024.

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (2024: Nil).

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and cash equivalents, restricted bank balances, time deposits over three months, financial assets at FVTPL, trade receivables and interest-bearing bank borrowings. 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 financial assets included in prepayments, other receivables and other assets and financial liabilities included in trade and other payables, which arise directly from its operations.

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

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from changes in exchange rates.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the USD and RMB exchange rates, with all other variables held constant, of the Group's loss before tax (arising from USD denominated financial instruments) and the Group's equity.

	Increase/ (decrease) in rate of foreign currency %	(Increase)/ decrease loss before tax RMB'000	Increase/ (decrease) in equity RMB'000
31 December 2025			
If RMB weakens against USD	5	(29,051)	29,051
If RMB strengthens against USD	(5)	29,051	(29,051)
If RMB weakens against HKD	5	(4,623)	4,623
If RMB strengthens against HKD	(5)	4,623	(4,623)
31 December 2024			
If RMB weakens against USD	5	(31,032)	31,032
If RMB strengthens against USD	(5)	31,032	(31,032)

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December.

The amounts presented are gross carrying amounts for financial assets.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (continued)

Maximum exposure and year-end staging (continued)

As at 31 December 2025

	12-month	Lifetime ECLs			Total
	ECLs				
	Stage 1	Stage 2	Stage 3	Simplified	
	RMB'000	RMB'000	RMB'000	approach	RMB'000
				RMB'000	
Amounts due from related parties – normal*	34,944	–	–	–	34,944
Financial assets included in prepayments, other receivables and other assets					
– normal	17,022	–	–	–	17,022
– doubtful	–	2,000	–	–	2,000
Time deposits over three months – not yet past due	91,747	–	–	–	91,747
Restricted bank balances – not yet past due	585	–	–	–	585
Cash and cash equivalents – not yet past due	265,006	–	–	–	265,006
Trade receivables**	–	–	–	185,627	185,627
Total	409,141	2,000	–	185,627	596,931

As at 31 December 2024

	12-month	Lifetime ECLs			Total
	ECLs				
	Stage 1	Stage 2	Stage 3	Simplified	
	RMB'000	RMB'000	RMB'000	approach	RMB'000
				RMB'000	
Amounts due from related parties – normal*	27,820	–	–	–	27,820
Financial assets included in prepayments, other receivables and other assets – normal*	18,480	–	–	–	18,480
Time deposits over three months – not yet past due	10,530	–	–	–	10,530
Cash and cash equivalents – not yet past due	385,670	–	–	–	385,670
Trade receivables**	–	–	–	100,346	100,346
Total	442,500	–	–	100,346	542,846

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (continued)

Maximum exposure and year-end staging (continued)

- * The credit quality of the financial assets included in prepayments, other receivables and other assets and amounts due from related parties is considered to be “normal” when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be “doubtful”.
- ** For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 19 to the financial statements.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customer/counterparty, by geographical region and by industry sector. There is concentration in credit risks as the balances are with a few counterparties. Except for cash and cash equivalents and time deposits over three months, the other balances are not material.

At the end of the reporting period, the Group had certain concentrations of credit risk as 40% (2024: 53%) and 71% (2024: 81%) of the Group’s trade receivables were due from the Group’s largest customer and three largest customers, respectively, within the operating segment.

Liquidity risk

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management of the Group to finance the operations and mitigate the effects of fluctuations in cash flows.

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

	2025			
	Less than 1 year or on demand RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Financial liabilities included in trade and other payables	75,057	–	–	75,057
Lease liabilities	17,902	44,840	11,819	74,561
Interest-bearing bank borrowings	170,306	85,326	–	255,632
Total	263,265	130,166	11,819	405,250
	2024			
	Less than 1 year or on demand RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Financial liabilities included in trade and other payables	78,898	–	–	78,898
Lease liabilities	14,393	35,695	16,171	66,259
Interest-bearing bank borrowings	216,907	50,618	–	267,525
Total	310,198	86,313	16,171	412,682

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Capital management

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

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2025 and 2024.

The gearing ratios as at the end of the reporting periods are as follows:

	2025 RMB'000	2024 RMB'000
Total assets	1,306,276	1,393,241
Total liabilities	420,995	418,511
Gearing ratio (note)	32%	30%

Note: Gearing ratio is calculated by dividing total liabilities by total assets and multiplying the product by 100%.

34. 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 ASSET		
Investments in subsidiaries	2,236,502	1,926,953
Total non-current asset	2,236,502	1,926,953
CURRENT ASSETS		
Prepayments, other receivables and other assets	137	198
Amount due from a subsidiary	–	104,238
Financial assets at FVTPL	431,488	479,955
Time deposits over three months	49,357	–
Cash and cash equivalents	138,091	83,147
Total current assets	619,073	667,538
CURRENT LIABILITIES		
Amounts due to related parties	10,927	–
Trade and other payables	6,763	6,823
Total current liabilities	17,690	6,823
NET CURRENT ASSETS	601,383	660,715
TOTAL ASSETS LESS CURRENT LIABILITIES	2,837,885	2,587,668
NON-CURRENT LIABILITY		
Financial liabilities at FVTPL	276	826
Total non-current liability	276	826
Net assets	2,837,609	2,586,842
EQUITY		
Share capital	51	45
Treasury shares	(13,857)	(13,857)
Reserves (note)	2,851,415	2,600,654
Total equity	2,837,609	2,586,842

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

Note:

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

	Share premium RMB'000	Share option reserve RMB'000	Other reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
Balance at 1 January 2024	4,685,887	293,824	(206,305)	(2,269,586)	2,503,820
Profit and total comprehensive income for the year	–	–	–	23,477	23,477
Recognition of share-based payment expenses	–	68,615	–	–	68,615
Shares issued upon equity-settled share-based payment	4,742	–	–	–	4,742
At 31 December 2024 and 1 January 2025	4,690,629	362,439	(206,305)	(2,246,109)	2,600,654
Profit and total comprehensive income for the year	–	–	–	24	24
Recognition of share-based payment expenses	–	25,785	–	–	25,785
Shares issued upon equity-settled share-based payment	6,041	–	–	–	6,041
Issue of shares	221,189	–	–	–	221,189
Share issue expenses	(2,278)	–	–	–	(2,278)
At 31 December 2025	4,915,581	388,224	(206,305)	(2,246,085)	2,851,415

35. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 24 March 2026.

DEFINITIONS

“androgenetic alopecia”	a common form of hair loss in both men and women
“Articles of Association”	articles of association of the Company adopted on May 30, 2023
“Audit Committee”	the audit committee of the Board
“Aurora Cutis”	Aurora Cutis Medical Technology (Shanghai) Co., Ltd. (晨笛醫藥科技(上海)有限公司), a wholly-owned subsidiary of the Company
“Board”	the board of Directors of our Company
“CEO”	chief executive officer of the Company
“CFO”	chief financial officer of the Company
“China”, “Chinese Mainland”, or “PRC”	the People’s Republic of China, but for the purpose of this report and for geographical reference only and except where the context requires, excluding Taiwan, the Macao Special Administrative Region and Hong Kong
“Chongqing Lehao”	Chongqing Lehao Pharmaceutical Co., Ltd. (重慶樂豪醫藥有限公司), a wholly-owned subsidiary of the Company
“clinical trial(s)”	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
“Company”, “our Company” or “Cutia”	Cutia Therapeutics (科笛集團), an exempted company with limited liability incorporated under the laws of the Cayman Islands on May 15, 2019, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 2487)
“Core Product”	has the meaning ascribed to it under Chapter 18A of the Listing Rules; for the purpose of this report, our Core Product refers to CU-20401
“Corporate Governance Code” or “CG Code”	the Corporate Governance Code contained in Appendix C1 to the Listing Rules
“Cutia Shanghai”	Cutia Therapeutics (Shanghai) Co., Ltd. (科笛生物醫藥(上海)有限公司), a wholly-owned subsidiary of the Company
“Cutia Wuxi”	Cutia Therapeutics (Wuxi) Co., Ltd. (科笛生物醫藥(無錫)有限公司), a limited liability company established in the PRC on 4 December 2020 and wholly-owned subsidiary of the Company
“dermatology”	the branch of medicine that deals with the diagnosis and treatment of skin related disorders
“DHT”	dihydrotestosterone, a male sex hormone which is the active form of testosterone, formed from testosterone in bodily tissue

“Director(s)”	the director(s) of the Company
“ESG”	environmental, social and governance
“EUR”	Euro, the lawful currency of the European Union
“FDA”	Food and Drug Administration of the United States
“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
“Group”, “our Group”, “our”, “we”, or “us”	our Company and our subsidiaries
“HK\$” or “Hong Kong Dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Department of Health”	the Department of Health of the Government of Hong Kong
“IFRS”	International Financial Reporting Standards
“IND”	investigational new drug, an application in the drug review process required by an regulatory authority to decide whether a new drug is permitted to initiate clinical trials; also known as clinical trial application, or CTA, in China
“indication”	a valid reason to use a specific test, drug, device, procedure or surgery
“Key Product(s)”	for the purpose of this report, our Key Products refer to CU-40102 and CU-10201
“Listing Date”	12 June 2023
“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
“mechanism of action”	the specific biochemical interaction through which a drug substance produces its pharmacological effect
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
“NDA”	new drug application, a process required by an regulatory authority to approve a new drug for sale and marketing
“NMPA”	the National Medical Products Administration of China (國家藥品監督管理局)
“Nomination Committee”	the nomination committee of the Board
“Phase I clinical trial”	a study in which a drug is introduced into healthy human subjects or patients with the target disease or condition and tested for safety, dosage tolerance, absorption, metabolism, distribution, excretion, and if possible, to gain an early indication of its efficacy

“Phase II clinical trial”	a study in which a drug is administered to a limited patient population to preliminarily evaluate the efficacy of the product for specific targeted diseases, to identify possible adverse effects and safety risks, and to determine optimal dosage
“Phase III clinical trial”	a study in which a drug is administered to an expanded patient population generally at geographically dispersed clinical trial sites, in well-controlled clinical trials to generate enough data to statistically evaluate the efficacy and safety of the product for approval, to provide adequate information for the labeling of the product
“Post-IPO Equity Incentive Plan”	the equity incentive plan adopted by the Company on 30 May 2023
“Pre-IPO Equity Incentive Plan”	the equity incentive plan adopted by the Company that took effect on 23 August 2019
“Prospectus”	the prospectus issued by the Company dated 31 May 2023
“R&D”	research and development
“Remuneration Committee”	the remuneration committee of the Board
“Reporting Period”	the year ended 31 December 2025
“RMB”	the lawful currency of the PRC
“Shares”	ordinary share(s) with nominal value of US\$0.00002 each in the share capital of the Company
“Shareholders”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription(s)”	Subscription(s) of the Wealth Management Product(s) by the Company
“subsidiary(ies)”	has the meaning ascribed to it in section 15 of the Companies Ordinance
“US” or “United States” or “the U.S.”	the United States of America, its territories and possessions, any State of the United States, and the District of Columbia
“US\$” or “U.S. dollars” or “USD”	the lawful currency of the U.S.