RemeGen
荣昌生物

榮昌生物製藥(煙台)股份有限公司
RemeGen Co., Ltd.*

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

Stock Code: 9995

2025 ANNUAL REPORT

*For identification purpose only

CONTENTS

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. Wang Weidong (王威東) *(Chairman)*
Dr. Fang Jianmin (房健民)
Mr. Lin Jian (林健)
Dr. He Ruyi (何如意)
(resignation effective from February 6, 2025)
Mr. Wen Qingkai (溫慶凱)
(appointment effective from April 2, 2025)

NON-EXECUTIVE DIRECTORS

Dr. Wang Liqiang (王荔強)
Dr. Su Xiaodi (蘇曉迪)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Hao Xianjing (郝先經)
Mr. Chen Yunjin (陳雲金)
Mr. Huang Guobin (黃國濱)
(appointment effective from January 10, 2025)
Dr. Ma Lan (馬蘭)
(resignation effective from January 10, 2025)

SUPERVISORS

Mr. Ren Guangke (任廣科) *(Chairman)*
Mr. Li Yupeng (李宇鵬)
Mr. Li Zhuanglin (李壯林)

Note: The cancellation of the Supervisory Committee took effect on July 31, 2025. For details, please refer to the circulars of the Company dated May 27, 2025 and July 15, 2025 and the poll results announcements of the Company dated June 26, 2025 and July 31, 2025.

AUDIT COMMITTEE

Mr. Hao Xianjing (郝先經) *(Chairman)*
Dr. Wang Liqiang (王荔強)
Mr. Chen Yunjin (陳雲金)

REMUNERATION AND APPRAISAL COMMITTEE

Mr. Chen Yunjin (陳雲金) *(Chairman)*
Mr. Hao Xianjing (郝先經)
Mr. Lin Jian (林健)

NOMINATION COMMITTEE

Mr. Huang Guobin (黃國濱) *(Chairman)*
(appointment effective from January 10, 2025)
Mr. Wang Weidong (王威東)
(cessation effective from May 26, 2025)
Mr. Hao Xianjing (郝先經)
Dr. Ma Lan (馬蘭)
(resignation effective from January 10, 2025)
Dr. Su Xiaodi (蘇曉迪)
(appointment effective from May 26, 2025)

STRATEGY COMMITTEE

Dr. Fang Jianmin (房健民) *(Chairman)*
Mr. Wang Weidong (王威東)
Dr. Wang Liqiang (王荔強)
Dr. Su Xiaodi (蘇曉迪)
Mr. Huang Guobin (黃國濱)
(appointment effective from January 10, 2025)
Dr. Ma Lan (馬蘭)
(resignation effective from January 10, 2025)
Dr. He Ruyi (何如意)
(resignation effective from February 6, 2025)
Mr. Wen Qingkai (溫慶凱)
(appointment effective from April 2, 2025)

JOINT COMPANY SECRETARIES

Mr. Tong Shaojing (童少靖)
Ms. Tam Pak Yu, Vivien (譚栢如)

AUTHORIZED REPRESENTATIVES

Dr. Fang Jianmin (房健民)
Ms. Tam Pak Yu, Vivien (譚栢如)

AUDITOR

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

CORPORATE INFORMATION

LEGAL ADVISERS

As to Hong Kong law:
Edwin Kwok & Co
Units 1207 & 1002
One Island South
2 Heung Yip Road
Wong Chuk Hang
Hong Kong

As to PRC law:
King & Wood Mallesons
18th Floor, East Tower
World Financial Center
1 Dongsanhuan Zhonglu
Chaoyang District
Beijing 100020

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

58 Middle Beijing Road
Yantai Development Zone
Yantai Area of Shandong Pilot Free Trade Zone
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

40th Floor, Dah Sing Financial Centre
No. 248 Queen's Road East
Wanchai, Hong Kong

PRINCIPAL BANKERS

China Construction Bank Yantai Development branch
77 Changjiang Road
Yantai Economic and Technological Development Area
Yantai, Shandong Province
PRC

Yantai Bank Development Zone branch
161 Changjiang Road
Yantai Economic and Technological Development Area
Yantai, Shandong Province
PRC

Qingdao Bank Yantai Development Zone Technological branch
108 Hengda • Haixin Garden
Yantai Economic and Technological Development Area
Yantai, Shandong Province
PRC

H SHARE REGISTRAR AND TRANSFER OFFICE

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

STOCK CODES

Stock code of H Shares: 9995
Stock code of A Shares: 688331

COMPANY WEBSITE

www.remegen.com

CHAIRMAN'S STATEMENT

Dear Shareholders,

Thank you for your continuous support to RemeGen. On behalf of the Board, I am pleased to present the annual report of the Company for the year ended December 31, 2025.

RemeGen, a biopharmaceutical company which integrates R&D, manufacturing and commercialization capabilities, is committed to the discovery, development and commercialization of innovative and differentiated biologic drugs for the treatment of autoimmune, oncology and ophthalmology diseases. Since our inception in 2008, we have built fully-integrated, end-to-end therapeutics development capabilities encompassing all the key biologic drug development functionalities. Our goal has always been to address the unmet medical needs of patients in China and globally.

In 2025, we were delighted to see the significant growth in domestic sales of our two products.

Telitacicept for the treatment of systemic lupus erythematosus (SLE) indications was added to the National Reimbursement Drug List (NRDL) in December 2021 and was successfully renewed at the end of 2023 and 2025. As of December 31, 2025, the commercialization team for autoimmune diseases had more than 900 professionals and telitacicept has been listed in over 1,200 hospitals in China. In 2025, the sales of telitacicept grew rapidly as a result of its clinical superiority and the inclusion in the NRDL. In 2025, telitacicept for the treatment of generalized myasthenia gravis (gMG) was approved for marketing by the National Medical Products Administration of the NMPA in China. The Company also licensed telitacicept, a product with independent intellectual property rights, to Vor Biopharma Inc., a company listed on Nasdaq. In 2026, we will continue to increase our market coverage and market penetration.

Furthermore, we have made significant progress in clinical expansion for other indications of telitacicept. In October 2025, the Biologics License Application (BLA) of Telitacicept for the treatment of IgA nephropathy (IgAN) was officially accepted by the Center for Drug Evaluation (CDE), the National Medical Products Administration of the PRC (NMPA), and was included in the priority review process. In July 2024, we were granted full approval by the NMPA to be marketed in China for rheumatoid arthritis (RA).

In December 2021, disitamab vedotin for injection for the treatment of locally advanced or metastatic gastric cancer (including gastroesophageal junction carcinoma) (GC) indications was included in the NRDL. At the end of 2022, disitamab vedotin for injection for the treatment of HER2 expressing locally advanced or metastatic urothelial carcinoma (UC) indications was also included in the NRDL. In May 2025, disitamab vedotin was approved for marketing by the NMPA for treating patients with the advanced breast cancer with HER2 positive and liver metastasis which previously received the treatment with trastuzumab (or its biological analog) and taxanes. As of December 31, 2025, the commercialization team for oncology had about 500 professionals and disitamab vedotin has been listed in over 1,050 hospitals in China. In 2025, the sales of disitamab vedotin grew rapidly as a result of its clinical superiority and the inclusion in the NRDL. In December 2025, disitamab vedotin for the treatment of HER2-overexpressing advanced gastric cancer and advanced urothelial cancer was included in the 2025 National Reimbursement Drug List. In 2026, we will continue to work diligently to increase market penetration.

CHAIRMAN'S STATEMENT

Moreover, we have also made good progress in the clinical development for other indications of disitamab vedotin. The Company's two current clinical studies in China, namely Phase III clinical study on the first-line treatment of patients with HER2 expressing UC in combination with PD-1 and Phase III clinical study on the first-line treatment of patients with HER2 expressing GC, are going smoothly. Ex-China, the Company is working closely with its partner Pfizer to actively propel the international clinical trials.

In addition to the above two commercialized products, the Company also has a number of molecules (including ADCs, fusion proteins, bispecific antibodies, bispecific ADC, etc.) that are being developed at different clinical stages in an orderly manner.

In 2025, we made great achievements despite macro and industry challenges. Looking ahead to 2026, we are confident that we can maintain a strong momentum both in domestic and overseas markets. With our established competitive advantage, we aim to develop more first-in-class and best-in-class products to help patients with unmet medical needs and deliver great returns to our Shareholders.

RemeGen Co., Ltd.
Mr. Wang Weidong
Chairman and Executive Director

March 27, 2026

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY ANALYSIS AND REVIEW

(I) The Development Stage, Basic Characteristics, and Main Technical Barriers of the Industry

According to the "Guidelines for Industry Classification of Listed Companies by the China Association for Public Companies" (revised in May 2023) issued by the China Association for Public Companies, the Company operates in the "Pharmaceutical Manufacturing Industry (C27)"; according to the "Industrial classification for national economic activities" (GB/T4754-2017) issued by the National Bureau of Statistics, the Company operates in the "Biopharmaceutical Manufacturing (C2761)" sector in the pharmaceutical manufacturing industry; according to the "Guiding Catalogue for Key Products and Services in Strategic Emerging Industries" (2016 edition) issued by the National Development and Reform Commission, the Company operates in the "4.1.2 Biotechnological drugs" sector in the "Biomedical Industry"; according to the "Classification of Strategic Emerging Industries (2018)" (Order No. 23 of the National Bureau of Statistics) issued by the National Bureau of Statistics, the Company operates in the "4.1.1 Manufacture of Biopharmaceutical Products" sector in the "Biomedical Industry"; according to the "Interim Provisions on the Application and Recommendation of Issuance and Listing for Companies on the SSE STAR Market" (revised in April 2024) (SSE [2024] No. 54), the Company is engaged in the biopharmaceutical business within the biopharmaceutical industry.

The development stages and basic characteristics of the industry are as follows:

1. *Continuous breakthroughs in biotechnology*

   The continuous breakthroughs in biotechnology have driven new growth in the antibody drug industry. For example, fusion proteins, ADC, monoclonal antibodies, bispecific antibodies and bispecific antibodies ADC have the characteristics of targeting and specificity, and can bind to specific antigens in a targeted manner. They have good clinical effects in treating various diseases that have no effective treatment methods in the past. At the same time, with the improvement of drug discovery capabilities brought about by technological progress, it is expected that an increasing number of novel drug targets will be identified and applied in clinical treatment, meeting the growing clinical needs and driving the new growth of the antibody drug industry.

2. *The continuous increase in clinical need*

   Driven by factors such as unhealthy lifestyles, pollution and aging society, the population of cancer and chronic disease patients in China and globally continues to expand. Despite the progress made in new treatment methods, there are still significant unmet clinical needs.

3. *Continuous improvement in payment ability*

   Innovative biologics have been included in the catalog of medicines covered by medical insurance, expanding access to these medications for patients. With more innovative biologics included in the national catalog of medicines covered by medical insurance and the launch of patient assistance projects, it is expected that the affordability of innovative biologics will improve.

MANAGEMENT DISCUSSION AND ANALYSIS

4. Introduction of incentive policies

Innovative biologics can more effectively treat diseases through new targets or new mechanisms of action, thereby meeting the growing clinical needs. Due to factors such as national policy support, increased investment in health and innovative drug R&D, and sustained rapid economic development, the vigorous development of innovative biologics is set to become an inevitable trend in the development of the biopharmaceutical industry.

Main Technical Barriers:

1. Technical barriers in R&D, production and quality management

   Compared to small molecule drugs, biologics have a higher molecular weight and more complex molecular structure. In terms of MW, the MW of small molecule drugs is generally below 900 Dalton, while the biologics is often hundreds of times that of small molecule drugs. For example, the MW of monoclonal antibodies is about 150,000 Dalton. In terms of molecular structure, small molecule drugs have a relatively simple molecular structure, while biologics often have complex multi-level structures.

   The large MW and the complex molecular structure also make the development of biologics more difficult, the production process more complicated, and the quality management requirements higher compared to small molecule drugs, rendering higher technical barriers. On the one hand, companies can protect the above-mentioned technological achievements in research and development, production, quality management, etc. by applying for patents, keeping them as trade secrets, and other means; On the other hand, the above-mentioned technical difficulties also result in high entry barriers to the biologics industry. Therefore, companies that entered the biologics industry earlier and have established their own technical systems will have higher technical barriers compared to later entrants.

2. Professional talent barriers

   The biologics is a knowledge-intensive sector, and the development and commercialization of biologics involve interdisciplinary and multi-technology integration at various stages, requiring technical personnel with multiple professional backgrounds to work together. For example, personnel involved in the early-stage research and development and process development phases should have professional backgrounds in biochemistry, molecular biology, crystal physics, genetic engineering, protein engineering, cell engineering, immunology, etc., while those involved in clinical development and registration should have professional backgrounds in clinical medicine, pharmacology, nursing, etc.

   Therefore, companies that entered the biologics industry earlier and have established a stable talent team will have higher talent barriers compared to later entrants.

MANAGEMENT DISCUSSION AND ANALYSIS

3. Capital investment barriers

The process of innovative biologics from early-stage R&D to commercial production is long, which involves various stages, including early drug discovery, preclinical research, and Phase I to III clinical trials. Generally speaking, innovative biologics often take 10 to 15 years from early drug discovery to completion of clinical trials, and require huge R&D investments ranging from tens of millions to billions of dollars. For biologics that have successfully reached the market, constructing commercial large-scale production facilities also incurs construction costs of US$200 million to US$700 million.

Therefore, the R&D and commercialization of innovative biologics is a lengthy and heavily funded process. For companies that entered the biologics industry earlier and have already pushed some products into the later clinical or commercial stages, they will have higher capital investment barriers compared to later entrants.

(II) Analysis of the Company's Industry Position and Its Changes

The Company adheres to a competitive strategy centered on independent innovation and differentiation, and has made deployments in multiple drug markets such as autoimmune diseases, oncology and ophthalmology diseases. The related products are all innovative designs with strong market competitiveness and differentiation advantages. Against the backdrop of the rapid development of the innovative biologics industry, based on the Company's long-term business strategy of developing innovative biologics, coupled with the strong support of the Company's mature industrialization and commercialization capabilities, it is expected that the Company will gradually transform research projects into marketed products, promote the industrialization process of scientific research achievements. The Company's currently marketed and upcoming products will effectively improve the accessibility of drugs in the related fields for patients and address significant unmet clinical needs.

(III) Development of new technologies, new industries, new business formats, and new business models during the reporting period, and future trends

In terms of new technologies, with the advancement of research in fields such as genetic engineering, antibody engineering, structural biology, antibody modification, conjugation technology, and ligand-toxin combination platforms, innovative biopharmaceutical technology platforms, represented by fusion proteins, ADCs, bispecific antibodies, and bispecific ADC, have developed rapidly. These platforms have demonstrated their viability through clinical trials and commercialization of products both domestically and internationally. Compared with traditional monoclonal antibody drugs, the aforementioned innovative technologies offer the potential for improved targeting and target affinity. They have become a key technological focus for the future development of the biopharmaceutical industry and have already demonstrated good efficacy and safety in the treatment of major diseases such as cancer, autoimmune diseases, and ophthalmic diseases, thereby improving patient survival benefit and driving rapid growth in the biopharmaceutical sector.

MANAGEMENT DISCUSSION AND ANALYSIS

In terms of new targets, with the advancement of basic biological research and translational medicine research, our understanding of the biological mechanisms, relevant molecular pathways, and drug-target potential of autoimmune diseases, cancers, and other conditions has become increasingly clear. Drugs targeting new targets are continuously entering clinical trials or moving towards commercialization. In China, in addition to targets such as PD-1, PD-L1, FGFR, and HER2 that are currently attracting significant research and development interest, an increasing number of drug candidates targeting novel targets are also being approved for clinical trials or successfully brought to market.

In terms of new manufacturing processes, with continuous advancements in disposable production equipment and continuous manufacturing, biopharmaceutical companies are able to leverage these innovations to enhance R&D and production efficiency, reduce cross-contamination, and optimize production costs. Compared with traditional stainless-steel equipment, disposable production technology can significantly reduce initial capital expenditures, greatly shorten the time required for process development and scale-up, and accelerate plant construction, thereby improving production efficiency while lowering overall production costs. The batch production process for traditional biologics involves a series of discrete production steps, which reduces production efficiency and increases the likelihood of operational errors. State-of-the-art continuous production processes in the industry have replaced batch-based operations with continuous flows, shortening production cycles while reducing material waste and potential contamination risks between batches, thereby improving production efficiency and product quality. In addition, continuous production processes can optimize overall production costs by improving production efficiency and reducing costs associated with manual operations between batches. Other advantages of continuous production processes include real-time quality control, compact equipment, and the ability to easily adjust production scale.

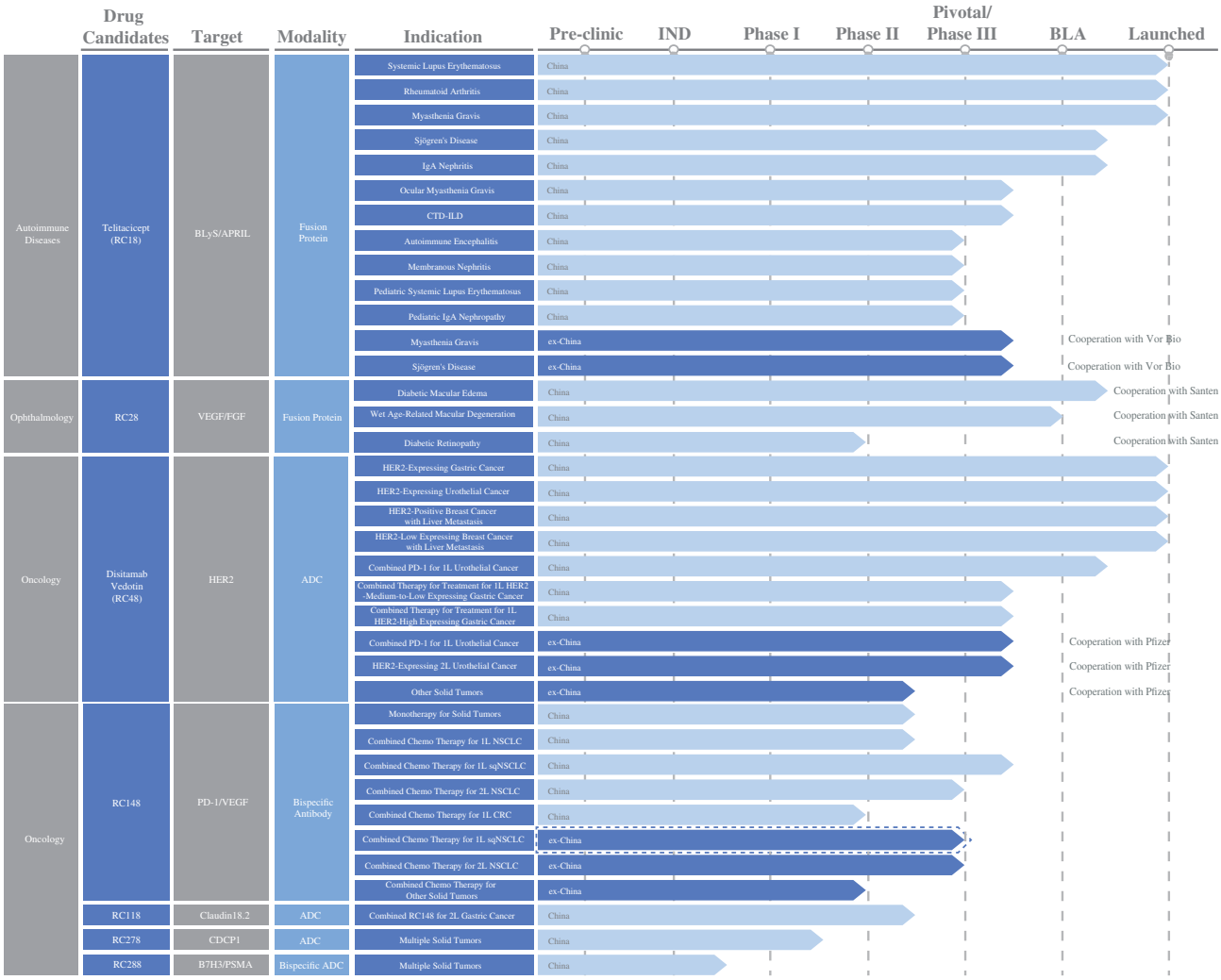
OVERVIEW

We are a biopharmaceutical company with an integrated full-industry-chain operation, dedicated to the discovery, development and commercialization of innovative and differentiated biologics for the treatment of autoimmune, oncology and ophthalmic diseases with unmet medical needs in China and globally. Our vision is to become a leading player in the global biopharmaceutical industry. Since our inception in 2008, we have been dedicated to the research and development of biologics with novel targets, innovative design and breakthrough potential to address global unmet clinical needs. Through more than ten years of efforts, we have built fully-integrated, end-to-end therapeutics development capabilities encompassing all the key biologics development functionalities, including discovery, preclinical pharmacology, process and quality development, clinical development, and manufacturing in compliance with global good manufacturing practice (GMP). Leveraging our strong research and development platforms, we have discovered and developed a robust pipeline of more than ten drug candidates. Among our drug candidates, seven are in clinical development stage targeting over 20 indications. Our two commercialized drugs, telitacicept (RC18, brand name: 泰愛®) and disitamab vedotin (RC48, brand name: 愛地希®), are in clinical trials targeting over 20 indications in China and the United States.

MANAGEMENT DISCUSSION AND ANALYSIS

RICH PRODUCT PIPELINE

The following chart illustrates our pipeline and summarises the development status of our clinical-stage drug candidates and selected the investigational new drug (IND)-enabling stage drug candidates as of December 31, 2025:



Note: As of the publication date of this annual report, the overseas phase III clinical study of RC148 in combination with chemotherapy for first-line squamous non-small cell lung cancer has been successfully communicated with the FDA.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the year ended December 31, 2025 and up to the date of this annual report, the Group has made the following significant progress:

Telitacicept (RC18, brand name: 泰爱®)

– Telitacicept is our proprietary novel fusion protein for treating autoimmune diseases. It is constructed with the extracellular domain of the human transmembrane activator and calcium modulator and cyclophilin ligand interactor (TACI) receptor and the fragment crystallizable (Fc) domain of human immunoglobulin G (IgG). Telitacicept targets and acts on two cell signaling molecules critical for B-lymphocyte development: B-cell lymphocyte stimulator (BLyS) and a proliferation inducing ligand (APRIL), which allows it to effectively reduce B-cell mediated autoimmune responses that are implicated in several autoimmune diseases.

– We are currently evaluating telitacicept in late-stage clinical trials, in an attempt to address the significant unmet or underserved medical needs.

o *Systemic Lupus Erythematosus (SLE)*

- In March 2021, telitacicept was granted conditional approval for marketing by the National Medical Products Administration of the PRC (NMPA) for the treatment of moderate to severe SLE with inadequate response to standard therapy, and was converted from conditional approval to full approval in China in November 2023. Telitacicept has been included in the National Reimbursement Drug List three times, in 2021, 2023 and 2025.

o *Myasthenia Gravis (MG)*

- *China*: We initiated a Phase III clinical trial of telitacicept for the treatment of generalized myasthenia gravis (gMG) in China in the first half of 2023. In August 2024, the clinical trial reached its primary study endpoints and the marketing application for this indication was formally accepted by the CDE in October 2024 and included in the priority review and approval process. Previously, we received breakthrough therapy designation from the CDE for the treatment of generalized myasthenia gravis in November 2022. In May 2025, this indication was approved for marketing by the National Medical Products Administration of the PRC (NMPA). In December 2025, this indication was included in the 2025 National Reimbursement Drug List.

- *United States*: The FDA granted orphan drug designation to telitacicept for the treatment of generalized myasthenia gravis (gMG) in October 2022. In the first quarter of 2023, the FDA approved a global multi-center Phase III clinical trial of telitacicept for the treatment of patients with generalized myasthenia gravis (gMG) and granted it a fast track designation（FTD）. In August 2024, the clinical trial enrolled the first patient in the U.S. In June 2025, telitacicept was granted Orphan Drug Designation (ODD) by the European Commission for the treatment of myasthenia gravis. In June 2025, following the licensing of telitacicept to Vor Bio, Vor Bio continued to advance the global multi-centre Phase III clinical trial of telitacicept for the treatment of MG.

MANAGEMENT DISCUSSION AND ANALYSIS

In April 2025, we announced the data of Phase III clinical study on telitacicept for the treatment of MG in China at the annual meeting of the American Academy of Neurology (AAN). Data showed that after 24 weeks of treatment, telitacicept demonstrated a 5.74-point reduction in Myasthenia Gravis Activities of Daily Living Profile ("**MG-ADL**") scores from baseline, compared to a 0.91-point reduction in the placebo group; 98.1% of telitacicept-treated patients achieved ≥3 points improvement in MG-ADL scores, versus 12% with placebo; the Quantitative Myasthenia Gravis ("**QMG**") score decreased by 8.66 points from baseline with telitacicept, compared to 2.27 points decrease with placebo; 87% of telitacicept-treated patients attained improvement of ≥5 points in QMG score, far higher than 16% with placebo. Over time, both MG-ADL and QMG scores showed sustained reductions in the telitacicept group, reaching peak improvement at Week 24. During the treatment period, telitacicept demonstrated a favorable safety and tolerability profile, with the overall incidence of adverse events ("**AE**") being comparable to that of the placebo group. The incidence of infection-related AE was lower in the telitacicept group compared to the placebo group (45.6% vs 59.6%).

In October 2025, we presented data from the 24-48 week open-label extension (OLE) study of the Phase III clinical study of telitacicept for the treatment of generalized myasthenia gravis (gMG) in China at the American Association of Neuromuscular & Electrodiagnostic Medicine (AANEM) Annual Meeting.

- At week 48, patients who received continuous telitacicept treatment for 48 weeks achieved a mean reduction in MG-ADL score of 7.5 points from baseline, while patients switched from placebo to telitacicept for 24 weeks achieved a mean reduction of 6.3 points from baseline. At week 48, the proportions of patients with an improvement of ≥3 points in MG-ADL score were 96.2% and 90.2%, respectively.

- At week 48, patients who received continuous telitacicept treatment for 48 weeks achieved a mean reduction in QMG score of 9.8 points from baseline, while patients switched from placebo to telitacicept for 24 weeks achieved a mean reduction of 9.3 points from baseline. At week 48, the proportions of patients with an improvement of ≥5 points in QMG score were 94.2% and 90.2%, respectively.

- Telitacicept demonstrated a favourable safety profile comparable to placebo and consistent with that observed in studies in other autoimmune diseases, including systemic lupus erythematosus, rheumatoid arthritis, primary Sjögren's syndrome and IgA nephropathy. No new safety signals were identified, and most adverse events were mild to moderate.

- During the OLE period, no injection site reactions were reported in patients who received continuous telitacicept treatment. Injection site reactions in patients switched from placebo to telitacicept were mild and self-limiting, with no discontinuations due to injection site reactions.

MANAGEMENT DISCUSSION AND ANALYSIS

o *Sjögren's Syndrome (SD)*

- *China*: We initiated the Phase III clinical study in China in the first half of 2023 and completed patient enrollment in May 2024. In August 2025, the Phase III clinical trial for this indication reached the primary study endpoint. We subsequently submitted a New Drug Application (NDA) to the Center for Drug Evaluation (CDE) of the National Medical Products Administration of the PRC (NMPA).

- *United States*: In December 2023, the IND application for the global multi-centre Phase III clinical trial of telitacicept for the treatment of SD was approved by the FDA. In March 2024, telitacicept was granted a FTD by the FDA for the treatment of patients with SD. As of the date of this annual report, Vor Bio has initiated a Phase III clinical study for this indication in the US.

  In October 2025, results from the Phase III clinical study of telitacicept for the treatment of Sjögren's syndrome in China were presented as a "Late-Breaking Poster" at the 2025 ACR. This was a randomized, double-blind, placebo-controlled Phase III trial conducted in China, enrolling patients with anti-SSA-positive and active Sjögren's syndrome. A total of 381 patients were randomized to receive weekly subcutaneous injections of telitacicept 160 mg, telitacicept 80 mg, or placebo for 48 weeks. Between week 24 and week 48, patients with an inadequate response in the placebo group could be switched in a blinded manner in a 1:1 ratio to receive telitacicept 160 mg or telitacicept 80 mg.

  The primary endpoint of the study was the change from baseline in ESSDAI (EULAR Sjögren's Syndrome Disease Activity Index) at week 24. Key secondary endpoints included the change from baseline in ESSDAI at week 48; the proportion of patients achieving clinically meaningful improvement in ESSDAI (ESSDAI reduction ≥3 points) or low disease activity (ESSDAI <5 points) at weeks 24 and 48; and the proportion of patients with ESSPRI (EULAR Sjögren's Syndrome Patient Reported Index) reduction ≥1 point or ≥15% (marked symptom improvement) at weeks 24 and 48.

Key Findings from the 48-Week Results:

- Change from baseline in ESSDAI: At week 24, -4.4 (160 mg), -3.0 (80 mg), and -0.6 (placebo); at week 48, -4.6 (160 mg), -3.2 (80 mg), and -0.4 (placebo), demonstrating sustained, dose-dependent improvement in systemic disease activity.

- Change from baseline in ESSPRI: At week 24, -1.88 (160 mg), -1.31 (80 mg), and -0.36 (placebo); at week 48, -2.56 (160 mg), -1.74 (80 mg), and -0.41 (placebo), showing sustained symptom improvement in dry mouth, fatigue, and pain.

- Proportion of patients with ESSDAI improvement ≥3 points: At week 24, 71.8% (160 mg), 47.1% (80 mg), and 19.3% (placebo); at week 48, 73.0% (160 mg), 49.1% (80 mg), and 16.5% (placebo).

- Proportion of patients with ESSDAI <5 points (low disease activity): At week 24, 49.6% (160 mg), 28.8% (80 mg), and 10.9% (placebo); at week 48, 55.0% (160 mg), 32.7% (80 mg), and 12.2% (placebo).

MANAGEMENT DISCUSSION AND ANALYSIS

- Proportion of patients with ESSPRI reduction ≥1 point or ≥15% (marked symptom improvement): At week 24, 86.2% (160 mg), 63.0% (80 mg), and 32.2% (placebo); at week 48, 89.1% (160 mg), 75.4% (80 mg), and 33.3% (placebo).

- Telitacicept demonstrated a favourable safety profile in patients with Sjögren's syndrome, consistent with previous studies in other autoimmune diseases including systemic lupus erythematosus, rheumatoid arthritis, myasthenia gravis, and IgA nephropathy. No new safety signals were observed, and most adverse events were mild to moderate.

o *Immunoglobulin A Nephropathy (IgAN)*

In the first half of 2023, we initiated a Phase III clinical study of telitacicept for the treatment of IgAN patients in China, and in May 2024, patient enrollment for the Phase III study was completed. In August 2025, this Phase III clinical study reached the primary study endpoint of Stage A. Subsequently, in October 2025, the marketing application for this indication was accepted by the Center for Drug Evaluation (CDE) of the National Medical Products Administration of the PRC (NMPA) and included in the priority review process.

In November 2025, data from the Phase III clinical study for this indication in China were presented in the form of a "Late-Breaking Oral" presentation at the 2025 American Society of Nephrology (ASN) Annual Meeting. This was a multi-centre, randomized, double-blind, placebo-controlled Phase III clinical trial enrolling 318 adult patients with IgA nephropathy receiving standard therapy, who were randomized 1:1 to receive once-weekly subcutaneous injections of telitacicept (240 mg) or placebo. Stage A of the study verified the efficacy of telitacicept in reducing proteinuria by assessing the change from baseline in 24-hour urine protein-to-creatinine ratio (UPCR) after 39 weeks of treatment with telitacicept/placebo. The study results showed:

- At Stage A of the Phase III study, telitacicept reached the primary endpoint of reducing proteinuria. At week 39, the reduction from baseline in 24-hour UPCR was 58.9% in the telitacicept group, significantly higher than 8.8% in the placebo group. The ratio of 24-hour UPCR change from baseline in the telitacicept group was 55% lower than that in the placebo group at week 39 ($p<0.0001$).

- All secondary endpoints at Stage A achieved statistically significant benefits. Secondary endpoints at Stage A evaluated the renal protective effect of telitacicept – measured by the change from baseline in estimated glomerular filtration rate (eGFR) and the proportion of patients with ≥30% decline in eGFR. Other secondary endpoints included: the change from baseline in 24-hour urine albumin-to-creatinine ratio (UACR) and the proportion of patients achieving UPCR <0.8 g/g.

- After 39 weeks of treatment, the telitacicept group demonstrated superior results across all secondary endpoints. Compared with placebo, telitacicept stabilized renal function: the geometric mean percentage change from baseline in eGFR at week 39 was largely stable in the telitacicept group (-1.0%), while it deteriorated significantly in the placebo group (-7.7%). The proportion of patients with ≥30% decline in eGFR from baseline was significantly lower in the telitacicept group than in the placebo group (6.3% vs 27.0%). The proportion of patients achieving UPCR <0.8 g/g was significantly higher in the telitacicept group than in the placebo group (61.0% vs 19.5%).

MANAGEMENT DISCUSSION AND ANALYSIS

- Exploratory analysis results showed that telitacicept significantly alleviated hematuria in patients. At week 39, the proportion of patients with positive hematuria in the telitacicept group decreased from 71.1% at baseline to 20.9%, while the proportion in the placebo group increased from 71.3% at baseline to 73.5%.

- The overall safety profile of telitacicept was consistent with its known characteristics and it was well tolerated. The incidence of serious adverse events in the telitacicept group was lower than that in the placebo group (2.5% vs 8.2%), and no new safety signals were identified.

o *Other Indications*

In addition to the above indications, the Company is actively exploring and evaluating telitacicept for the treatment of other autoimmune diseases. The Company plans to initiate Phase III clinical trials of telitacicept in China for multiple indications, including connective tissue disease-associated ocular myasthenia gravis, interstitial lung disease, membranous nephropathy, autoimmune encephalitis, paediatric systemic lupus erythematosus and paediatric IgA nephropathy. Moreover, telitacicept has garnered extensive attention and interests among researchers, and dozens of studies have been launched by researchers.

– In June 2025, we entered into a license agreement with Vor Biopharma Inc. ("**Vor Bio**") to develop and commercialize telitacicept. Pursuant to the license agreement, Vor Bio has been granted an exclusive license to develop and commercialize telitacicept in global regions excluding Greater China (i.e. the PRC, Hong Kong, Macau and Taiwan). The license agreement stipulates that: (i) Vor Bio shall pay the Company and Yantai Rongpu Investment Partnership (Limited Partnership) ("**Yantai Rongpu**", being wholly-owned by the Company) a total consideration of USD125 million, which includes a USD45 million upfront payment to the Company (already received in July 2025) and USD80 million worth of warrants issued by Vor Bio to Yantai Rongpu; (ii) based on clinical development progress and post-commercialization sales, Vor Bio shall pay the Company milestone payments of up to USD4.105 billion across multiple potential indications; and (iii) Vor Bio shall pay the Company royalties at a high single-digit to double-digit percentage of the actual annual net sales. Please refer to Vor Bio's public information for more details and the announcement published by the Company on Stock Exchange on June 26, 2025.

o *MG*

Vor Bio is conducting a global multi-center Phase III clinical trial of telitacicept for the treatment of patients with generalized myasthenia gravis (gMG) overseas.

o *SD*

Vor Bio intends to initiate a global multicentre Phase III clinical trial of telitacicept for the treatment of patients with Sjögren's Syndrome (SD) at an appropriate time.

Warning: There is no assurance that telitacicept (RC18, brand name: 泰爱®) (for the treatment of other indications) will ultimately be successfully developed and marketed by the Company. Shareholders of the Company and potential investors are advised to exercise caution when dealing in the Shares of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

Disitamab Vedotin (RC48, brand name: 爱地希®)

– Disitamab vedotin is our leading antibody-drug conjugate (ADC) product candidate and is the first domestically developed ADC approved in China. Disitamab vedotin is a novel ADC independently developed by the Company for treating human epidermal growth factor receptor 2 (HER2)-expressing (including low-expressing) solid tumors. Disitamab vedotin is currently being studied in multiple late-stage clinical trials in China across a variety of solid tumor types. Among clinical trials in China, disitamab vedotin has demonstrated promising efficacy in patients with HER2-expressing advanced or metastatic gastric cancer (GC) and urothelial cancer (UC), and has also proved its potential as treatment for HER2-expressing (including low-expressing) breast cancer (BC) and other malignant tumors like gynecological cancers.

– We have been developing disitamab vedotin for a variety of HER2-expressing cancer types. Currently, we strategically focus on clinical studies on disitamab vedotin for the treatment of indications of urothelial cancer (UC), gastric cancer (GC) and breast cancer (BC) in China.

o *Urothelial Cancer (UC)*

- In December 2021, disitamab vedotin was granted conditional approval for marketing from the NMPA for the treatment of HER2-expressing urothelial cancer (UC) in the second-line and later. Previously, in December 2020, we received the breakthrough therapy designation from the NMPA for the treatment of UC. In September 2021, we were granted fast track designation by the NMPA for the treatment of UC. The drug was included in the NRDL in January 2023 and was successfully renewed by the end of 2023 and 2025.

  In March 2025, results from the Phase II study of disitamab vedotin as monotherapy for locally advanced or metastatic urothelial cancer (La/mUC) with HER2-negative (IHC 0) and HER2-low-expressing (IHC 1+) in later lines of treatment were published in full in Med, a flagship international medical journal (IF=12.8). The study results showed that as of September 30, 2022, the overall objective response rate (ORR) was 31.6%, the disease control rate (DCR) was 94.7%, the median progression-free survival (PFS) was 5.5 months, and the overall survival (OS) was 16.4 months. Among these, the ORR in patients with HER2-low expression (IHC 1+) reached 46.2%, with a median OS extended to 26.8 months; the DCR in patients with HER2-negative (IHC 0) status was 100%. This indicates that even tumors with only low HER2 expression, or even with almost no expression, may still benefit from treatment with disitamab vedotin.

- In January 2025, Phase Ib/II clinical study results of disitamab vedotin in combination with toripalimab for the treatment of locally advanced or metastatic urothelial cancer (UC) (RC48-C014) were published in the Annals of Oncology (IF: 56.7), a top international oncology journal. This study represents the first release of long-term follow-up data for a HER2-targeting ADC combined with a PD-1 inhibitor in advanced urothelial cancer, marking an important milestone. The nearly three-year follow-up data showed that disitamab vedotin in combination of toripalimab achieved an objective response rate (ORR) of 73.2% and a median overall survival (OS) of 33.1 months in patients with advanced urothelial cancer.

MANAGEMENT DISCUSSION AND ANALYSIS

In June 2022, we initiated a Phase III clinical study for this indication in China. In May 2025, the RC48-C016 study demonstrated strongly positive results in a pre-specified interim analysis conducted by the Independent Data Monitoring Committee (IDMC), achieving both primary study endpoints of progression-free survival (PFS) and overall survival (OS). In July 2025, the marketing application for this indication was accepted by the CDE.

In October 2025, we announced results from the Phase III clinical study (RC48-C016) of disitamab vedotin in combination with toripalimab versus chemotherapy as first-line treatment for HER2-expressing locally advanced or metastatic urothelial cancer at the 2025 European Society for Medical Oncology (ESMO) Annual Meeting.

Study results as of March 31, 2025 showed:

- For progression-free survival, the median PFS in the disitamab vedotin in combination with treatment group was 13.1 months, significantly superior to 6.5 months in the chemotherapy group. The median progression-free survival doubled compared with chemotherapy, and the risk of disease progression or death was reduced by 64% (hazard ratio (HR) = 0.36, 95% CI: 0.28-0.46, P<0.0001).

- Overall survival data were also encouraging. In this interim survival analysis, the median OS in the disitamab vedotin in combination with treatment group was 31.5 months, compared with 16.9 months in the platinum-based chemotherapy group. This not only translated delayed disease progression into long-term survival benefit but also delivered nearly double the overall survival time versus chemotherapy, reducing the risk of death by 46% (HR = 0.54, 95% CI: 0.41-0.73, P<0.0001).

- For tumour response, the objective response rate ("**ORR**") assessed by Blinded Independent Image Review Committee (BIRC) was 76.1% in the disitamab vedotin in combination with treatment group, far exceeding 50.2% in the chemotherapy group. For disease control, the disease control rate (DCR) in the disitamab vedotin in combination with treatment group reached 91.4%, significantly higher than 77.6% in the chemotherapy group.

- In the key subgroup analyses, median PFS and median OS were both significantly improved compared with platinum-based chemotherapy, regardless of whether patients have received the treatment of cisplatin or not, and regardless of HER2-expressing status, and tumour location.

- In addition, the combination regimen demonstrated a more favourable safety profile. The overall incidence of grade ≥3 treatment-related adverse events in the disitamab vedotin in combination with treatment group was only 55.1%, significantly lower than 86.9% in the chemotherapy group.

- We are exploring the clinical potential of disitamab vedotin in combination with anti-PD-1 antibody for the treatment of HER2-expressing UC. The investigational new drug (IND) application for a Phase II trial of disitamab vedotin in combination with toripalimab injection (brand name: 拓益®) for the treatment of perioperative muscle invasive bladder cancer (MIBC) was accepted by the NMPA in February 2022. In May 2024, based on this clinical study, the CDE of the NMPA has granted the Breakthrough Therapy Designation to disitamab vedotin. Up to now, we have completed patient enrollment.

MANAGEMENT DISCUSSION AND ANALYSIS

In February 2025, at the American Society of Clinical Oncology Urogenital Oncology Symposium (ASCO GU) held in San Francisco, USA, Professor Sheng Xinan from Peking University Cancer Hospital presented updated efficacy and safety results from a Phase II clinical study (RC48-C017) of disitamab vedotin in combination with toripalimab as neoadjuvant therapy for HER2-expressing muscle invasive bladder cancer (MIBC). The pathological complete response rate (pCR) reached 63.6%, representing a breakthrough improvement compared with the pCR of conventional neoadjuvant chemotherapy (36%-42%).

In this study, 47 eligible patients received neoadjuvant therapy (10.6% with HER2 IHC 1+, 57.4% with IHC 2+, and 31.9% with IHC 3+). Among them, 33 patients underwent radical cystectomy and pelvic lymphadenectomy (RC + PLND). As of the data cutoff date of December 3, 2024, the study demonstrated excellent efficacy and manageable safety:

- The pathological complete response rate (pCR) was 63.6% (95% CI: 45.1% – 79.6%), nearly double that of conventional neoadjuvant chemotherapy (36%-42%). The pathological response rate was 75.8% (95% CI: 57.7% – 88.9%). The study showed significant benefit in both HER2-overexpressing (IHC 3+/2+) and HER2-low (IHC 1+) patients, with a pCR rate of up to 84.6% in HER2 IHC 3+ patients. The high pCR rate was directly associated with improved postoperative recurrence-free survival.

- The 12-month event-free survival (EFS) rate for all evaluable patients was 92.5% (95% CI: 72.8% – 98.1%). The 12-month EFS rate for the intention-to-treat population was 88.1% (95% CI: 70.7% – 95.4%).

- Favourable safety was observed. The incidence of grade ≥3 treatment-emergent adverse events (TEAEs) was only 27.7%, representing a significant reduction in toxicity compared with conventional chemotherapy regimens (40%-50%) and greatly improved patient tolerability.

o *Gastric Cancer (GC)*

- In June 2021, disitamab vedotin received conditional marketing approval from the National Medical Products Administration of the PRC (NMPA) for the treatment of third-line and later gastric cancer (GC). This indication was included in the NRDL in January 2022 and was renewed in 2023 and 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

- In May 2025, we announced the results of study on disitamab vedotin in combination with toripalimab and chemotherapy/trastuzumab for first-line treatment of HER2-expressing locally advanced or metastatic gastric cancer in oral presentation at the American Society of Clinical Oncology (ASCO) Annual Meeting. The study results showed that:

  1. In HER2-high-expressing gastric cancer patients, both disitamab vedotin in combination with toripalimab and chemotherapy and disitamab vedotin in combination with PD-1 + trastuzumab demonstrated significant efficacy advantages over PD-1 + trastuzumab + CAPOX chemotherapy, with manageable safety profiles. Confirmed ORR: 66.7% vs 82.4% vs 68.8%; Median Progression-Free Survival ("**mPFS**"): Not Reached vs Not Reached vs 14.1 months, the risk of disease progression was reduced by 54% (HR = 0.46) and 41% (HR = 0.59), respectively; 12-Month PFS rates: 66.3%, 67% and 53.6%, respectively; Common Grade ≥3 Treatment-Related Adverse Events ("**TRAEs**"): diarrhea, neutropenia, thrombocytopenia, etc.

  2. In HER2-low/intermediate-expressing gastric cancer patients, disitamab vedotin + PD-1 + CAPOX chemotherapy also demonstrated significant efficacy over PD-1 + CAPOX chemotherapy, with a manageable safety profile. Confirmed ORR: 72.0% vs 47.8%; mPFS: 9.9 months vs 7.2 months, the risk of disease progression was reduced by 31% (HR=0.69); Common Grade ≥3 TRAEs: diarrhea, neutropenia, thrombocytopenia, etc.

  3. Dose optimization was made in HER2-low/intermediate-expressing gastric cancer patients, disitamab vedotin at 2.5 mg/kg or 2.0 mg/kg + PD-1 + reduced-dose CAPOX chemotherapy both demonstrated significant efficacy compared to PD-1 + CAPOX chemotherapy, with superior safety to full-dose chemotherapy. Confirmed ORR: 71.4% vs 66.7% vs 56.3%; 6-Month PFS rates were: 71.4%, 72.7% and 53.3%, respectively.

- In 2025, we initiated in China a Phase III study of disitamab vedotin in combination therapy for the first-line treatment of HER2-low/intermediate-expressing gastric cancer patients, as well as a Phase III study of disitamab vedotin in combination therapy for the first-line treatment of HER2-high-expressing gastric cancer patients. As of now, patient enrollment is ongoing for both clinical trials.

o *Breast Cancer (BC)*

- In June 2024, the Phase III clinical trial of disitamab vedotin for the treatment of HER2-positive advanced breast cancer patients with liver metastasis achieved positive results and reached the primary study endpoints. The marketing application for such indication was approved by the Center for Drug Evaluation (CDE) of the National Medical Products Administration of the PRC (NMPA) in May 2025.

- In May 2025, we submitted the marketing application for disitamab vedotin for the treatment of HER2-low-expressing breast cancer in China to the Center for Drug Evaluation (CDE) of the National Medical Products Administration of the PRC (NMPA).

MANAGEMENT DISCUSSION AND ANALYSIS

– In August 2021, we entered into an exclusive worldwide license agreement with Seagen Inc. ("**Seagen**") to develop and commercialize disitamab vedotin. Pursuant to the license agreement, Seagen has been granted an exclusive license to develop and commercialize disitamab vedotin in global regions excluding Asia (Japan and Singapore excluded). We received an upfront payment of USD200 million in October 2021. Under the agreement, we will receive additional milestone payments of up to USD2.4 billion thereafter and the royalties amounting to a high single-digit to mid-teens percentage of future cumulative net sales as Seagen subsequently continues global development and commercialization of disitamab vedotin. Pfizer Inc. ("**Pfizer**")/ Seagen are conducting various clinical trials of disitamab vedotin for different indications. Please refer to Pfizer's/Seagen's public information for more details.

o *UC*

Pfizer/Seagen is developing a Phase III clinical trial of disitamab vedotin in combination with PD-1 for the first-line treatment of UC. As of December 31, 2025, patient enrollment for this clinical trial is underway.

Warning: There is no assurance that disitamab vedotin (RC48, brand name: 爱地希®) (for the treatment of other indications) will ultimately be successfully developed and marketed by the Company. Shareholders of the Company and potential investors are advised to exercise caution when dealing in the Shares of the Company.

RC28-E

– RC28-E is an innovative fusion protein targeting both vascular endothelial growth factor (VEGF) and fibroblast growth factor (FGF). We are evaluating in clinical studies, and plan to evaluate, the efficacy of RC28-E for several ophthalmic diseases, including wet age-related macular degeneration (wAMD), diabetic macular edema (DME) and diabetic retinopathy (DR).

o *Wet Age-Related Macular Degeneration (wAMD)*

Currently, we have completed an open-label, single-arm Phase Ib dose-expansion trial to evaluate the efficacy and safety of RC28-E in the treatment of the patients with wAMD. The results of the study of this indication were presented at the 38th World Ophthalmology Congress (WOC 2022) in September 2022. We initiated the Phase III clinical study in China in the first half of 2023, and as of December 31, 2025, patient enrollment has been completed.

o *Diabetic Macular Edema (DME)*

We further initiated the Phase III clinical trial. In September 2025, the New Drug Application for this indication has been formally accepted for review by the Center for Drug Evaluation (CDE) of the National Medical Products Administration of the PRC (NMPA).

MANAGEMENT DISCUSSION AND ANALYSIS

This marketing application is based on a multicenter, randomized, double-blind, positive-controlled Phase III clinical study. Eligible subjects were randomized in a 1:1 ratio to either the RC28-E 2.0mg group or the aflibercept 2.0mg group. The primary endpoint was the mean change in best-corrected visual acuity (BCVA) of the study eye from baseline at week 52. In this study, RC28-E was administered as a single dose of 2.0mg via intravitreal injection, once every 4 weeks from week 0 to week 16 for a total of 5 doses, followed by once every 8 weeks through week 48. A total of 316 subjects were enrolled, and the results showed that RC28-E met the prespecified primary endpoint compared with the positive-controlled aflibercept, demonstrating non-inferiority, with a favorable safety and tolerability profile.

In May 2025, the results of Phase II clinical trial on RC28-E for treatment of DME was announced at The Association for Research in Vision and Ophthalmology Annual Meeting (ARVO 2025). The study results demonstrated that RC28-E significantly improved best-corrected visual acuity (BCVA) in patients with DME, reduced central subfield retinal thickness (CST) and effectively alleviated macular edema.

Under the clinical protocol design, 63.5% of the patients enrolled in this study were treatment-naïve, 36.5% were previously treated with anti-VEGF agents in the study eye, and the BCVA of the enrolled patients was 73-24 letters, with CST 300μm or above. In addition to one control group, this study comprised four RC28-E treatment groups stratified by dosage levels and dosing strategies. The primary endpoints were changes in BCVA from baseline at week 24 and week 52. The study results indicated that RC28-E injection effectively improved visual acuity in DME patients. At week 52, the BCVA increased by 8.4 letters, 5.5 letters, 9.5 letters, 9.2 letters and 9.7 letters from baseline in the control group, 1.0mgQ8W group, 1.0mgPRN group, 2.0mgQ8W group and 2.0mgPRN group, respectively. In terms of drug safety, the study showed that patients injected with RC28-E generally exhibited good safety and tolerability, with incidences of ocular and non-ocular adverse events being similar to those in the control group.

o *Diabetic Retinopathy (DR)*

We are currently conducting a multi-center, randomized, positive-controlled Phase II clinical trial in China. As of December 31, 2025, patient enrollment has been completed.

– The Company and Santen China, a wholly-owned subsidiary of Santen Pharma in Japan, have entered into a license agreement, pursuant to which, the Company will grant Santen China a paid license for its self-developed RC28-E Injection with intellectual property rights and Santen China will obtain the exclusive rights to develop, manufacture and commercialize RC28-E in the Greater China as well as South Korea, Thailand, Vietnam, Singapore, the Philippines, Indonesia and Malaysia (collectively, the "**Licensed Territories**"), while the Company will retain the exclusive global rights to RC28-E outside of the aforementioned Licensed Territories. The Company shall receive from Santen China a non-refundable and non-deductible upfront payment of RMB250 million, development and regulatory milestone payments of up to RMB520 million, and sales milestone payments of up to RMB525 million. In addition, the Company will also receive tiered sales royalties ranging from high single-digit to double-digit percentages based on product sales within the Licensed Territories.

MANAGEMENT DISCUSSION AND ANALYSIS

– **Warning:** There is no assurance that the RC28-E will ultimately be successfully developed and marketed by the Company. Shareholders of the Company and potential investors are advised to exercise caution when dealing in the Shares of the Company.

RC148

– RC148 is a bispecific antibody drug targeting PD-1 and VEGF. In August 2025, the Center for Drug Evaluation (CDE) of National Medical Products Administration granted breakthrough therapy designation to RC148 for the treatment of non-small cell lung cancer (NSCLC).

China: We are advancing multiple clinical studies in China.

We are conducting a Phase I/II clinical study of RC148 as monotherapy for the first-line treatment of NSCLC and RC148 in combination with chemotherapy for the second-line treatment of NSCLC. As of December 31, 2025, patient enrollment has been completed.

We are conducting a Phase II clinical study of RC148 in combination with chemotherapy for the first-line treatment of non-small cell lung cancer. As of December 31, 2025, patient enrollment has been completed.

We are conducting a Phase III clinical study of RC148 in combination with chemotherapy for the first-line treatment of squamous non-small cell lung cancer. As of December 31, 2025, patient enrollment is ongoing.

We are conducting a Phase III clinical study of RC148 in combination with chemotherapy for the second-line treatment of non-small cell lung cancer. As of December 31, 2025, the IND application for this clinical trial has been approved.

We are conducting a Phase II/III clinical study of RC148 in combination with chemotherapy for the first-line treatment of colorectal cancer. As of December 31, 2025, the clinical trial has commenced.

United States:

The IND application for the Phase II clinical study of RC148 in combination therapy for solid tumors has been approved by the FDA.

The IND application for the Phase III clinical study of RC148 in combination with chemotherapy for the second-line treatment of non-small cell lung cancer has been approved by the FDA.

MANAGEMENT DISCUSSION AND ANALYSIS

OTHER CLINICAL-STAGE DRUG CANDIDATES

– **RC278**: RC278 is a novel ADC drug targeting CDCP1 for the treatment of various tumors. In July 2025, the IND application for the Phase I/II clinical trial of RC278 for the treatment of multiple solid tumors was approved by the Center for Drug Evaluation (CDE) of National Medical Products Administration of the PRC (NMPA). As of December 31, 2025, patient enrollment is ongoing.

– **RC288**: RC288 is a PSMA/B7H3-targeting bispecific ADC that utilizes a new generation of conjugation and toxin technology for the treatment of multiple solid tumors. As of December 31, 2025, it is in the IND-enabling stage.

– **Warning:** There is no assurance that the RC148, RC278 or RC288 will ultimately be successfully developed and marketed by the Company. Shareholders of the Company and potential investors are advised to exercise caution when dealing in the Shares of the Company.

CORE TECHNOLOGIES AND R&D PROGRESS

(I) Core technologies, their advanced nature, and changes during the reporting period

In the course of discovering, developing, and commercializing innovative and distinctive biopharmaceutical products, the Company has established and refined core technology platforms with proprietary intellectual property rights, including antibody and fusion protein platforms, antibody-drug conjugate (ADC) platforms, bispecific antibody platforms, bispecific antibody ADC platforms and PR-ADC payload recycling platforms. Based on the aforementioned core technology platforms, the Company possesses strong capabilities in early-stage discovery and molecular screening for innovative biopharmaceutical products, enabling the development of new molecules with novel structures and mechanisms of action.

1. Antibody and fusion protein platform

Our antibody and fusion protein platform is primarily used for the discovery and development of novel monoclonal antibodies and fusion protein therapeutics, drawing on expertise in areas such as bioinformatics-aided protein design and protein engineering. Based on the antibody and fusion protein platforms, our platforms can be used for antibody/fusion protein drug screening and protein engineering research. The Company has established proprietary technologies, including a hybridoma monoclonal antibody platform, a human antibody library phage display platform, and a camelid nanobody phage display platform, which are used to screen for monoclonal antibodies with drug-like potential. Leveraging hybridoma technology, high-affinity murine antibodies are produced, and those with good therapeutic efficacy are selected for further humanization; alternatively, fully human antibodies can be screened and engineered using technologies such as human antibody libraries and phage display platforms; the dromedary nanobody phage display platform can be used to screen for high-affinity anti-Fc antibodies. In addition, the Company has extensive experience in bioinformatics-assisted protein design (including the modification of fusion proteins) and protein engineering. By using bioinformatics to optimize the structures of antibodies and fusion proteins, we can enhance their affinity for target binding domains and their biological activity, thereby improving the biological activity of fusion proteins and generating functional biomolecules.

MANAGEMENT DISCUSSION AND ANALYSIS

2. *Antibody-drug conjugate (ADC) platform*

Our antibody-drug conjugate (ADC) platform is primarily used for the discovery, development, and manufacturing of ADC drugs, covering key technologies such as antibody synthesis, linkers, and small-molecule cytotoxins. By studying various conjugation methods, linkers, and the molecular structures of cytotoxic ADCs, and leveraging proprietary bridging and conjugation technologies to generate diverse combinations of homogeneous ADCs, the Company continuously optimizes its products. It is one of the few biopharmaceutical companies in China to possess a fully integrated antibody-drug conjugate (ADC) platform.

3. *Bispecific antibody platform*

Our bispecific antibody platform is primarily used for the discovery and development of bispecific antibody therapeutics. Based on the bispecific antibody platform, the Company has developed drug candidates for the treatment of cancer, all of which have demonstrated significant biological activity in preclinical studies. In the future, the Company will conduct clinical trials in the field of cancer treatment to further evaluate their efficacy and safety, and actively advance the research on these drug candidates.

4. *Bispecific antibody ADC platform*

Our bispecific antibody ADC platform is primarily used for the discovery and development of bispecific antibody drugs. Based on the bispecific antibody ADC platform, the Company is exploring next-generation toxins, linkers, and site-specific cross-linking technologies to build a next-generation platform that enhances the safety and efficacy of ADC drugs, while actively identifying new drug candidates ready for clinical trials.

5. *PR-ADC payload recycling platform*

The Payload-recycling ADC (PR-ADC) platform significantly enhances the safety profile of ADCs by minimizing free payload-mediated toxicity, while maintaining or even enhancing antitumor efficacy. Through active payload recycling, PR-ADCs are expected to support higher clinical dosages, increase the drug-to-antibody ratio (DAR) by trapping the payload, and ultimately achieve a superior therapeutic index.

(II) R&D achievements during the reporting period

Patent name	Patent owner	Patent type	Patent grant publication number	Patent filing date	Grant publication date
ANTI-HER2 ANTIBODY DRUG CONJUGATE PHARMACEUTICAL PREPARATION	RemeGen Co., Ltd.	Invention	KR102754055B1	March 25, 2020	January 10, 2025
A LINKER FOR ANTIBODY-DRUG CONJUGATES AND ITS USE	RemeGen Co., Ltd.	Invention	US12195552B2	December 13, 2019	January 14, 2025

MANAGEMENT DISCUSSION AND ANALYSIS

Patent name	Patent owner	Patent type	Patent grant publication number	Patent filing date	Grant publication date
BIFUNCTIONAL ANGIOGENESIS INHIBITOR AND USE THEREOF	RemeGen Co., Ltd.	Invention	HK40042305B	December 04, 2019	January 17, 2025
A TWEEZERS HOLDER ASSEMBLY	RemeGen Co., Ltd.	Utility model patent	CN222493833U	May 29, 2024	February 18, 2025
METHOD FOR TREATING IGA NEPHROPATHY WITH TACI-FC FUSION PROTEIN	RemeGen Co., Ltd.	Invention	JP7644838B2	August 09, 2022	March 12, 2025
AN ANTI-MESOTHELIN ANTIBODY AND AN ANTIBODY-DRUG CONJUGATE THEREOF	RemeGen Co., Ltd.	Invention	KR102795812B1	May 15, 2019	April 11, 2025
A METHOD FOR TREATING MYASTHENIA GRAVIS USING THE TACI-FC FUSION PROTEIN	RemeGen Co., Ltd.	Invention	TWI881359B	June 08, 2023	April 21, 2025
A CELL CRYOPRESERVATION RACK AND ITS ACCOMPANYING CRYOPRESERVATION BOX	RemeGen Co., Ltd.	Utility model patent	CN222794050U	May 29, 2024	April 25, 2025
TACI-FC FUSION PROTEIN LIQUID FORMULATION	RemeGen Co., Ltd.	Invention	TWI882569B	December 07, 2023	May 01, 2025
ANTI-CLAUDIN 18.2 ANTIBODY AND ANTIBODY-DRUG CONJUGATE THEREOF	RemeGen Co., Ltd.	Invention	JP7675818B2	May 07, 2022	May 01, 2025
PHARMACEUTICAL TACI-FC FUSION PROTEIN FORMULATION	RemeGen Co., Ltd.	Invention	EP4074337B1	December 09, 2020	May 07, 2025
ANTI-C-MET ANTIBODY-DRUG CONJUGATE AND APPLICATIONS THEREOF	RemeGen Co., Ltd.	Invention	AU202133 7718B2	August 31, 2021	May 22, 2025
ANTI-HER2 ANTIBODY DRUG CONJUGATE PHARMACEUTICAL PREPARATION	RemeGen Co., Ltd.	Utility model patent	EP4316521B1	March 26, 2020	June 18, 2025
ANTI-HER2 ANTIBODY-DRUG CONJUGATE FORMULATION	RemeGen Co., Ltd.	Invention	TWI888846B	March 26, 2020	July 01, 2025
A METHOD FOR PREPARING AN ORELATADINE DERIVATIVE INTERMEDIATE	RemeGen Co., Ltd.	Invention	TWI889323B	May 06, 2024	July 01, 2025
PHARMACEUTICAL FORMULATIONS OF HER2 ANTIBODY-DRUG CONJUGATE	RemeGen Co., Ltd.	Invention	JP7710485B2	March 25, 2020	July 18, 2025
METHOD FOR DETECTING TCEP CONTENT IN ADC BY LC-MS/MS	RemeGen Co., Ltd.	Invention	US12372504B2	March 30, 2022	July 29, 2025
TACI-FC FUSION PROTEIN LIQUID PHARMACEUTICAL PREPARATION	RemeGen Co., Ltd.	Invention	RU2844443C2	December 07, 2023	July 30, 2025

MANAGEMENT DISCUSSION AND ANALYSIS

Patent name	Patent owner	Patent type	Patent grant publication number	Patent filing date	Grant publication date
ANTI-MESOTHELIN ANTIBODY AND ANTIBODY DRUG CONJUGATE THEREOF	RemeGen Co., Ltd.	Invention	JP7718816 B2	May 15, 2019	August 05, 2025
BIFUNCTIONAL ANGIOGENESIS INHIBITOR AND USE THEREOF	RemeGen Co., Ltd.	Invention	KR102843272B1	December 4, 2019	August 7, 2025
PHARMACEUTICAL TACI-FC FUSION PROTEIN FORMULATION	RemeGen Co., Ltd.	Invention	KR102844733B1	December 9, 2020	August 11, 2025
ANTI-HER2 ANTIBODY DRUG CONJUGATE PHARMACEUTICAL PREPARATION	RemeGen Co., Ltd.	Invention	HK40106590	March 25, 2020	August 15, 2025
PHARMACEUTICAL TACI-FC FUSION PROTEIN FORMULATION	RemeGen Co., Ltd.	Invention	HK40077299B	December 9, 2020	August 29, 2025
ANTI PD-L1 ANTIBODY AND USE THEREOF	RemeGen Co., Ltd.	Invention	US12404333B2	August 25, 2020	September 2, 2025
METHOD FOR TREATING SJOGREN'S SYNDROME USING TACI-FC FUSION PROTEIN	RemeGen Co., Ltd.	Invention	JP7737468B2	September 29, 2022	September 10, 2025
USE OF ANTI-HER2 ANTIBODY-DRUG CONJUGATE IN TREATING UROTHELIAL CARCINOMA	RemeGen Co., Ltd.	Invention	AU2022252734B2	August 19, 2019	September 11, 2025
A METHOD FOR THE PREPARATION AND PURIFICATION OF A METHYL-ORETATIN E COMPOUND	RemeGen Co., Ltd.	Invention	TWI902218B	April 12, 2024	October 21, 2025
METHOD FOR DETECTING DTPA CONTENT IN ADC BY LC-MS/MS	RemeGen Co., Ltd.	Invention	JP7772814B2	March 30, 2022	November 18, 2025
ANTI-CLAUDIN 18.2 ANTIBODY AND ANTIBODY-DRUG CONJUGATE THEREOF	RemeGen Co., Ltd.	Invention	AU2022275043B2	May 7, 2022	November 20, 2025
PROCESS FOR PREPARING INTERMEDIATE OF ANTIBODY DRUG CONJUGATE	RemeGen Co., Ltd.	Invention	BR112020005596B1	May 20, 2019	November 25, 2025
METHOD FOR DETECTING DTPA CONTENT IN ADC BY LC-MS/MS	RemeGen Co., Ltd.	Invention	US12510522B2	March 30, 2022	December 30, 2025

Note: Generally, the term of protection for a patent for an invention is 20 years (excluding any potential patent term compensation and extensions of patent protection for pharmaceuticals), while the term of protection for a utility model patent is 10 years, calculated from the filing date.

MANAGEMENT DISCUSSION AND ANALYSIS

List of Intellectual Property Rights Acquired During the Reporting Period

	Increase in this year		Total number	
	Number of applications (units)	Number of grants (units)	Number of applications (units)	Number of grants (units)
Invention patent	96	29	682	174
Utility model patent	0	2	38	37
Patent for appearance design	0	0	0	0
Software copyright	0	0	0	0
Others	0	0	0	0
Total	96	31	720	211

(III) R&D Personnel

In RMB ten thousand

Basic Information

	Number for the current period	Number for the previous period
Number of R&D personnel of the Company (persons)	864	926
Proportion of the number of R&D personnel to the total number of employees of the Company (%)	28.35	30.88
Total compensation for R&D personnel	32,015.85	44,926.66
Average compensation for R&D personnel	37.06	48.52

Education level structure of R&D personnel

Type of educational level	Number of members in each educational level
Doctor	62
Master	320
Bachelor	344
Junior college graduate	127
Graduate from high school and below	11

MANAGEMENT DISCUSSION AND ANALYSIS

Commercial-stage Product Portfolio

We have established our sales and marketing department dedicated to the commercialization of our pipeline products. According to the indications of our products, we have established two independent sales teams in the areas of autoimmune diseases and oncology respectively.

As the world's first innovative dual-target biological agent for the treatment of SLE, telitacicept was approved for marketing by the National Medical Products Administration of the PRC (NMPA) in March 2021 and has commenced sales. This product for the treatment of SLE was included in the NRDL in December 2021 and was successfully renewed in 2023 and 2025. This product for the treatment of gMG was included in the NRDL in December 2025. As of December 31, 2025, telitacicept has been listed in over 1,200 hospitals.

Disitamab vedotin was approved for marketing by the National Medical Products Administration of the PRC (NMPA) in June 2021, and has commenced sales in July 2021. This product for the treatment of HER2-expressing advanced gastric cancer (GC) indication was included in the updated NRDL at the end of 2021. This product for the treatment of HER2-expressing urothelial cancer (UC) indication was included in the NRDL in January 2023. For this product, both indications were successfully renewed at the end of 2025. As of December 31, 2025, telitacicept has been listed in over 1,050 hospitals.

Leveraging the expertise and industry connections of our teams, and the greatly improved accessibility of the two Core Products following their inclusion into the NRDL, we market the products primarily through a physician-targeted marketing strategy, focusing on direct and interactive communication with key opinion leaders (KOL) and physicians in the respective therapeutic areas to further expand the market penetration and establish the differentiated positioning of our products.

MANAGEMENT DISCUSSION AND ANALYSIS

KEY EVENTS AFTER THE REPORTING PERIOD

– In January 2026, disitamab vedotin was officially granted breakthrough therapy designation by the Center for Drug Evaluation (CDE) of the National Medical Products Administration of the PRC (NMPA) for the following indication: disitamab vedotin for injection in combination with trastuzumab and toripalimab for the first-line treatment of HER2-overexpressing advanced gastric or gastroesophageal junction adenocarcinoma.

  This breakthrough therapy designation by the CDE is based on an open-label, multicenter, randomized controlled Phase II/III clinical study (RC48-C027) of disitamab vedotin conducted in China. The Phase II part of this study primarily evaluates the efficacy and safety of disitamab vedotin in combination with toripalimab and chemotherapy, or disitamab vedotin in combination with toripalimab and trastuzumab, in the first-line treatment of subjects with HER2-expressing or non-expressing locally advanced or metastatic gastric cancer (including gastroesophageal junction adenocarcinoma). The primary endpoint is the objective response rate (ORR) as assessed by investigators. As of the data cutoff date of September 18, 2025, analysis results showed that the triple combination regimen of "disitamab vedotin + toripalimab + trastuzumab", whether in combination with capecitabine or not, demonstrated superior tumor response and durable antitumor effects compared to the control group.

– In January 2026, the Company entered into an exclusive license agreement with AbbVie, granting AbbVie a paid license of its self-developed RC148 with intellectual property rights. Under the terms of the license agreement, AbbVie will obtain exclusive rights to develop, manufacture, and commercialize RC148 outside of Greater China. Upon effectiveness of the agreement, subject to relevant regulatory approvals, the Company will receive an upfront payment of USD650 million and is eligible to receive up to an additional USD4.95 billion in development, regulatory, and commercial milestone payments, as well as double-digit tiered royalties on net sales outside of Greater China.

– In February 2026, data from the Phase II clinical study (RC48-C017) of disitamab vedotin in combination with toripalimab for neoadjuvant treatment of HER2-expressing muscle-invasive bladder cancer (MIBC) in China were presented as a poster at the 2026 American Society of Clinical Oncology Genitourinary Cancers Symposium (ASCO-GU) held in San Francisco, USA. These are the latest efficacy and safety data after extended follow-up.

  As of August 14, 2025, a total of 47 patients were enrolled in the study, of whom 33 patients underwent radical cystectomy + pelvic lymph node dissection (RC+PLND). With a median overall survival (OS) follow-up of 26.4 months (95% CI: 24.4-28.2), the study results demonstrated:

  • Excellent event-free survival (EFS) rates. In patients who underwent surgery, the 12-month and 18-month EFS rates were 93.2% (95% CI: 75.4-98.3) and 80.9% (95% CI: 54.4-92.9), respectively. In the overall patient population, the EFS rates were 91.0% (95% CI: 77.8-96.5) and 81.5% (95% CI: 64.3-90.9), respectively. Median EFS has not yet been reached.

MANAGEMENT DISCUSSION AND ANALYSIS

- The overall survival (OS) rates sustained high. Median OS has not yet been reached. The 12-month and 24-month OS rates were 95.7% (95% CI: 83.9-98.9) and 91.3% (95% CI: 78.6-96.7), respectively.

- The safety profile is favorable. No new safety signals were identified, and adverse reactions were manageable.

– Disitamab vedotin was approved for marketing by the National Medical Products Administration of the PRC (NMPA) in March 2026 for treating the advanced breast cancer with HER2 positive and liver metastasis which previously received the treatment with trastuzumab (or its biological analog) and taxanes.

  This indication is based on the phase III data of RC48-C006 study: compared with lapatinib+capecitabine, Disitamab vedotin can significantly prolong the survival benefit of HER2 positive breast cancer patients with liver metastasis, and the median PFS doubled the benefit (9.9 months vs 4.9 months), with good safety.

– Disitamab vedotin was approved by the National Medical Products Administration of the PRC (NMPA) in March 2026 for treating adult patients with unresectable or metastatic HER2-low-expressing (IHC 1+ or IHC2+/ISH-) breast cancer with liver metastases, who have previously received at least one systemic therapy for metastatic disease, or relapsed during adjuvant chemotherapy or within 12 months after completion of adjuvant chemotherapy.

FUTURE DEVELOPMENT

The Company is committed to becoming China's leading and world-class biopharmaceutical company to discover, develop, manufacture and commercialise first-in-class and best-in-class biopharmaceuticals in the major therapeutic areas of autoimmune diseases, oncology and ophthalmology, so as to create clinical value, maximise Shareholders' benefits and provide patients with high-quality drugs to address unmet clinical needs worldwide.

Looking ahead to 2026, we will endeavour to commercialise telitacicept and disitamab vedotin and actively expand the market in China. At the same time, we will continuously accelerate the application and clinical trials for the expansion of the indications for products in the pipeline.

On the international front, we will further step up our efforts to quickly advance and initiate clinical studies of our Core Products in the international market. We will collaborate with Vor Bio, Pfizer/Seagen, Santen China and AbbVie to support the clinical trials and regulatory filings of telitacicept, disitamab vedotin, RC28-E and RC148 in the licensed regions.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

The Group's revenue increased from RMB1,710.2 million in 2024 to RMB3,241.6 million in 2025. The increase was mainly attributable to robust year-on-year growth in sales revenue driven by higher sales volume of telitacicept, a commercial-stage product of the Company for the treatment of autoimmune diseases, and disitamab vedotin, a commercial-stage product of the Company for the treatment of tumors, and the completion of the telitacicept licensing transaction.

Other Income and Gains

The Group's other income and gains primarily consist of interest income, government grants, exchange gains and wealth management income.

Our other income and gains increased from RMB105.2 million in 2024 to RMB691.8 million in 2025, of which the increase was primarily due to the fair value appreciation of warrants of the telitacicept licensing transaction.

Selling and Distribution Expenses

The Group's selling and distribution expenses mainly consist of employee benefits expenses and market development expenses.

Our selling and distribution expenses increased from RMB948.8 million in 2024 to RMB1,111.4 million in 2025, primarily due to an increase in team building costs and marketing expenditure.

Administrative Expenses

The Group's administrative expenses mainly consist of employee benefits expenses, consulting service expenses, general office expenses, depreciation and amortisation expenses, and other administrative expenses.

Our administrative expenses increased from RMB332.3 million in 2024 to RMB362.4 million in 2025, primarily due to an increase in transaction advisory fees.

MANAGEMENT DISCUSSION AND ANALYSIS

Research and Development Expenses

The Group's research and development expenses consist of employee benefits expenses, expenses for procuring raw materials used in the research and development, clinical trial expenses for our drug candidates, testing expenses for preclinical programs, depreciation and amortization expenses, utilities used for research and development activities, and other research and development expenses. Our research and development expenses decreased from RMB1,539.8 million in 2024 to RMB1,218.7 million in 2025. The following table sets forth the components of our research and development expenses for the years indicated.

	Year ended December 31,			
	2025		2024	
	RMB'000	**%**	RMB'000	%
Employee benefits expenses	**329,493**	**27.0**	458,269	29.8
Raw material expenses	**107,102**	**8.8**	216,390	14.1
Clinical trial expenses	**516,041**	**42.3**	547,771	35.6
Testing expenses	**55,074**	**4.5**	64,884	4.2
Depreciation and amortisation expenses	**114,089**	**9.4**	125,810	8.1
Utilities	**19,460**	**1.6**	31,962	2.1
Others	**77,490**	**6.4**	94,692	6.1
Total	**1,218,749**	**100.0**	1,539,778	100.0

(i) Employee benefits expenses decreased by RMB128.8 million, mainly due to a reduction in the number of R&D personnel;

(ii) Raw material expenses decreased by RMB109.3 million, mainly due to the optimization of certain R&D pipelines and a decrease in actual material consumption;

(iii) Clinical trial expenses decreased by RMB31.7 million, mainly due to the optimization of certain R&D pipelines and technology licensing, resulting in a decrease in related expenses;

(iv) Testing expenses decreased by RMB9.8 million, mainly due to the optimization of certain R&D pipelines and decrease in testing expenses;

(v) Depreciation and amortisation expenses decreased by RMB11.7 million, mainly due to the optimization of the R&D project, a decrease in the share of depreciation and amortization expenses for common areas;

(vi) Utilities decreased by RMB12.5 million, mainly due to a decrease in water, electricity and gas consumption;

(vii) Other expenses decreased by RMB17.2 million, mainly due to a decrease in external purchases of non-patented technologies.

MANAGEMENT DISCUSSION AND ANALYSIS

Impairment Gains/(Losses) on Financial Assets, Net

The Group's net impairment losses on financial assets mainly consist of the impairment losses in relation to other receivables and receivables. We recorded the net impairment loss on financial assets of RMB11.1 million for the year ended December 31, 2024 and the net impairment loss on financial assets of RMB0.58 million for the year ended December 31, 2025, mainly due to the reversal of provisions resulting from the recovery of other receivables and trade receivables during the current year.

Other Expenses

The Group's other expenses primarily consist of (i) rental related expenses relating to the leases of our facilities to related parties; (ii) expenses incurred for sales of materials; (iii) losses from changes in foreign currency exchange rates; (iv) discounted interest on derecognized bank notes; and (v) other expenses, including our donation to a charity organisation. Our other expenses decreased from RMB36.5 million in 2024 to RMB34.6 million in 2025, mainly due to the decrease in expenses resulting from sales of materials and foreign exchange gains and losses.

Finance Costs

The Group's finance costs mainly comprise interest on bank borrowings, interest on discounted bankers' acceptances and interest on lease liabilities. Our finance costs decreased from RMB72.4 million in 2024 to RMB70.2 million in 2025, mainly due to a decrease in interest on bank borrowings during the Reporting Period.

Income Tax Expenses

For the year ended December 31, 2025, the Company's income tax expense was RMB0.75 million, and the Company's income tax expense for 2024 was nil.

Profit/(Loss) For The Year

Based on the factors described above, the Group recorded a profit for the year of RMB709.7 million in 2025 and a loss of RMB1,468.4 million in 2024, which achieved a turnaround from loss to profit.

Liquidity and Financial Resources

Our primary use of cash is to fund research and development expenses. For the year ended December 31, 2025, our net cash inflow generated from operating activities was RMB52.3 million. Our cash and cash equivalents increased from RMB759.5 million as of December 31, 2024 to RMB1,154.6 million as of December 31, 2025, mainly due to the increase in the collection of technology license and the collection of product sales, and the increase in monetary funds caused by the placement of H shares.

Loans and Gearing Ratio

As of December 31, 2025, the Group's bank and other borrowings were RMB2,158.6 million.

The gearing ratio is calculated using the Group's total liabilities divided by its total assets. As of December 31, 2025, the Group's gearing ratio was 50.2% (December 31, 2024: 63.9%).

MANAGEMENT DISCUSSION AND ANALYSIS

Significant Investments, Material Acquisitions and Disposal

The Group holds the warrants valued at US$80 million issued by Vor Bio as the part of consideration under the license agreement entered into between the Group and Vor Bio in June 2025. Pursuant to relevant agreements and the terms of the warrants, the Group has the right to subscribe for 320,000,000 shares of common stock of Vor Bio at an exercise price of US$0.0001 per share. The initial cost of the warrants was RMB573.3 million.

As of December 31, 2025, the warrants were classified as financial assets at fair value through profit or loss in the consolidated financial statements, fair value was assessed at RMB1,215.5 million, which accounted for 16.8% of the Group's total assets. In term of performance, the warrants yielded unrealised gain of RMB642.2 million during the Reporting Period. As of December 31, 2025, the Group has not exercised the warrants. The Group will, after taking into consideration of the terms of warrants as well as the related risks and returns, opt to exercise the warrants or make other investment decision as appropriate.

Save as disclosed in this annual report, the Group did not have any significant investments or material acquisitions or disposals of subsidiaries, associates and joint ventures for year ended December 31, 2025.

Capital Commitments

For the years ended December 31, 2024 and 2025, the Group had capital commitments contracted for but not yet provided of RMB210.8 million and RMB106.6 million, respectively, primarily in connection with (i) contracts entered with contractors for the construction of our manufacturing facilities; and (ii) contracts entered with suppliers for the purchase of equipment.

Contingent Liabilities

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

Foreign Exchange Exposure

Our financial statements are expressed in RMB, but our assets such as certain of our cash and cash equivalents and time deposits are denominated in foreign currencies, and are exposed to foreign currency risk. We currently do not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Employees and Remuneration

As of December 31, 2025, the Company had a total of 3,048 employees. The total remuneration cost for 2025 was RMB1,063.0 million, as compared to RMB1,175.2 million for 2024, primarily due to the decrease in the number of employees and the decrease in share-based compensation.

To maintain the quality, knowledge and skill levels of our workforce, the Group provides continuing education and training programs, including internal and external training, for our employees to improve their technical, professional or management skills. The Group also provides training programs to our employees from time to time to ensure their awareness of and compliance with our policies and procedures in various aspects.

We provide various incentives and benefits to our employees. We offer competitive salaries, bonuses and share-based compensation to our employees, especially key employees. We have made contributions to social security insurance funds (including pension plans, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance) and housing provident funds for our employees in accordance with applicable PRC laws.

MANAGEMENT DISCUSSION AND ANALYSIS

USE OF PROCEEDS FROM PLACING OF H SHARES AND A SHARE OFFERING

Placing of H Shares

On May 29, 2025, the Company placed an aggregate of 19,000,000 new H Shares at the placing price of HK$42.44 per H Share to not less than six placees who are independent professional, institutional and/or other investors on a best efforts basis who and whose ultimate beneficial owners are all independent third parties of the Company. The placing of H Shares strengthened the Company's capacity to advance its research capabilities and its business expansion plan. Additionally, the Company broadened its shareholder base by attracting high-caliber investors to participate in the placing of H Shares. The aggregate nominal value of the placing Shares under the placing of H Shares was RMB19 million. The gross proceeds amounted to approximately HK$806.36 million. After deduction of the commissions and estimated expenses, the net proceeds amounted to approximately HK$796 million (approximately RMB731 million) and the net price of approximately HK$41.89 per H Share. The closing price was HK$46.90 per H Share as quoted on the Stock Exchange on May 21, 2025, being the date on which the aforesaid placing price was fixed. The net proceeds raised from the placing of H Shares have been used and will be used in accordance with the intended uses disclosed in the announcement of the Company dated May 29, 2025.

As at December 31, 2025, approximately RMB106.91 million of the net proceeds from the placing of H Shares had been utilized as follows:

	Allocation of net proceeds from placing of H Shares (RMB million)	Utilized amount during the Reporting Period (RMB million)	**Utilized amount as at December 31, 2025 (RMB million)**	**Unutilized amount as at December 31, 2025 (RMB million)**
Invest in research and development of core product, Telitacicept (RC18) and for the expansion of its core indications[1]	658.19	33.78	**33.78**	**624.41**
General corporate purposes[2]	73.13	73.13	**73.13**	**–**
Total	731.32	106.91	**106.91**	**624.41**

Notes:

(1) The unutilized net proceeds from the placing of H Shares to be used to invest in research and development of core product, Telitacicept (RC18) and for the expansion of its core indications is expected to be fully utilized by December 31, 2027.

(2) The net proceeds from the placing of H Shares used for general corporate purposes has been fully utilized by June 30, 2025.

The expected timeline for utilizing the unutilized net proceeds is based on the best estimation of the future market conditions made by the Group. It will be subject to change based on the current and future development of market conditions.

MANAGEMENT DISCUSSION AND ANALYSIS

A Share Offering

As approved by the China Securities Regulatory Commission, the Company issued 54,426,301 new A Shares at the issue price of RMB48.00 per A Share and all of the then existing domestic shares and unlisted foreign shares were converted into A Shares. The A Shares were listed on the Sci-Tech Board on March 31, 2022. The gross proceeds amounted to approximately RMB2,612.4 million. After deducting issuance expenses of RMB106.5 million in accordance with the related requirements, the net proceeds amounted to approximately RMB2,505.9 million. The net proceeds raised from the A Share Offering have been used and will be used in accordance with the intended uses disclosed in the Company's A Share prospectus dated March 28, 2022.

As at December 31, 2025, approximately RMB2,450.44 million of the net proceeds of the A Share Offering had been utilized as follows:

	Allocation of net proceeds from A Share Offering (RMB million)	Utilized amount as at December 31, 2024 (RMB million)	Utilized amount during the Reporting Period[1] (RMB million)	**Utilized amount as at December 31, 2025 (RMB million)**	**Unutilized amount as at December 31, 2025 (RMB million)**
Committed Investment Projects					
Industrialization of Biologics	977.76	988.01	–	**988.01**	**-10.25**
Research and Development of Anticancer Antibodies	430.00	307.15	24.76	**331.91**	**98.09**
Research and Development of Antibodies Targeting Autoimmune and Ophthalmic Diseases	220.00	226.35	–	**226.35**	**-6.35**
Working Capital	878.18	892.99	–	**892.99**	**-14.81**
Sub-total	2,505.94	2,414.5	24.76	**2,439.26**	**66.68**
Investment of Surplus Funds					
Permanent Replenishment of Working Capital[2]		11.18	–	**11.18**	**-11.18**
Sub-total		11.18	–	**11.18**	**-11.18**
Total	2,505.94	2,425.68	24.76	**2,450.44**	**55.50**

Notes:

(1) Utilized amount during the Reporting Period and utilized amount as at December 31, 2025 included the net amount of interest income from the proceeds after deducting handling fees and the cumulative income from cash management products of the proceeds.

(2) In view of the fact that the committed investment amount of the proceeds after raising for the industrialization of biologics has been fully invested, in order to meet the needs of the Company's business development, use the proceeds more rationally, and improve the efficiency of use of proceeds, on April 26, 2024, the Board and the Supervisory Committee considered and approved the relevant resolution regarding the closing of the industrialization of biologics by the Company and the use of the surplus proceeds (mainly the investment income obtained by the Company using part of the idle proceeds for cash management and the interest income on deposits generated during the period when the proceeds were deposited, the actual amount of which was subject to the balance in the special account on the date on which the funds were transferred out) to replenish the Company's working capital permanently.

(3) All remaining unutilized net proceeds from A Share Offering is expected to be fully utilized by December 31, 2027. The expected timeline for utilizing the remaining proceeds is based on the best estimation of the future market conditions made by the Group. It will be subject to change based on the current and future development of market conditions.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Executive Directors

Mr. Wang Weidong (王威東), aged 66, was appointed as a Director on October 30, 2013 and redesignated as an executive Director on May 22, 2020, and has been the chairman of our Board since June 21, 2019. Mr. Wang is primarily responsible for the overall management, business and strategy of our Group. He founded RC Pharma in March 1993 and has served as its chairman and legal representative since its establishment, accumulating more than 27 years of experience in the pharmaceutical industry.

Mr. Wang obtained his bachelor's degree in Chinese medicine manufacturing at the Heilongjiang School of Commerce (黑龍江商學院) (currently known as Harbin University of Commerce (哈爾濱商業大學)) in July 1982. He is currently serving a deputy on the 14th National People's Congress in the PRC.

Mr. Wang has served as a deputy to the 14th National People's Congress (第十四屆全國人大代表) since January 2023 and his awards and recognitions include "Outstanding Builder of Socialism with Chinese Characteristics in Non-State-Owned Sector in Shandong Province" (山東省非公有制經濟人士優秀中國特色社會主義事業建設者) jointly awarded by Shandong Provincial United Front Work Department (山東省委統戰部), Shandong Provincial Federation of Industry and Commerce (山東省工商業聯合會), Shandong Provincial Department of Industry and Information Technology (山東省工業和信息化廳), Shandong Provincial Department of Human Resources and Social Security (山東省人力資源和社會保障廳) and Shandong Provincial Department of Market Regulation (山東省市場監管局) in July 2019, "2019 YEDA Distinguished Personnel" (煙台開發區功勳人物) awarded by the YEDA Management Committee Office (煙台開發區工委管委) in February 2020, and "Entrepreneurs With Outstanding Contribution" (紮根煙台開發區創業二十年特殊貢獻企業家) awarded by the YEDA Management Committee Office (煙台開發區工委管委) in February 2020 for his 20-year deep-rooted entrepreneurship contribution in YEDA.

Dr. Fang Jianmin (房健民), aged 63, was appointed as our Director, chief executive officer and chief scientific officer on October 16, 2008, and redesignated as an executive Director on May 22, 2020. Dr. Fang is a co-founder of our Company and is primarily responsible for the overall management, business and strategy of our Group. Since inception, Dr. Fang has been the key driving force in our innovation and overseen our new drug research and development from discovery, target validation, CMC development, to clinical studies. He possesses more than 20 years of experience in the research and development of biopharmaceuticals. Dr. Fang also serves as director of RemeGen Medical Research (Shanghai) Co., Ltd., RemeGen Biosciences, Inc. and RemeGen Hong Kong Limited, our wholly-owned subsidiaries.

Dr. Fang obtained his doctorate degree in Biology from Dalhousie University in Canada in May 1998 and was a postdoctoral fellow focusing on cancer research at the Department of Surgery, Harvard Medical School/Boston Children's Hospital from 1997 to 2000.

Dr. Fang was recognized as a Taishan Scholar (泰山學者) by the Shandong Provincial People's Government (山東省人民政府) in March 2010. He has been a member of the scientific expert committee of the National Major Scientific and Technological Project for "Major Drug Innovations" of China ("重大新藥創製"國家科技重大專項總體專家組) since December 2012 which overseen the nation's drug innovation strategy. Dr. Fang is a professor of molecular medicine at School of Life Science and Technology at Tongji University in Shanghai, PRC. He is member of the Board of Directors of Chinese Pharmaceutical Association (中國藥學會), vice chairman of Antibody Drug Division at China Medicinal Biotechnology Association (中國醫藥生物技術協會"單克隆抗體專業委員會") and vice chairman of Drug Innovation Division at Chinese Pharmaceutical Innovation Research and Development Association (中國醫藥創新促進會藥物研發專業委員會). He is the inventor of conbercept and owns more than 40 patents.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Lin Jian (林健), aged 70, was appointed as a Director on July 4, 2008 and redesignated as an executive Director on May 22, 2020. He has more than 35 years of experience in the pharmaceutical industry and is primarily responsible for the overall management, business and strategy of our Group. Mr. Lin served as the chairman of our Board from July 2008 to June 2019 and was responsible for our strategic planning and development of our Group. He is also director of Ruimeijing (Beijing) Pharmaceutical Technology Co., Ltd. and RemeGen Biosciences, Inc., our wholly-owned subsidiaries.

Mr. Lin obtained his bachelor's degree in Chinese medicine manufacturing from the Heilongjiang School of Commerce (黑龍江商學院) (currently known as Harbin University of Commerce (哈爾濱商業大學)) in January 1982.

Mr. Wen Qingkai (溫慶凱), aged 59, was appointed as the board secretary of our Company on May 11, 2020 and as an executive Director on April 2, 2025, and is primarily responsible for overseeing financing activities, internal control and securities and listing matters of our Group. Mr. Wen has more than 20 years of experience in capital operation and corporate governance. He has been serving as a supervisor of Heyuan Aidisi Biomedical Technology Co., Ltd. (煙台市和元艾迪斯生物醫藥科技有限公司), an investee of our Company, since September 2018, and is responsible for supervising its board, business and operational matters. From February 2004 to May 2019, he served as the vice president in RC Pharma, and was responsible for its corporate management, internal control and information technology matters. He has also been serving as a director of RC Pharma since May 2016. From March 2010 to June 2020, he served as a director of Rongchang Pharma (Zibo) Co., Ltd., a subsidiary of RC Pharma. He has been appointed as a director at Yantai MabPlex International Biomedical Co., Ltd. since October 2015.

Mr. Wen obtained his bachelor's degree in physics at Yangzhou University in the PRC in June 1990 and master's degree in philosophy of science and technology at Zhejiang University in the PRC in May 1995.

Non-Executive Directors

Dr. Wang Liqiang (王荔強), aged 55, was appointed as a Director on May 11, 2020 and redesignated as a non-executive Director on May 22, 2020. Dr. Wang has more than 26 years of experience in the pharmaceutical industry and is primarily responsible for supervising the management of our Board. Since December 2012, Dr. Wang has served as the president of RC Pharma. Since November 2012, Dr. Wang has served as the chairman of the board and the president of RC Pharmaceutical (Zibo) Co, Ltd. (榮昌製藥(淄博)有限公司), a subsidiary of RC Pharma. Since December 2014, he has served as the chairman of the board and the general manager of Yantai Lida Medicine Co., Ltd. (煙台立達醫藥有限公司), a subsidiary of RC Pharma. Since February 2020, he has served as the chairman of the board and the president of Yantai Yeda International Biomedical Innovation Incubation Center Co., Ltd. (煙台業達國際生物醫藥創新孵化中心有限公司), a subsidiary of RC Pharma. Dr. Wang was also appointed as the vice chairman (副會長) of the PRC Chinese Medicine Association of Anorectal Studies (中國中醫藥研究促進會肛腸分會) in October 2019 and a member of the 3rd Council of the Pharmaceutical Chamber of Commerce of All-China Federation of Industry and Commerce (中華全國工商業聯合會醫藥業商會第三屆理事會) in August 2019.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Dr. Wang obtained his doctorate degree in business administration at the United Business Institute in Belgium in November 2019. His awards and recognitions include top 10 emerging figures in the pharmaceutical industry in the PRC (中國醫藥行業十大新銳人物) awarded by the All-China Federation of Industry and Commerce (中華全國工商業聯合會醫藥業商會) in June 2019, 70th establishment anniversary of the PRC – Distinguished figure in the pharmaceutical industry (建國70周年•醫藥產業功勳人物) awarded by Organizing Committee of Assessment Results of Chinese Brand Influence (中國品牌影響力評價成果發佈活動組委會) in May 2019, 2017 Star Entrepreneur (2017年度明星企業家) awarded by the Management Committee of Zibo National New & Hi-tech Industrial Development Zone (淄博高新區管委會) in February 2018 and 2015 top 100 innovative individuals in PRC enterprises (2015年度中國企業百名創新人物) awarded by the Cultural Management Professional Committee of the China Culture Administration Association (中國文化管理協會企業文化管理專業委員會) in November 2015.

Dr. Su Xiaodi (蘇曉迪), aged 39, was appointed as a Director on May 11, 2020 and redesignated as a non-executive Director on May 22, 2020. She has around 6 years of experience in management consulting and investments in the biomedical industry, and is primarily responsible for supervising the management of our Board. She is currently an executive director at Lilly Asia Ventures. Prior to joining our Group, she was a life science specialist at L.E.K. Consulting from September 2015 to November 2017, where she led and supported more than 15 projects focusing on pharmaceutical and medtech sectors.

Dr. Su obtained her bachelor's degree in biology from Fudan University in Shanghai, the PRC in July 2008 and her doctoral degree in immunology and microbial pathogenesis (免疫與微生物病原學) from Cornell University in the United States in May 2014. From June 2014 to March 2015, she was a post-doctoral fellow at Hospital for Special Surgery in New York, the United States.

Independent non-executive Directors

Mr. Hao Xianjing (郝先經), aged 60, was appointed as an independent Director on May 11, 2020 and redesignated as an independent non-executive Director on May 22, 2020. He is responsible for providing independent advice and judgment to our Board. Mr. Hao has more than 19 years of experience in accounting, auditing, and financial reporting. Mr. Hao has worked at ShineWing Certified Public Accountants (信永中和會計師事務所) since October 2009 and is currently the general manager of the branch office in Jinan.

Mr. Hao has served as an independent director of Qingdao Baheal Medical Inc. (a company listed on the Shenzhen Stock Exchange (stock code: 301015)) since August 2022 and Zaozhuang Bank Co., Ltd. since March 2023. He was an independent director of Inspur Electronic Information Industry Co., Ltd. (浪潮電子信息產業股份有限公司) (a company listed on the Shenzhen Stock Exchange (stock code: 000977)) from May 2008 to April 2014, AVCON Information Technology Co., Ltd. (華平信息技術股份有限公司) (a company listed on the Shenzhen Stock Exchange (stock code: 300074)) from June 2018 to June 2021 and Tianguang Zhongmao Co., Ltd. (天廣中茂股份有限公司) (a company previously listed on the Shenzhen Stock Exchange (stock code: 002509) and delisted with effect from July 2020) from September 2019 to July 2020, respectively.

Mr. Hao graduated from Shandong University of Finance (山東財政學院) (currently known as Shandong University of Finance and Economics (山東財經大學)) in the PRC with a bachelor's degree in finance in July 1989. He received a master's degree in economics from Liaoning University (遼寧大學) in the PRC in July 1996. Mr. Hao has been a member of the Chinese Institute of Certified Public Accountants (中國註冊會計師協會) since June 1995 and a member of the China Certified Tax Agents Association (中國註冊稅務師協會) since December 2000.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Chen Yunjin (陳雲金), aged 40, was appointed as an independent non-executive Director on May 5, 2022. Mr. Chen graduated from Huaqiao University (華僑大學) in the PRC and obtained a bachelor's degree in law in June 2009. Mr. Chen graduated from the Chinese University of Hong Kong in Hong Kong and obtained a master degree in common law in December 2010. Mr. Chen obtained the legal professional qualification in March 2010 and the lawyer qualification from the Department of Justice of the PRC in October 2012. Mr. Chen further obtained the qualification of fund practitioner from the Asset Management Association of China (中國證券投資基金業協會) in June 2021. Mr. Chen has been the executive director of Hold Cheng International Co., Ltd. (合成國際有限公司) since August 2020. He has been an executive director and the general counsel of Dao Sheng International Financial Leasing Co., Ltd. (道生國際融資租賃股份有限公司) since September 2015. Mr. Chen served as a legal officer of Chevalier International Holdings Limited (香港其士國際集團有限公司), a company listed on the Stock Exchange (stock code: 25), from July 2015 to December 2016. He served as the legal supervisor of SOCAM Development Limited (香港瑞安建業有限公司), a company listed on the Stock Exchange (stock code: 983), from January 2014 to June 2015. He served as the legal director (法務主任) of Korea Samsung Electronics (HK) Limited (韓國三星電子(香港)國際有限公司) from April 2012 to January 2014. He had also been a lawyer in Hunan Renhe (Zhuhai) Law Firm (湖南人和(珠海)律師事務所) from October 2012 to January 2014. He had also worked at the Hong Kong office of Gibson Dunn & Crutcher from August 2010 to April 2012.

Mr. Huang Guobin (黃國濱), aged 56, was appointed as an independent non-executive Director on January 10, 2025. Mr. Huang has been acting as the chairman of the board of directors of PEC International Group Limited since February 2024. He has been serving as an independent non-executive director of Zoomlion Heavy Industry Science and Technology Co., Ltd. (中聯重科股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 000157) and listed on the Stock Exchange (stock code: 1157), since June 2023. He has also been serving as a non-independent director of UCloud Technology Co., Ltd. (優刻得科技股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 688158), since September 2024.

Mr. Huang worked in China International Capital Corporation Limited ("**CICC**") from 1999 to 2011, responsible for CICC's key clients and major project financing and investment banking business, and served as head of human resources committee, head of business development committee, head of European investment banking department and a member of the investment bank operation committee of CICC. He was head of the China Industrials Group for Goldman Sachs from 2011 to 2015. He served as chief executive officer of global investment banking for China of J.P. Morgan, and as legal representative, chief executive officer and head of investment banking of J.P. Morgan Securities (China) Company Limited from 2015 to 2022 and as senior consultant at J.P. Morgan Securities (Asia Pacific) Limited from 2022 to 2023.

Mr. Huang graduated from Tongji University in the PRC with a bachelor's degree in engineering in 1991 and received a master's degree in business administration from the Management School of Lancaster University in the United Kingdom in 1997. Mr. Huang was awarded the Shanghai Overseas Golden Talent. He is also a member of the council of Tongji University and a member of the Global Business Alumni of University of Oxford.

Other Disclosure Pursuant to Rules 13.51(2) and 13.51B(1) of the Listing Rules

Save as disclosed above, there is no change of information of each Director that is required to be disclosed under Rules 13.51(2) and 13.51B(1) of the Listing Rules.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

Dr. Fang Jianmin (房健民), see "– Directors – Executive Directors" for details.

Mr. Wen Qingkai (溫慶凱), see "– Directors – Executive Directors" for details.

Mr. Tong Shaojing (童少靖), aged 55, was appointed as the chief financial officer and a joint company secretary of the Company on September 28, 2023 and is primarily responsible for overseeing the overall financial management and corporate development of our Group.

Mr. Tong has more than 21 years of experience in investment banking, focusing on the global healthcare sector, and has acquired a deep understanding of both the U.S. and Asian healthcare markets. From June 2019 to December 2022, he served as the chief financial officer of InnoCare Pharma Limited (諾誠健華醫藥有限公司), a company listed on the Stock Exchange (stock code: 9969) and the Science and Technology Innovation Board of the Shanghai Stock Exchange (stock code: 688428). From July 2013 to May 2019, he worked at UBS AG with his last position being an executive director in the investment banking research department. From May 2008 to May 2013, he worked at Bank of America Merrill Lynch with his last position being a director in global research. From June 2001 to April 2008, he worked as an equity analyst in multinational pharmaceutical companies equity research at Mehta Partners.

Mr. Tong obtained his bachelor of science degree in material science and engineering from the University of Science and Technology of China (中國科學技術大學) in July 1993. He further obtained his master's degree in chemistry from the University of Pittsburgh in the United States in August 1996, and his master of business administration degree in finance from New York University in the United States in May 2001.

JOINT COMPANY SECRETARIES

Mr. Tong Shaojing (童少靖), see "– Senior Management" for details.

Ms. Tam Pak Yu, Vivien (譚栢如), was appointed as a joint company secretary of our Company on May 11, 2020. Ms. Tam serves as a manager of SWCS Corporate Services Group (Hong Kong) Limited (方圓企業服務集團(香港)有限公司), a professional services provider specializing in corporate services, and has over ten years of experience in the corporate secretarial field. Ms. Tam has been admitted as an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute of the United Kingdom in 2018.

Ms. Tam obtained her bachelor's degree in China studies from Hong Kong Baptist University in 2014 and a master's degree in professional accounting and corporate governance from City University of Hong Kong in 2017.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Directors recognize the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of the Group so as to achieve effective accountability. The Company has adopted the principles and code provisions stated in the CG Code. The Company is committed to the view that the Board should include a balanced composition of executive Directors and independent non-executive Directors so that there is a strong independent element on the Board, which can effectively exercise independent judgment.

The Group is committed to achieving high standards of corporate governance with a view to safeguarding the interests of the Shareholders as a whole. The Company had complied with all applicable code provisions of the CG Code during the year ended December 31, 2025.

THE BOARD OF DIRECTORS

Board composition

As at December 31, 2025, the Board consists of four executive Directors, namely Mr. Wang Weidong, Dr. Fang Jianmin, Mr. Lin Jian and Mr. Wen Qingkai, two non-executive Directors, namely Dr. Wang Liqiang and Dr. Su Xiaodi, and three independent non-executive Directors, namely Mr. Hao Xianjing, Mr. Chen Yunjin and Mr. Huang Guobin. Dr. Ma Lan has ceased to be an independent non-executive Director and Mr. Huang Guobin was appointed as an independent non-executive Director, both with effect from January 10, 2025. Mr. Huang Guobin has confirmed that he (i) obtained the legal advice referred to under Rule 3.09D of the Listing Rules on January 6, 2025 prior to his appointment becoming effective; and (ii) understood his obligations as a director of a listed issuer under the Listing Rules. Dr. He Ruyi resigned as an executive Director with effect from February 6, 2025, and Mr. Wen Qingkai was appointed as an executive Director with effect from April 2, 2025. Mr. Wen Qingkai has confirmed that he (i) obtained the legal advice referred to under Rule 3.09D of the Listing Rules on April 1, 2025 prior to his appointment becoming effective; and (ii) understood his obligations as a director of a listed issuer under the Listing Rules. The biographical details of the current Directors are set out in the "Biographies of Directors and Senior Management" section of this annual report. The overall management and supervision of the Company's operation and the function of formulating overall business strategies were vested in the Board. There are no financial, business, family or other material relationships among members of the Board.

During the year ended December 31, 2025, the Board has at all times met the requirements of Rules 3.10(1) and (2) of the Listing Rules relating to the appointment of at least three independent non-executive directors with at least one independent non-executive director possessing appropriate professional qualifications, or accounting or related financial management expertise. The three independent non-executive Directors represent one-third of the Board, complying with the requirement under Rule 3.10A of the Listing Rules whereby independent non-executive directors of a listed issuer must represent at least one-third of the Board. The Board believes there is sufficient independent element in the Board to safeguard the interests of Shareholders.

CORPORATE GOVERNANCE REPORT

Chairman and chief executive officer

Code Provision C.2.1 of part 2 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

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

As of the end of the Reporting Period, Mr. Wang Weidong held the position of chairman of the Board, responsible for providing leadership to the Board and ensuring the Board working effectively, and Dr. Fang Jianmin held the position of chief executive officer of the Company, responsible for the daily operation and management of the Company.

Directors' responsibilities

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

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

Delegation by the Board

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

Directors' responsibilities for financial statements

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

CORPORATE GOVERNANCE REPORT

Independent non-executive Directors

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

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

Mr. Hao Xianjing, Dr. Ma Lan and Mr. Chen Yunjin were re-elected as independent non-executive Directors of the second session of the Board at the 2022 annual general meeting held on June 9, 2023. The Company has entered into a service contract with each of them for a term commencing on the date of such annual general meeting and up to the expiry of the term of the second session of the Board. Dr. Ma Lan has ceased to be an independent non-executive Director and Mr. Huang Guobin was appointed as an independent non-executive Director, both with effect from January 10, 2025. The Company has entered into a service contract with Mr. Huang Guobin, pursuant to which, his term of office shall be effective from the 2025 first extraordinary general meeting held on January 10, 2025 and end on the expiry of the term of the second session of the Board. According to the Articles, each session of the Board shall serve a term of three years.

Confirmation of independence

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

Board diversity policy

Our Company seeks to enhance the effectiveness of the Board and to maintain high standards of corporate governance by adopting a board diversity policy. Pursuant to this policy, we intend to achieve board diversity through the consideration of a number of factors at the selection of candidates to the Board, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decisions of Board appointments will be based on merit and the contribution which the selected candidates will bring to the Board.

Our Board currently consists of eight male members and one female member with one Director of 40 years old or below, five Directors of 40 to 60 years old and three Directors over 60 years old. Our Company has reviewed the membership, structure and composition of the Board, and is of the opinion that the structure of the Board is reasonable, and the experiences and skills of the Directors in various aspects and fields can enable our Company to maintain high standards of operation.

CORPORATE GOVERNANCE REPORT

In terms of gender diversity, the Board has set a target of at least one female member. Currently, the female representation reached approximately 11% and 55% at Board level and in the Group respectively where all senior management roles were performed by male at present. The Board has achieved its gender diversity target, is satisfied with and determines to maintain the current gender diversity level. The Group is committed to upholding and embracing employees with different backgrounds, cultures and gender and will continue to enhance gender diversity through equitable hiring practices, policies and awareness raising events and training for all employees. For details, please refer to the 2025 Environmental, Social and Governance Report of the Company.

Our Nomination Committee continues to monitor and evaluate the implementation of the board diversity policy from time to time to ensure its continued effectiveness and we will disclose in our corporate governance report about the implementation of the board diversity policy, including any measurable objectives set for implementing the board diversity policy and the progress on achieving these objectives on an annual basis. We will also continue to take steps to promote gender diversity at all levels of our Company.

Appointment and re-election of Directors

Pursuant to the requirements of the Articles of Association, Directors (including non-executive Directors) shall be elected at the general meeting with a term of three years for each session. Directors shall be eligible for re-election on the expiry of each term. The Company has implemented a set of effective procedures for the appointment of new Directors. The nomination of new Directors shall be first deliberated by the Nomination Committee and then submitted to the Board, subject to approval by election at the general meeting.

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

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

Compensation of Directors, Supervisors and senior management

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

Details of the Directors' and Supervisors' emoluments and emoluments of the five highest paid individuals in the Group are set out in notes 8 and 9 to the financial statements on pages 151 to 155 of this annual report. Details of the Executive Directors' and highest paid individuals' emoluments are set out in notes 8 and 9 to the financial statements on pages 151 to 155 of this annual report.

CORPORATE GOVERNANCE REPORT

For the Reporting Period, no emoluments were paid by the Group to any Director, Supervisor or any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. None of the Directors or Supervisors has waived any emoluments for the year ended December 31, 2025.

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

Directors' training and professional development

Every newly appointed Director has been given a comprehensive, formal and tailored induction on appointment. Subsequently, the Directors will receive updates on the Listing Rules, legal and other regulatory requirements and the latest development of the Group's business and are encouraged to participate in continuous professional development to develop their knowledge and skills.

According to the records provided by the Directors and maintained by the Company, the training received by the Directors during the year ended December 31, 2025 is summarised as follows:

	Types of training	
Name of Director	**Reading materials/ articles[1]**	**Attending in-house briefings/seminars/ workshops/forums/ conferences[2]**
Mr. Wang Weidong	✓	✓
Dr. Fang Jianmin	✓	✓
Dr. He Ruyi[3]	✓	✓
Mr. Lin Jian	✓	✓
Mr. Wen Qingkai[4]	✓	✓
Dr. Wang Liqiang	✓	✓
Dr. Su Xiaodi	✓	✓
Mr. Chen Yunjin	✓	✓
Mr. Hao Xianjing	✓	✓
Dr. Ma Lan[5]	✓	✓
Mr. Huang Guobin[6]	✓	✓

Notes:

(1) Materials/articles, newspapers and journals on updates on relevant statutory and regulatory requirements.

(2) In-house briefings/seminars/workshops/forums/conferences related to topics including developments on the financial and economic environment, business and market changes, director's power and duties under the regulatory requirements, and their responsibilities and continuing obligations.

(3) Dr. He Ruyi resigned as an executive Director on February 6, 2025.

(4) Mr. Wen Qingkai was appointed as an executive Director on April 2, 2025.

(5) Dr. Ma Lan resigned as an independent non-executive Director on January 10, 2025.

(6) Mr. Huang Guobin was appointed as an independent non-executive Director on January 10, 2025.

CORPORATE GOVERNANCE REPORT

Board meetings

Pursuant to Code Provision C.5.1 of Part 2 of the CG Code, the Company has adopted the practice of holding Board meetings for at least four times a year at approximately quarterly intervals. Notice of not less than fourteen days is given for all regular Board meetings to provide all Directors with an opportunity to attend and include matters in the agenda for a regular meeting in accordance with Code Provision C.5.3 of Part 2 of the CG Code.

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

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

The attendance records of each Director at the Board meetings and general meetings of the Company during the year ended December 31, 2025 are set out below:

Name of Director	Attendance/ Number of Board Meetings	Attendance/ Number of General Meetings
Mr. Wang Weidong	15/15	7/7
Dr. Fang Jianmin	15/15	7/7
Dr. He Ruyi[(1)]	0/0	1/1
Mr. Lin Jian	15/15	7/7
Mr. Wen Qingkai[(2)]	12/12	5/5
Dr. Wang Liqiang	15/15	7/7
Dr. Su Xiaodi	15/15	7/7
Mr. Hao Xianjing	15/15	7/7
Dr. Ma Lan[(3)]	0/0	1/1
Mr. Chen Yunjin	15/15	7/7
Mr. Huang Guobin[(4)]	15/15	6/6

Notes:

(1) Dr. He Ruyi resigned as an executive Director on February 6, 2025.

(2) Mr. Wen Qingkai was appointed as an executive Director on April 2, 2025.

(3) Dr. Ma Lan resigned as an independent non-executive Director on January 10, 2025.

(4) Mr. Huang Guobin was appointed as an independent non-executive Director on January 10, 2025.

CORPORATE GOVERNANCE REPORT

Nomination policy

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

The Nomination Committee utilizes various methods for identifying candidates for directorship, including recommendations from Board members, management, and professional search firms. In addition, the Nomination Committee will consider candidates for directorship properly submitted by the Shareholders. The evaluation of candidates for directorship by the Nomination Committee may include, without limitation, review of resumes and job history, personal interviews, verification of professional and personal references and performance of background checks. The Board will consider the recommendations of the Nomination Committee and is responsible for designating the candidates for directorship to be considered by the Shareholders for their election at the general meeting of the Company, or appointing the suitable candidate to act as Director to fill the Board vacancies or as an addition to the Board members, subject to compliance with the constitutional documents of the Company. All appointments of Directors should be confirmed by letter of appointment and/or service contract setting out the key terms and conditions of the appointment of Directors.

The Nomination Committee should consider the following qualifications as a minimum to be required for a candidate in recommending to the Board to be a potential new Director, or the continued service of existing Director:

- the highest personal and professional ethics and integrity;
- proven achievement and competence in the nominee's field and the ability to exercise sound business judgment;
- skills that are complementary to those of the existing Board;
- the ability to assist and support management and make significant contributions to the Company's success;
- an understanding of the fiduciary responsibilities that are required for a member of the Board and the commitment of time and energy necessary to diligently carry out those responsibilities;
- independence: the candidates for independent non-executive directorship should meet the "independence" criteria as required under the Listing Rules and the composition of the Board is in conformity with the provisions of the Listing Rules.

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

CORPORATE GOVERNANCE REPORT

Board independence

There are established mechanisms that independent views and inputs are available to the Board. The Board currently comprises three independent non-executive Directors and being one-third of the Board, which meets the independent requirements under the Listing Rules. In assessing suitability of the potential candidates of independent non-executive Directors, the Nomination Committee will review their qualification, skills, knowledge, independent views and having regard to the nomination policy and the board diversity policy of the Company. The Nomination committee also assessed the time commitment devoted by and independence of independent non-executive Directors annually. External independent professional advice is also available to all Directors (including independent non-executive Directors) whenever deemed necessary. During the Reporting Period, the Board reviewed and considered the implementation of the above mechanisms were effective.

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

The Company has adopted the Model Code as its own code of conduct regarding securities transactions by the Directors and Supervisors. Having made specific enquiries with all the Directors and Supervisors (during their term of office), each of them has confirmed that he or she complied with all applicable code provisions under the Model Code during the year ended December 31, 2025. Since July 31, 2025, the Supervisory Committee has been cancelled, and the Company no longer has the Supervisory Committee or any Supervisors.

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

REMUNERATION PAYABLE TO MEMBERS OF SENIOR MANAGEMENT

Pursuant to Code Provision E.1.5 of Part 2 of the CG Code, the annual remuneration of members of the senior management (other than Directors) by band for the year ended December 31, 2025 is set out below:

	Number of members of senior management
Nil to RMB1,000,000	0
RMB1,000,001 to RMB1,500,000	0
RMB1,500,001 to RMB2,000,000	0
RMB2,000,001 to RMB2,500,000	0
RMB2,500,001 to RMB3,000,000	0
RMB3,000,001 to RMB3,500,000	0
Over RMB3,500,001	1

CORPORATE GOVERNANCE REPORT

DIVIDEND POLICY

No dividends have been declared or paid by entities comprising the Group. The Company currently expects to retain all future earnings for use in operation and expansion of the Group's business, and does not have any dividend policy to declare or pay any dividends in the foreseeable future. The declaration and payment of any dividends in the future will be determined by the Board and subject to the Articles of Association and the PRC Company Law, and will depend on a number of factors, including the successful commercialization of the drugs of the Company as well as the Group's earnings, capital requirements, overall financial condition and contractual restrictions. No dividend shall be declared or payable except out of profits and reserves lawfully available for distribution. As confirmed by the Company's legal advisor as to PRC laws, according to the PRC law, any future net profit that the Company make will have to be first applied to make up for our historically accumulated losses, after which the Company will be obliged to allocate 10% of the net profit to statutory common reserve fund until such fund has reached more than 50% of the registered capital. The Company will therefore only be able to declare dividends after (i) all historically accumulated losses have been made up for; and (ii) sufficient net profit has been allocated to the statutory common reserve fund as described above.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the corporate governance duties including:

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

The Board had performed the above duties during the year ended December 31, 2025.

BOARD COMMITTEES

The Board has established four committees with specific written terms of reference to oversee particular aspects of the Group's affairs.

CORPORATE GOVERNANCE REPORT

Audit Committee

The Company has established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph D.3 of part 2 of the CG Code as set out in Appendix C1 of the Listing Rules. The Audit Committee consists of Mr. Hao Xianjing, Mr. Chen Yunjin, both are independent non-executive Directors, and Dr. Wang Liqiang, a non-executive Director. The chairman of the Audit Committee is Mr. Hao Xianjing, who is our independent non-executive Director with the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules. The main duties of the Audit Committee include but are not limited to: (i) monitoring and evaluating the work of the external auditor; (ii) supervising the implementation of the internal audit system of the Company; (iii) being responsible for the communications among the management level of the Company, the internal and external audit; (iv) reviewing and commenting on the financial reports of our Company; (v) examining the financial reporting system, risk management and internal control systems of our Company; (vi) making recommendations to our Company on the appointment, re-appointment and removal of the external auditor; (vii) performing daily management duties and implementing control on connected transactions; (viii) performing such other duties determined by the Board; and (ix) exercising the powers of the Supervisory Committee as stipulated in the Company Law of the People's Republic of China.

The Audit Committee held 5 meetings during the year December 31, 2025 and its main work included the review and approval of the recommendations to the Board on:

- the audited annual results and financial report for the year ended December 31, 2024;
- the unaudited interim results and financial report for the six months ended June 30, 2025;
- the risk management and internal control systems and internal audit function; and
- re-appointment of the auditor.

During the Reporting Period, the attendance records of the Audit Committee meetings are set out below:

Name of Committee Member	Attendance/ Number of Meeting(s)
Mr. Hao Xianjing	5/5
Dr. Wang Liqiang	5/5
Mr. Chen Yunjin	5/5

CORPORATE GOVERNANCE REPORT

Remuneration and Appraisal Committee

The Company has established the Remuneration and Appraisal Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and paragraph E.1 of part 2 of the CG Code. The Remuneration and Appraisal Committee consists of Mr. Chen Yunjin, Mr. Hao Xianjing, both are independent non-executive Directors, and Mr. Lin Jian, an executive Director, and is chaired by Mr. Chen Yunjin. The main duties of the Remuneration and Appraisal Committee include but are not limited to: (i) formulating remuneration policies for Directors and senior management in accordance with the respective scope, responsibilities and significance of Directors and senior management and remuneration levels of similar positions in other enterprises within the same industry; (ii) making recommendations to the Board on the establishment of a formal and transparent procedure for developing remuneration policies; (iii) monitoring the implementation of remuneration system of our Company for the Directors and senior management; (iv) assessing the fulfilment of duties of Directors and senior management of our Company and appraising their annual performance; determining or making recommendations to the Board, with delegated responsibility, the remuneration packages of individual Directors and senior management; (v) reviewing and approving compensation payable to Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive; (vi) reviewing and managing the share schemes of our Company, including determining the scope of the eligible participants and conditions of a grant and auditing the exercise conditions and reviewing/approving other relevant matters as mentioned in Chapter 17 of the Listing Rules; and (vii) performing such other duties determined by the Board. The Remuneration and Appraisal Committee adopted the second model described in Code Provision E.1.2(c) of part 2 of the CG code.

The Remuneration and Appraisal Committee held 3 meetings during the year December 31, 2025 and its main work included the review and approval of the recommendations to the Board on:

- the remuneration policy and structure of the Company, the remuneration packages of the Directors and senior management of the Company; and
- matters relating to share schemes of the Company.

During the Reporting Period, the attendance records of the Remuneration and Appraisal Committee meetings are set out below:

Name of Committee Member	Attendance/ Number of Meeting(s)
Mr. Lin Jian	3/3
Mr. Hao Xianjing	3/3
Mr. Chen Yunjin	3/3

CORPORATE GOVERNANCE REPORT

Nomination Committee

The Company has established the Nomination Committee with written terms of reference in compliance with Rule 3.27A of the Listing Rules and paragraph B.3 of part 2 of the CG Code. The Nomination Committee consists of Mr. Hao Xianjing and Mr. Huang Guobin (appointed on January 10, 2025), both are independent non-executive Directors, and Dr. Su Xiaodi (appointed on May 26, 2025), a non-executive Director, and is chaired by Mr. Huang Guobin. Dr. Ma Lan resigned as an independent non-executive Director and the chairman of the Nomination Committee with effect from January 10, 2025. Mr. Wang Weidong, an executive Director, has ceased to be a member of the Nomination Committee with effect from May 26, 2025. The main duties of the Nomination Committee include but are not limited to: (i) making recommendation to the Board on its size and composition to complement the Company's business operation and shareholding structure; (ii) reviewing and making recommendations to the selection standard and procedure of Directors and senior management; (iii) identifying individuals suitably qualified to become Directors and senior management and selecting or making recommendations to the Board on the selection of individuals nominated for directorships or senior management positions; (iv) reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and making recommendations on any proposed changes to the Board to complement our Company's corporate strategy; (v) assessing the independence of independent non-executive Directors; and (vi) performing such other duties determined by the Board.

The Board has adopted a board diversity policy, please refer to "Board diversity policy" on page 44 of this annual report for more details. When a vacancy in the Board arises, the Nomination Committee will then identify suitable candidates and convene a meeting to discuss and vote on the nomination of Directors and make recommendation to the Board on the candidate(s) for directorship. Please refer to "Nomination policy" on page 48 of this annual report for more details.

The Nomination Committee held 2 meetings during the year December 31, 2025 and its main work included the review and approval of the recommendations to the Board on:

- the existing structure of the Board, Directors' performance, diversity of the Board, and independence of the independent non-executive Directors; and
- election of independent non-executive Director.

During the Reporting Period, the attendance records of the Nomination Committee meetings are set out below:

Name of Committee Member	Attendance/ Number of Meeting(s)
Mr. Huang Guobin (appointed on January 10, 2025)	2/2
Mr. Wang Weidong (ceased on May 26, 2025)	2/2
Mr. Hao Xianjing	2/2
Dr. Ma Lan (resigned on January 10, 2025)	0/0
Dr. Su Xiaodi (appointed on May 26, 2025)	0/0

CORPORATE GOVERNANCE REPORT

Strategy Committee

The Company has established the Strategy Committee, which consists of Dr. Fang Jianmin, Mr. Wang Weidong and Mr. Wen Qingkai (appointed on April 2, 2025), the executive Directors, Dr. Su Xiaodi and Dr. Wang Liqiang, the non-executive Directors, and Mr. Huang Guobin (appointed on January 10, 2025), an independent non-executive Director, and is chaired by Dr. Fang Jianmin. Dr. He Ruyi resigned as an executive Director and a member of the Strategy Committee with effect from February 6, 2025, and Dr. Ma Lan resigned as an independent non-executive Director and a member of the Strategy Committee with effect from January 10, 2025. The main duties of the Strategy Committee include but are not limited to: (i) researching and recommending on long-term development strategy of our Company; (ii) researching and recommending on significant investment and financing plans of our Company; (iii) researching and recommending on major capital operation and asset management project, and annual financial budget plan of our Company; (iv) researching and recommending on significant matters relating to the development of our Company; (v) monitoring the above matters and assessing, examining and recommending on significant changes; and (vi) performing such other duties determined by the Board.

The Strategy Committee did not hold any meetings during the year December 31, 2025.

SUPERVISORY COMMITTEE

The Supervisory Committee is a supervisory agency of the Company which is responsible for the supervision of the Board and its members and senior management such as the general manager and deputy general manager so as to prevent them from the misuse of authority and infringement upon lawful rights of the Shareholders, the Company and the Company's employees.

Since July 31, 2025, in accordance with the Company Law of the People's Republic of China, the Transitional Arrangements Relating to the Implementation of the Supporting Systems and Rules of the New Company Law promulgated by the China Securities Regulatory Commission, the Guidelines on the Articles of Association of Listed Companies (2025 Revision), and other laws, regulations, regulatory documents, regulatory rules and listing rules of the jurisdictions where the Company's shares are listed, the Supervisory Committee has been cancelled, and the Company no longer has the Supervisory Committee or any Supervisors, and the functions and powers of the Supervisory Committee as prescribed by the Company Law of the People's Republic of China are exercised by the Audit Committee. Prior to that, the number of members and the composition of the Supervisory Committee were in line with the provisions and requirements of the laws, regulations and the Articles. The Supervisory Committee was comprised of three Supervisors, of whom one was an employee representative Supervisor democratically elected by our employees.

For details, please refer to the circulars of the Company dated May 27, 2025 and July 15, 2025 and the poll results announcements of the Company dated June 26, 2025 and July 31, 2025.

CORPORATE GOVERNANCE REPORT

FINANCIAL REPORTING SYSTEM, RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

Financial reporting system

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

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

Risk management

The Company is exposed to various risks in its business operations and the Company recognizes that risk management is critical to its success. Please refer to the "Principal Risks and Uncertainties" section of this annual report for a discussion of various operational risks and uncertainties faced by the Company. The Company has adopted a series of risk management policies which set out a risk management framework to identify, assess, evaluate and monitor key risks associated with the Company's strategic objectives on an on-going basis. Risks identified by management will be analyzed on the basis of likelihood and impact, and will be properly followed up and mitigated and rectified by the Group and reported to the Directors. Our Audit Committee, and ultimately the Directors, supervise the implementation of the Company's risk management policies. The Directors and the senior management possess the necessary knowledge and experience in providing good corporate governance oversight in connection with risk management and internal control. The Company has adopted and will continue to adopt, among other things, the following risk management measures:

- The Audit Committee will oversee and manage the overall risks associated with the Company's business operations, including (i) reviewing and approving the risk management policy to ensure that it is consistent with the Company's corporate objectives; (ii) reviewing and approving the Company's corporate risk tolerance; (iii) monitoring the most significant risks associated with the Company's business operation and the management's handling of such risks; (iv) reviewing the Company's corporate risk in the light of the Company's corporate risk tolerance; and (v) monitoring and ensuring the appropriate application of the risk management framework across the Group.

- The Board will be responsible for (i) formulating the risk management policy and reviewing major risk management issues of the Company; (ii) providing guidance on the risk management approach to the relevant departments in the Company; (iii) reviewing the relevant departments' report on key risks and providing feedbacks; (iv) supervising the implementation of the Company's risk management measures by the relevant departments; and (v) reporting to the Audit Committee on the Company's material risks.

CORPORATE GOVERNANCE REPORT

- The relevant departments in the Company, including but not limited to the finance department, the legal department and the human resources department, are responsible for implementing the Company's risk management policy and carrying out the Company's day-to-day risk management practice. In order to formalize risk management across the Group and set a common level of transparency and risk management performance, the relevant departments will (i) gather information about the risks relating to their operation or function; (ii) conduct risk assessments, which include the identification, prioritization, measurement and categorization of all key risks that could potentially affect their objectives; (iii) prepare a risk management report annually for the chief executive officer's review; (iv) continuously monitor the key risks relating to their operation or function; (v) implement appropriate risk responses where necessary; and (vi) develop and maintain an appropriate mechanism to facilitate the application of the Company's risk management framework.

Internal control system

The Board is responsible for the risk management and internal control systems of the Group and for reviewing their effectiveness at least annually, and the Audit Committee assists the Board in fulfilling its oversight and corporate governance roles in the Group's financial, operational, compliance and risk management. The risk management and internal control systems of the Group are designed to manage rather than eliminate risks of failure to achieve business objectives, and can only provide reasonable, but not absolute, assurance against material misstatement or loss.

The Company has an internal audit function in place, which is responsible for independently reviewing the adequacy and effectiveness of the risk management and internal control system of the Company, and reporting the results to the Audit Committee. Internal control supervisor of the Company is responsible for coordinating the internal control, sorting out and improving the business process and management mechanism, and carrying out the evaluation of effectiveness of internal control. In addition to the internal control and internal audit functions, all employees are liable for risk management and internal control within their business scope. Each department shall actively cooperate with the internal control and internal review, report to the management on the important development of the department's business and the implementation of policies and strategies established by the Company, and identify, evaluate and manage major risks in time.

The Company has established risk management and internal control management to build general risk management internal control environment. At present, the Company has built an internal control process framework covering procurement, sales, human resources and compensation management, marketing and promotion management, tax management, capital management, information security and intellectual property rights, financial reporting and disclosure and other business processes and carry out risk assessment regularly to ensure risk management and internal control being in operation effectively.

CORPORATE GOVERNANCE REPORT

The Audit Committee has made an annual review and is satisfied as to the implementation and effectiveness of the Group's risk management and internal control procedures. There were no matters of material concerns relating to financial, operational or compliance controls. The Board is satisfied with the effectiveness and adequacy of the risk management and internal control procedures of the Group during the Reporting Period.

Handling of inside information

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

AUDITOR'S REMUNERATION

The Company appointed Ernst & Young, certified public accountants, as the external auditor of the Company for the year ended December 31, 2025. The work scope and reporting responsibilities of Ernst & Young are set out in the "Independent Auditor's Report" on pages 101 to 106 of this annual report. For the year ended December 31, 2025, the remunerations paid or payable to Ernst & Young and its related entities in respect of audit services and non-audit services are as follows:

Service Category	Fees Paid/Payable (RMB million)
Audit services	
– Annual Audit Service	2.50
Non-audit services	
– Environment, social and governance report reporting service	0.36
Total	2.86

The Audit Committee is satisfied that the non-audit services in 2025 did not affect the independence of the auditor.

CORPORATE GOVERNANCE REPORT

JOINT COMPANY SECRETARIES

Directors have access to the services of the joint company secretaries to ensure that the Board procedures are followed. The joint company secretaries of the Company are Mr. Tong Shaojing and Ms. Tam Pak Yu, Vivien. Mr. Tong is the primary contact person of Ms. Tam in the Company. In compliance with Rule 3.29 of the Listing Rules, Mr. Tong and Ms. Tam have undertaken no less than 15 hours of relevant professional training during the Reporting Period. The biographies of Mr. Tong and Ms. Tam are set out in the "Biographies of Directors and Senior Management" section on page 41 of this annual report.

SHAREHOLDERS' RIGHTS

Procedures for Shareholder(s) to Convene an Extraordinary General Meeting ("EGM")

Shareholders requesting the convening of an EGM shall proceed in accordance with the procedures set forth below.

Any Shareholder(s) individually or jointly holding 10% or more of the Shares is/are entitled to request in writing the Board to convene an EGM. The Board shall, in accordance with the laws, administrative regulations and the Articles of Association, furnish a written reply to such Shareholder(s) stating its agreement or disagreement to the convening of the EGM within 10 days after having received such requisition.

In the event that the Board agrees to convene an EGM, a notice for convening such meeting shall be given within 5 days after the relevant Board resolution is passed and consent of the relevant Shareholder(s) shall be obtained in case of any changes to the original requisition in the notice.

In the event that the Board disagrees to convene an EGM or does not furnish any reply within 10 days after having received such requisition, the Board is deemed to be unable or unwilling to perform the duty of convening a general meeting, in which case Shareholder(s) individually or jointly holding 10% or more of the Shares may propose in writing the Audit Committee to convene the EGM.

In the event that the Audit Committee agrees to convene an EGM, a notice for convening such meeting shall be given within 5 days after having received such requisition and consent of the relevant Shareholder(s) shall be obtained in case of any changes to the original proposal in the notice.

In the event that the Audit Committee fails to serve any notice of an EGM within the prescribed period, the Audit Committee is deemed not to convene and preside over such meeting, in which case the Shareholder(s) individually or jointly holding 10% or more of the Shares for 90 consecutive days or more may convene and preside over such a meeting by himself/themselves.

Where a general meeting is convened by the Audit Committee or Shareholders on its/their own, the expenses necessary for the general meeting shall be borne by the Company and shall be deducted from the monies payable by the Company to the defaulting Directors.

CORPORATE GOVERNANCE REPORT

Procedures for Shareholder(s) to Put Forward Proposals at a General Meeting

When the Company convenes a general meeting, Shareholders individually or jointly holding 1% of the Shares (including preferred shares with restored voting rights, etc.) are entitled to propose new resolutions in writing to the Company and submit them to the convener 10 days before the meeting. The convener of the Shareholders' general meeting shall issue a supplementary notice of the Shareholders' general meeting to the Shareholders within two days upon the receipt of such proposal and notify them of the contents of such proposals.

Procedures for Directing Shareholders' Enquiries to the Board

Shareholders may at any time send their enquiries and concerns to the Board in writing to the Company's headquarters and principal place of business in China at 58 Middle Beijing Road, Yantai Development Zone, Yantai Area of Shandong Pilot Free Trade Zone, PRC. Shareholders may also make enquiries with the Board at the general meetings of the Company.

COMMUNICATIONS WITH SHAREHOLDERS

The Company continuously attaches great importance to maintaining and developing investor relations for a long time, and enhances transparency of the corporate information by promptly and effectively releasing the corporate information to the public, which has established effective channels for the Company to communicate with investors.

The Company publishes its announcements, financial information and other relevant information on its website at www.remegen.com, as a channel to facilitate effective communication.

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

The Company also made use of various communication channels, including company website, press releases, media interviews and WeChat Official Account, etc. to keep Shareholders, investors and other stakeholders of latest developments of the Group. The Company would respond to the queries from investment sector via its investor mailbox (ir@remegen.com) in timely manner and hold investor conferences/roadshows and analyst conferences from time to time when circumstance arises and as appropriate.

During the Reporting Period, the Board reviewed and considered the implementation of shareholders' communication policy was effective taking into account the aforesaid variety of existing channels for communication and participation.

CORPORATE GOVERNANCE REPORT

INVESTOR RELATIONS

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

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

CONSTITUTIONAL DOCUMENTS

In order to promote compliance operation and enhance corporate governance, as well as in light of the increase of the registered capital and the total number of issued shares of the Company due to attribution of an aggregate of 276,160 A Shares of the Class A interests in the second attribution period and the Class B interests under the first grant in the first attribution period under the 2022 A Share Scheme, the Company made corresponding amendments to the relevant articles of the Articles of Association. The major contents of the amendments to the Articles of Association include: (1) adjusting the expression of "general meeting(s)" to "shareholders' meeting(s)" uniformly; (2) deleting the provisions and descriptions related to "the Supervisors" and changing "the Supervisory Committee" in other provisions into "the Audit Committee", due to the cancellation of the Supervisory Committee and the Audit Committee exercising the functions and powers of the Supervisory Committee as prescribed by the Company Law; (3) adjusting the functions and powers of the Shareholders' meetings and the Board meetings; (4) strengthening the rights of the Shareholders by adjusting the shareholding threshold for Shareholders entitled to submit proposals to the Company to individually or jointly holding more than 1% of the total voting shares of the Company; (5) adding provisions related to controlling shareholders and de facto controllers, independent Directors and special committees of the Board; (6) deleting the provisions related to the special procedures for voting at class meetings; and (7) other corresponding and miscellaneous amendments.

In light of the increase of the registered capital of the Company and the total number of issued shares of the Company due to the completion of the placement of an aggregate of 19,000,000 new H Shares to not less than six Placees pursuant to the General Mandate on May 29, 2025, the Company made corresponding amendments to the relevant articles of the Articles of Association.

For the details of the above amendments, please refer to the announcements of the Company dated May 26, 2025 and August 22, 2025 and the circulars of the Company dated May 27, 2025 and July 15, 2025.

Save as disclosed above, there had been no change to the Company's constitutional documents during the year ended December 31, 2025. The Articles of Association is available on the Company's website and the Stock Exchange's website.

DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

The Company is a fully integrated biopharmaceutical company committed to the discovery, development and commercialization of innovative and differentiated biologics for the treatment of autoimmune, oncology and ophthalmic diseases with unmet medical needs in China and globally.

The activities and particulars of the Company's principal subsidiaries are shown under note 1 to financial statements. An analysis of the Group's revenue and operating profit/loss for the year by principal activities is set out in the section headed "Management Discussion and Analysis" in this annual report and notes 5 and 6 to financial statements.

RESULTS

The results of the Group for the year ended December 31, 2025 are set out in the section headed "Chairman's Statement" of this annual report and the consolidated statements of profit or loss and other comprehensive income of the Group on pages 107 to 108 of this annual report.

BUSINESS REVIEW

A fair review of the business of the Group as required by Schedule 5 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), including an analysis of the Group's financial performance, an indication of likely future developments in the Group's business and the Group's key relationships with its stakeholders who have a significant impact on the Group and on which the Group's success depends, is set out in the section headed "Management Discussion and Analysis" of this annual report. These discussions form part of this directors' report. Events affecting the Company that have occurred since the end of the financial year is set out in the section headed "Key Events After The Reporting Period" in this annual report.

PRINCIPAL RISKS AND UNCERTAINTIES

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

DIRECTORS' REPORT

Risks relating to our financial position and need for additional capital:

- The net cash flow generated from operating activities during the Reporting Period was RMB53 million, with working capital relying on sales collections and external financing. The Company operates in a highly competitive industry, where factors such as the effectiveness of market promotion following the launch of new products, changes in medical insurance payment policies, and intensified competition from similar products may impact our sales revenue. Significant fluctuations in the sales volume or price of core products could result in slower-than-expected revenue growth, which would in turn adversely affect our profitability and cash flow. Additionally, to maintain technological leadership, the Company continues to invest at a high level in R&D. However, new product development carries inherent uncertainties, and failure could lead to unrecoverable R&D expenditures, thereby reducing corporate profit margins.

- We will need to obtain additional financing to fund our operations, and financing may not be available on terms acceptable to us, or at all. If we are unable to obtain sufficient financing, we may be unable to complete the development and commercialization of our drug candidates.

- The performance and value of our investments in equity investments are subject to uncertainties and fluctuation.

Risks related to industry policies and macroeconomic environment

- **Industry Policy Risks**: The 15th Five-Year Plan of the state provides unprecedented support to the innovative drug industry. From elevated strategic positioning and accelerated review and approval, to diversified medical insurance coverage and regulatory transformation, a full-chain policy support system covering research and development, approval, payment and regulation has been established. Over the next five years, the innovative drug industry will fully transition from "policy-driven dividends" to a period of "system maturity alongside global competition". Companies with source-level innovation capabilities and differentiated layouts will usher in a golden development phase. As a listed company in the innovative drug industry, the Group has two products included in the National Reimbursement Drug List (NRDL), and has submitted or is preparing to submit marketing applications for multiple indications. Any impediment to the implementation of relevant policies will exert varying degrees of impact on the Group's drug clinical studies, product marketing approval, medical insurance negotiations, sales, overseas expansion and capital market financing, among other aspects.

- **Macro-environmental risks**: If the overall growth rate of the biopharmaceutical industry slows down in the future, or adverse public incidents related to quality or safety occur and damage the overall image of the biomedical industry, it may lead to a slowdown in market demand growth, which would in turn adversely affect the Group's operations.

Risks related to core competitiveness

- Although the market size of the Group's core products in various indications has a good growth expectation without significant market capacity constraints, some sub-sectors already have competing products on the market, and some have been included in the NRDL. If the sales of related drugs and candidate drugs fall short of expectations after being included in the NRDL, or if they fail to be successfully included in the NRDL in the future, or if there are deviations in future pricing strategies or suboptimal cost control, it may impact our future revenue.

DIRECTORS' REPORT

Risks related to supply chain dependence

- Our group needs to purchase reagents, consumables, and equipment from suppliers when conducting research and development and production related businesses. To ensure the quality of its own products, the Group may procure branded products from well-known foreign manufacturers, and may rely to a certain extent on certain key raw materials or equipment supplied by such foreign manufacturers. In the future, if any individual foreign supplier of key raw materials or equipment encounters supply shortages, operational problems, or is unable to make timely deliveries due to changes in the international trade environment and policies, it may have an adverse impact on the Group's business operations and development.

Risks relating to our business:

- 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 their clinical development, obtain their regulatory approvals or achieve their commercialization, or if we experience significant delays in doing any of the foregoing, our business will be materially harmed.

- If we encounter difficulties enrolling patients in our clinical trials, our clinical development activities could be delayed or otherwise adversely affected.

- Clinical drug development involves a lengthy and expensive process with an uncertain outcome.

- All material aspects of the research, development, manufacturing and commercialization of our drug candidates are heavily regulated.

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

- Adverse events caused by our drug 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.

- Any delays in completing and receiving regulatory approvals for our manufacturing facilities, or any disruption of our current facilities or in the development of new facilities, could reduce or restrict our production capacity or our ability to develop or sell products, which could have a material and adverse effect on our business, financial condition and results of operations.

- If we are unable to meet the increasing demand for our existing drug candidates and future drug products by ensuring that we have adequate manufacturing capacity, or if we are unable to successfully manage our anticipated growth or to precisely anticipate market demand, our business could suffer.

- Our drug candidates, once approved, may fail to achieve the degree of market acceptance by physicians, patients, third-party payers and others in the medical community that would be necessary for their commercial success.

DIRECTORS' REPORT

- We have limited experience in commercialization of drugs. If we are unable to build or maintain sufficient sales and marketing capabilities, either by ourselves or through third parties, we may not be able to successfully create or increase market awareness of our products or sell our products, which will materially affect our ability to generate product sales revenue.

- We face substantial competition and our competitors may discover, develop or commercialize competing drugs faster or more successfully than we do.

- Third parties may initiate legal proceedings alleging that we are infringing, misappropriating or otherwise violating their intellectual property rights, the outcome of which would be uncertain, and we may be subject to substantial costs and liability, or be prevented from using technologies incorporated in our drug candidates or future drugs, or delay the commercialization of our drug candidates in certain jurisdictions, as a result of such litigation or other proceedings relating to patent or other intellectual property rights.

- If we are unable to obtain and maintain adequate patent and other intellectual property protection for our drug candidates throughout the world, or if the scope of such intellectual property rights obtained is not sufficiently broad, third parties could develop and commercialize products and technologies similar or identical to ours and compete directly against us, and our ability to successfully develop and commercialize any of our drug candidates or technologies would be materially adversely affected.

- The scope of our patent protection may be uncertain. Our current or any future patents may be challenged and invalidated even after issuance, which would materially adversely affect our ability to successfully commercialize any product or technology.

- We work with various third parties to develop our drug candidates, such as those who help us conduct our pre-clinical studies and clinical trials. If these third parties do not successfully carry out their contractual duties or meet expected timelines, we may not be able to obtain regulatory approval for, or commercialize, our drug candidates, and our business could be materially harmed.

- We have entered into collaborations with our partners and may form or seek additional collaborations or strategic alliances or enter into additional licensing arrangements in the future. We may not realize any or all benefits of such alliances or licensing arrangements, and disputes may arise between us and our current or future collaboration partners.

- Risks relating to our operations: We operate in a competitive industry and may fail to compete effectively.

- Any failure to obtain or renew certain approvals, licenses, permits and certificates required for our business may materially and adversely affect our business, financial condition and results of operations.

- Business disruptions could seriously harm our future revenue and financial condition and increase our costs and expenses.

- The loss of any key members of our senior management team or our inability to attract and retain highly skilled scientists, clinical and sales personnel could adversely affect our business.

- We have been, and in the future may be, involved in lawsuits or other legal proceedings, which could adversely affect our business, financial conditions, results of operations and reputation.

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

ENVIRONMENTAL POLICIES AND PERFORMANCE

We are committed to operate our business in a manner that protects environment, provides a safety workplace for our employees and performs our social liabilities.

We have implemented a set of policies on environment, social and governance consistent with industry standards and in compliance with the requirements of the Listing Rules. We have implemented company-wide environmental, health and safety (the "**EHS**") policies and operating procedures relating to process and work safety management, waste treatment, and emergency planning and response. Our EHS department is responsible for the formulation and updates of our EHS policies under the supervision of our Directors, and it continuously provides safety training sessions to our employees and monitors the compliance of relevant functions with our policies. Our operations involve the use of hazardous chemicals. We implemented safety guidelines setting out information about potential safety hazards and procedures for operating in the laboratory and manufacturing facilities, and we installed video surveillance systems inside the manufacturing facilities to monitor the operation process. Our operations also produce waste water and chemical waste. We treat the waste water existing our bioreactors in our biological waste disposal facilities, and store hazardous wastes in special warehouse. We also contract with third parties for the disposal of hazardous materials and wastes.

RELATIONSHIPS WITH THE GROUP'S KEY STAKEHOLDERS

The Company maintains a good relationship with its employees, customers and suppliers in order to ensure smooth business operation. The Group provides employees with competitive benefits, conducts employee care activities, and continuously improves employees' sense of happiness and belonging. We maintain long-term partnership with suppliers based on mutual trust and purchase supplies and services in the spirit of fairness and openness. We also highlight the importance of customer service quality, effectively protect customer's data security and comply with compliant marketing practices to provide customers with a more fulfilling and higher quality experience.

The ESG Report of the Company also contains information in respect of relationship with the employees, customers and suppliers, which is issued separately within the period as required by the Listing Rules.

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. During the year ended December 31, 2025, there was no material breach of, or non-compliance with, applicable laws and regulations by the Group.

DIRECTORS' REPORT

FINANCIAL SUMMARY

A summary of the Group's operating results, assets and liabilities for the last five financial years is set out on page 203 of this annual report. This summary does not form part of the audited consolidated financial statements.

FINAL DIVIDEND

The Board does not recommend payment of a final dividend for the year ended December 31, 2025.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year ended December 31, 2025 are set out in note 13 to financial statements.

BANK LOANS AND BORROWINGS

Particulars of bank loans and other borrowings of the Group as at December 31, 2025 are set out in the section headed "Management Discussion and Analysis" in this annual report and note 26 to financial statements.

SHARE CAPITAL

Details of the movements in the share capital of the Company during the year ended December 31, 2025 are set out in note 29 to financial statements.

RESERVES

As at December 31, 2025, the Company had distributable reserve accounting to approximately RMB2,978 million.

DONATIONS

During the year ended December 31, 2025, the Group made charitable donations of approximately RMB12.51 million (2024: RMB12.77 million).

FINANCIAL STATEMENTS

The results of the Group for the year ended December 31, 2025 and the state of the Group's financial position as at that date are set out in the consolidated financial statements on pages 107 to 110 of this annual report.

DIRECTORS AND SUPERVISORS

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

Executive Directors

Mr. Wang Weidong
Dr. Fang Jianmin
Mr. Lin Jian
Dr. He Ruyi *(resignation effective from February 6, 2025)*
Mr. Wen Qingkai *(appointment effective from April 2, 2025)*

DIRECTORS' REPORT

Non-executive Directors
Dr. Wang Liqiang
Dr. Su Xiaodi

Independent non-executive Directors
Mr. Hao Xianjing
Mr. Chen Yunjin
Mr. Huang Guobin *(appointment effective from January 10, 2025)*
Dr. Ma Lan *(resignation effective from January 10, 2025)*

Supervisors
Mr. Ren Guangke
Mr. Li Yupeng
Mr. Li Zhuanglin

Note: The cancellation of the Supervisory Committee took effect on July 31, 2025. For details, please refer to the circulars of the Company dated May 27, 2025 and July 15, 2025 and the poll results announcements of the Company.

The biographical information of the current Directors are set out in the section headed "Biographies of Directors and Senior Management" in this annual report.

DIRECTORS' AND SUPERVISORS' INTERESTS IN TRANSACTION, ARRANGEMENT OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in this annual report, the Group has not entered into any transaction agreement or contract of significance in which the Directors or Supervisors or an entity connected with the Directors or Supervisors have direct or indirect material interests during the Reporting Period.

CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as disclosed in this annual report, none of the Controlling Shareholders or any of its subsidiaries has or had a material interest, either directly or indirectly, in any contract of significance, whether for the provision of services or otherwise, to the business of the Group to which the Company or any of its subsidiaries was a party during the Reporting Period.

NON-COMPETITION UNDERTAKING

Pursuant to the Deed of Non-Competition, the Controlling Shareholders have undertaken that they would not and would use their best endeavors to procure their close associates (as defined in the Listing Rules) (except any members of the Group) not to, directly or indirectly, at any time during the relevant period, carry on, engage in, invest in, participate in, attempt to participate in, render any services to, provide any financial support to or otherwise be involved in or interested in, whether alone or jointly with another person and whether directly or indirectly or on behalf of or to assist or act in concert with any other person, any business which is the same as, similar to or in competition or will compete or may compete with the core business of the Company.

DIRECTORS' REPORT

The Company has received confirmations from the Controlling Shareholders confirming their compliance with the Deed of Non-Competition for the year ended December 31, 2025 for disclosure in this annual report. The independent non-executive Directors have also reviewed the Controlling Shareholders' compliance with the Deed of Non-Competition for the year ended December 31, 2025.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the Directors nor their respective associates (as defined in the Listing Rules) had any interest in a business that competed or might compete with the business of the Group.

EMOLUMENTS OF THE DIRECTORS, SUPERVISORS AND THE FIVE HIGHEST PAID INDIVIDUALS

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

Details of emoluments of Directors, Supervisors and the five highest paid individuals are set out in note 8 and note 9 to financial statements. For the year ended December 31, 2025, none of the Directors has waived or agreed to waive any emoluments.

SHARE SCHEMES

First H Share Scheme

The Company has adopted the First H Share Scheme at the extraordinary general meeting of the Company on March 23, 2021. The First H Share Scheme is a share scheme of the Company that is funded by the existing shares and does not involve issuance of new shares of the Company. A summary of the principal terms of the First H Share Scheme is set out below:

(a) *Purpose of the First H Share Scheme*

The purposes of the First H Share Scheme are:

i. to attract, motivate and retain skilled and experienced personnel to strive for the future development and expansion of the Group by providing them with the opportunity to own equity interests in the Company;

ii. to deepen the reform on the Company's remuneration system and to develop and constantly improve the interests balance mechanism among the Shareholders, the operational and executive management; and

iii. to (a) recognize the contributions of the leadership of the Company including the Directors; (b) encourage, motivate and retain the leadership of the Company whose contributions are beneficial to the continual operation, development and long-term growth of the Group; and (c) provide additional incentive for the leadership of the Company and long standing employee by aligning the interests of the leadership of the Company to those of the Shareholders and the Group as a whole.

(b) Participants of the First H Share Scheme

Participants eligible to participate in the First H Share Scheme include any full-time PRC or non-PRC employee of any members of the Group, who is a Director, senior management member, key operating team member, employee, or a consultant of the Group.

(c) Maximum Entitlement of Each Participant

The total number of non-vested Award Shares granted to selected participants under the First H Share Scheme shall not exceed 1% of the total number of Shares issued by the Company from time to time.

(d) Total Number of Shares Available for Issue and First H Share Scheme Limit

The First H Share Scheme is not a share scheme that involves issuance of new shares under Chapter 17 of the Listing Rules. Subject to the terms of the First H Share Scheme, the maximum size of the First H Share Scheme (the "**First H Share Scheme Limit**") shall be the maximum number of H Shares that will be acquired by the trustee appointed by the Company (the "**Trustee**") through on-market transactions from time to time at the prevailing market price, and in any case being 7,347,550 H Shares, which accounts for approximately 3.52% of the Company's total number of issued H Shares of 208,581,239 Shares and approximately 1.30% of the Company's total share capital of 564,283,339 Shares (excluding treasury shares (as defined in the Listing Rules)) as at the date of this annual report. The ultimate number of H Shares underlying the First H Share Scheme is uncertain as it depends on the actual implementation of the acquisition of H Shares by the Trustee. The Company shall not make any further grant of award which will result in the aggregate number of H Shares underlying all grants made pursuant to the First H Share Scheme (excluding Award Shares that have been forfeited in accordance with the First H Share Scheme) to exceed the First H Share Scheme Limit without Shareholders' approval. The First H Share Scheme Limit shall not be subject to any refreshment.

(e) Vesting Period

The Board or the management committee of the First H Share Scheme (the "**First Scheme Delegatee**") may determine the vesting criteria and conditions or periods for the awards to be vested. Unless otherwise specified in the award letter approved by the Board or the First Scheme Delegatee, and subject to the vesting conditions set out in the terms of the First H Share Scheme, all awards under the First H Share Scheme shall be vested in four equal tranches (i.e., 25%, 25%, 25% and 25%) (each a "**First Scheme Vesting Period(s)**"). The specific commencement and duration of each First Scheme Vesting Period and the actual vesting amount of the award granted to a participant for the respective First Scheme Vesting Periods shall be specified in the award letter issued by the Company to the participant. The First Scheme Vesting Periods of the awards granted under the First H Share Scheme shall be determined by the Board or the First Scheme Delegatee in its sole and absolute discretion, and shall in any event not extend beyond the then remaining term of the First Scheme Award Period (as defined below) at the time of grant.

DIRECTORS' REPORT

(f) Purchase price and Basis of Determination

The source of the Award Shares under the First H Share Scheme shall be H Shares to be acquired by the Trustee through on-market transactions at the prevailing market price in accordance with the instructions of the Company and the relevant provisions of the First H Share Scheme. The Board may specify in the instructions given to the Trustee with respect to the acquisition of H Shares any conditions or terms, including without limitation, the specified price or range of prices for the acquisition, the maximum amount of funds to be used for the acquisition, and/or the maximum number of H Shares to be acquired. The Company shall as soon as reasonably practicable, for the purposes of satisfying the grant of awards, transfer to the trust the necessary funds and instruct the Trustee to acquire H Shares through on-market transactions at the prevailing market price. The Trustee shall as soon as reasonably practicable thereafter proceed to acquire such number of H Shares as instructed by the Company on market at the prevailing market price.

(g) Remaining life of the First H Share Scheme

Subject to any early termination of the First H Share Scheme, it shall be valid and effective for ten years commencing from March 23, 2021 (the "**First Scheme Award Period**"), of which the remaining life of the First H Share Scheme is approximately 5 years as at the date of this annual report, and thereafter for so long as there are non-vested Award Shares granted under the First H Share Scheme prior to the expiration of the First H Share Scheme, in order to give effect to the vesting of such Award Shares.

Details of the movements of the awards granted pursuant to the First H Share Scheme as at December 31, 2025 are as follows:

Name of grantee	Category of grantee	Date of grant	Vesting period	Exercise period	As at January 1, 2025	Granted during the Reporting Period	Vested during the Reporting Period	Lapsed during the Reporting Period	Cancelled during the Reporting Period	As at December 31, 2025	Purchase price (HKD)	Closing price of the Shares immediately before the date when the awards were granted (HKD)	Weighted average closing price of the Shares immediately before the date when the awards were vested (HKD)	Fair value of the awards at the date of grant (RMB)[2]
Directors, chief executive, substantial shareholders and their respective associates														
Wang Weidong	Executive Director	March 31, 2023	March 31, 2023 to December 31, 2026	5 years	850,000	Nil	425,000	Nil	Nil	425,000	27.06	44.30	25.86	39.71
Fang Jianmin	Executive Director and chief executive officer	September 1, 2022	September 1, 2022 to December 31, 2023	5 years	500,000	Nil	500,000	Nil	Nil	Nil	27.06	44.90	37.45	40.27
He Ruyi[4]	Executive Director	September 1, 2022	September 1, 2022 to December 31, 2025	5 years	1,200,000	Nil	Nil	1,200,000	Nil	Nil	16.91	44.90	NA	40.54

DIRECTORS' REPORT

Name of grantee	Category of grantee	Date of grant	Vesting period	Exercise period	As at January 1, 2025	Granted during the Reporting Period	Vested during the Reporting Period	Lapsed during the Reporting Period	Cancelled during the Reporting Period	As at December 31, 2025	Purchase price (HKD)	Closing price of the Shares immediately before the date when the awards were granted (HKD)	Weighted average closing price of the Shares immediately before the date when the awards were vested (HKD)	Fair value of the awards at the date of grant (RMB)[2]
Fang Michelle Yi	Daughter of Dr. Fang Jianmin	September 1, 2022	September 1, 2022 to December 31, 2025	5 years	34,000	Nil	17,000	Nil	Nil	17,000	27.06	44.90	14.26	42.00
		January 1, 2023	January 1, 2023 to March 31, 2026	5 years	2,526	Nil	1,263	Nil	Nil	1,263	Nil	57.90	23.40	53.26
		March 31, 2023	March 31, 2023 to March 31, 2027	5 years	5,487	Nil	1,829	Nil	Nil	3,658	Nil	44.30	23.40	36.64
		April 2, 2024	April 2, 2024 to March 31, 2028	5 years	5,712	Nil	1,428	Nil	Nil	4,284	Nil	27.15	23.40	25.07
		March 31, 2025	March 31, 2025 to March 31, 2029	5 years	Nil	6,160	Nil	Nil	Nil	6,160	Nil	23.40	NA	21.87
Five highest paid individuals during the Reporting Period[1]														
–	Five highest paid individuals	December 31, 2022	December 31, 2022 to December 31, 2026	5 years	300,000	Nil	200,000	100,000	Nil	Nil	39.26	57.90	63.13	57.43
		December 31, 2022	December 31, 2022 to December 31, 2026	5 years	40,386	Nil	40,386	Nil	Nil	Nil	Nil	57.90	79.42	51.72
		January 1, 2023	January 1, 2023 to March 31, 2026	5 years	6,312	Nil	3,156	Nil	Nil	3,156	Nil	57.90	23.40	53.26
		March 31, 2023	March 31, 2023 to March 31, 2027	5 years	11,556	Nil	3,852	Nil	Nil	7,704	Nil	44.30	23.40	36.64
		April 2, 2024	April 2, 2024 to September 30, 2027	5 years	300,000	Nil	150,000	Nil	Nil	150,000	31.43	27.15	63.73	37.02
		April 2, 2024	April 2, 2024 to March 31, 2028	5 years	13,236	Nil	3,309	Nil	Nil	9,927	Nil	27.15	23.40	25.07
		April 2, 2024	April 2, 2024 to March 31, 2028	5 years	12,804	Nil	3,201	9,603	Nil	Nil	Nil	27.15	23.40	25.07
		December 2, 2024	December 2, 2024 to December 2, 2028	5 years	150,000	Nil	37,500	112,500	Nil	Nil	Nil	17.76	112	16.73
		March 31, 2025	March 31, 2025 to March 31, 2029	5 years	Nil	14,496	Nil	14,496	Nil	Nil	Nil	23.40	NA	21.87
		March 31, 2025	March 31, 2025 to March 31, 2029	5 years	Nil	16,004	Nil	Nil	Nil	16,004	Nil	23.40	NA	21.87
	Sub-total				**3,432,019**	**36,660**	**1,387,924**	**1,436,599**	**Nil**	**644,156**				

DIRECTORS' REPORT

Name of grantee	Category of grantee	Date of grant	Vesting period	Exercise period	As at January 1, 2025	Granted during the Reporting Period	Vested during the Reporting Period	Lapsed during the Reporting Period	Cancelled during the Reporting Period	As at December 31, 2025	Purchase price (HKD)	Closing price of the Shares immediately before the date when the awards were granted (HKD)	Weighted average closing price of the Shares immediately before the date when the awards were vested (HKD)	Fair value of the awards at the date of grant (RMB)[2]
Others														
Other grantees	Employees	March 22, 2022	March 22, 2022 to March 31, 2025	5 years	15,000	Nil	15,000	Nil	Nil	Nil	50.50	51.70	25.28	49.00
		March 22, 2022	March 22, 2022 to June 30, 2025	5 years	20,000	Nil	20,000	Nil	Nil	Nil	50.50	51.70	40.03	50.18
		March 22, 2022	March 22, 2022 to June 30, 2025	5 years	75,000	Nil	75,000	Nil	Nil	Nil	52.10	51.70	40.03	50.97
		March 22, 2022	March 22, 2022 to September 30, 2024	5 years	30,000	Nil	30,000	Nil	Nil	Nil	26.37	51.70	15.46	42.14
		March 31, 2022	March 31, 2022 to March 31, 2026	5 years	41,250	Nil	20,000	12,500	Nil	8,750	48.37	50.55	25.28	49.02
		December 31, 2022	December 31, 2022 to December 31, 2026	5 years	3,030	Nil	1,010	2,020	Nil	Nil	Nil	57.90	14.26	57.12
		January 1, 2023	January 1, 2023 to March 31, 2026	5 years	10,142	Nil	5,071	228	Nil	4,843	Nil	57.90	23.40	53.26
		March 31, 2023	March 31, 2023 to March 31, 2026	5 years	764	Nil	382	Nil	Nil	382	Nil	44.30	23.40	45.54
		March 31, 2023	March 31, 2023 to March 31, 2027	5 years	37,425	Nil	10,251	8,148	Nil	19,026	Nil	44.30	23.40	36.64
		March 31, 2023	March 31, 2023 to March 31, 2027	5 years	60,000	Nil	30,000	30,000	Nil	Nil	45.36	44.30	25.28	48.18
		March 31, 2023	March 31, 2023 to December 31, 2026	5 years	100,000	Nil	Nil	Nil	Nil	100,000	45.36	44.30	NA	47.48
		June 30, 2023	June 30, 2023 to June 30, 2027	5 years	17,505	Nil	3,547	6,864	Nil	7,094	Nil	33.20	55.55	31.58
		September 30, 2023	September 30, 2023 to September 30, 2027	5 years	23,172	Nil	3,692	12,096	Nil	7,384	Nil	40.30	112.00	36.98
		September 30, 2023	September 30, 2023 to September 30, 2027	5 years	2,745	Nil	Nil	2,745	Nil	Nil	Nil	40.30	NA	36.98
		September 30, 2023	September 30, 2023 to September 30, 2027	5 years	100,000	Nil	50,000	Nil	Nil	50,000	31.33	40.30	63.73	41.82
		December 31, 2023	December 31, 2023 to December 31, 2027	5 years	1,048	Nil	262	786	Nil	Nil	Nil	37.45	14.26	33.94

DIRECTORS' REPORT

Name of grantee	Category of grantee	Date of grant	Vesting period	Exercise period	As at January 1, 2025	Granted during the Reporting Period	Vested during the Reporting Period	Lapsed during the Reporting Period	Cancelled during the Reporting Period	As at December 31, 2025	Purchase price (HKD)	Closing price of the Shares immediately before the date when the awards were granted (HKD)	Weighted average closing price of the Shares immediately before the date when the awards were vested (HKD)	Fair value of the awards at the date of grant (RMB)[2]
		April 2, 2024	April 2, 2024 to March 31, 2028	5 years	120,000	Nil	30,000	15,000	Nil	75,000	19.35	27.15	23.40	29.31
		April 2, 2024	April 2, 2024 to June 30, 2027	5 years	100,000	Nil	50,000	Nil	Nil	50,000	31.43	27.15	40.03	35.4
		April 2, 2024	April 2, 2024 to June 30, 2027	5 years	45,000	Nil	15,000	Nil	Nil	30,000	Nil	27.15	55.55	25.07
		April 2, 2024	April 2, 2024 to June 30, 2028	5 years	40,000	Nil	40,000	Nil	Nil	Nil	Nil	27.15	24.5	25.07
		April 2, 2024	April 2, 2024 to March 31, 2028	5 years	95,468	Nil	17,166	47,633	Nil	30,669	Nil	27.15	23.4	25.07
		June 28, 2024	June 28, 2024 to June 30, 2028	5 years	6,376	Nil	1,594	4,782	Nil	Nil	Nil	25.7	55.55	22.36
		September 30, 2024	September 30, 2024 to September 30, 2028	5 years	68,356	Nil	5,696	45,572	Nil	17,088	Nil	15.46	112	15.42
		December 31, 2024	December 31, 2024 to December 31, 2028	5 years	27,024	Nil	Nil	Nil	Nil	27,024	Nil	14.26	NA	13.33
		March 31, 2025	March 31, 2025 to March 31, 2029	5 years	Nil	106,376	Nil	23,716	Nil	82,660	Nil	23.4	NA	21.87
		April 1, 2025	April 1, 2025 to May 1, 2025	5 years	Nil	400,000	400,000	Nil	Nil	Nil	37	23.7	38.05	34.14
	Sub-total				**1,039,305**	**506,376**	**823,671**	**212,090**	**Nil**	**509,920**				

Notes:

(1) The five highest paid individuals exclude one executive Director as disclosed above.

(2) This represents the weighted average fair value of the awards at the date of grant, which is subject to the different vesting schedules and the different vesting criteria and conditions of the awards granted to the grantees.

(3) None of the above awards granted pursuant to the First H Share Scheme was subject to any performance target.

(4) Dr. He Ruyi resigned as an executive Director on February 6, 2025.

DIRECTORS' REPORT

Second H Share Scheme

The Company has adopted the Second H Share Scheme at the extraordinary general meeting of the Company on July 14, 2023. The Second H Share Scheme is a share scheme of the Company that is funded by the existing shares and does not involve issuance of new shares of the Company. A summary of the principal terms of the Second H Share Scheme is set out below:

(a) *Purpose of the Second H Share Scheme*

The purposes of the Second H Share Scheme are:

(i) to attract, motivate and retain skilled and experienced personnel to strive for the future development and expansion of the Group by providing them with the opportunity to own equity interests in the Company;

(ii) to deepen the reform on the Company's remuneration system and to develop and constantly improve the interests balance mechanism among the Shareholders, the operational and executive management; and

(iii) to (a) recognize the contributions of the leadership of the Company including the Directors; (b) encourage, motivate and retain the leadership of the Company whose contributions are beneficial to the continual operation, development and long-term growth of the Group; and (c) provide additional incentive for the leadership of the Company and long standing employee by aligning the interests of the leadership of the Company to those of the Shareholders and the Group as a whole.

(b) *Participants of the Second H Share Scheme*

Participants eligible to participate in the Second H Share Scheme include any full-time PRC or non-PRC employee of any members of the Group, who is a Director, senior management member, key operating team member, employee, or a consultant of the Group.

(c) *Maximum Entitlement of Each Participant*

The total number of non-vested Award Shares granted to selected participants under the Second H Share Scheme shall not exceed 1% of the total number of Shares issued by the Company from time to time.

(d) *Total Number of Shares Available for Issue and Second H Share Scheme Limit*

The Second H Share Scheme is not a share scheme that involves issuance of new shares under Chapter 17 of the Listing Rules. Subject to the terms of the Second H Share Scheme, the maximum size of the Second H Share Scheme (the "**Second H Share Scheme Limit**") shall be the maximum number of H Shares that will be acquired by the Trustee through on-market transactions from time to time at the prevailing market price, and in any case being 27,213,150 H Shares, which accounts for approximately 13.05% of the Company's total number of issued H Shares of 208,581,239 Shares and approximately 4.82% of the Company's total share capital of 564,283,339 Shares (excluding treasury shares (as defined in the Listing Rules)) as at the date of this annual report. The ultimate number of H Shares underlying the Second H Share Scheme is uncertain as it depends on the actual implementation of the acquisition of H Shares by the Trustee. The Company shall not make any further grant of award which will result in the aggregate number of H Shares underlying all grants made pursuant to the Second H Share Scheme (excluding Award Shares that have been forfeited in accordance with the Second H Share Scheme) to exceed the Second H Share Scheme Limit without Shareholders' approval. The Second H Share Scheme Limit shall not be subject to any refreshment.

(e) *Vesting Period*

The Board or the management committee of the Second H Share Scheme (the "**Second Scheme Delegatee**") may determine the vesting criteria and conditions or periods for the awards to be vested. Unless otherwise specified in the award letter approved by the Board or the Second Scheme Delegatee, and subject to the vesting conditions set out in the terms of the Second H Share Scheme, all awards under the Second H Share Scheme shall be vested in four equal tranches (i.e., 25%, 25%, 25% and 25%) (each a "**Second Scheme Vesting Period(s)**"). The specific commencement and duration of each Second Scheme Vesting Period and the actual vesting amount of the award granted to a participant for the respective Second Scheme Vesting Periods shall be specified in the award letter issued by the Company to the participant. The Second Scheme Vesting Periods of the awards granted under the Second H Share Scheme shall be determined by the Board or the Second Scheme Delegatee in its sole and absolute discretion, and shall in any event not extend beyond the then remaining term of the Second Scheme Award Period (as defined below) at the time of grant.

(f) *Purchase Price and Basis of Determination*

The source of the Award Shares under the Second H Share Scheme shall be H Shares to be acquired by the Trustee through on-market transactions at the prevailing market price in accordance with the instructions of the Company and the relevant provisions of the Second H Share Scheme. The Board may specify in the instructions given to the Trustee with respect to the acquisition of H Shares any conditions or terms, including without limitation, the specified price or range of prices for the acquisition, the maximum amount of funds to be used for the acquisition, and/or the maximum number of H Shares to be acquired. The Company shall as soon as reasonably practicable, for the purposes of satisfying the grant of awards, transfer to the trust the necessary funds and instruct the Trustee to acquire H Shares through on-market transactions at the prevailing market price. The Trustee shall as soon as reasonably practicable thereafter proceed to acquire such number of H Shares as instructed by the Company on market at the prevailing market price.

DIRECTORS' REPORT

(g) Remaining Life of the Second H Share Scheme

Subject to any early termination of the Second H Share Scheme, it shall be valid and effective for ten years commencing from July 14, 2023 (the "**Second Scheme Award Period**"), of which the remaining life of the Second H Share Scheme is approximately 7 years and 4 months as at the date of this annual report, and thereafter for so long as there are non-vested Award Shares granted under the Second H Share Scheme prior to the expiration of the Second H Share Scheme, in order to give effect to the vesting of such Award Shares.

Details of the movements of the awards granted pursuant to the Second H Share Scheme as at December 31, 2025 are as follows:

Name of grantee	Category of grantee	Date of grant	Vesting period	Exercise period	As at January 1, 2025	Granted during the Reporting Period	Vested during the Reporting Period	Lapsed during the Reporting Period	Cancelled during the Reporting Period	As at December 31, 2025	Purchase price (HKD)	Closing price of the Shares immediately before the date when the awards were granted (HKD)	Weighted average closing price of the Shares immediately before the date when the awards were vested (HKD)	Fair value of the awards at the date of grant (RMB)[1]
Five highest paid individuals during the Reporting Period														
-	Five highest paid individuals													
		June 30, 2024	June 30, 2024 to September 30, 2028	7 years	600,000	Nil	150,000	Nil	Nil	450,000	Nil	24.50	112	22.36
		March 31, 2025	March 31, 2025 to March 31, 2029	7 years	Nil	400,000	Nil	Nil	Nil	400,000	12.74	23.40	NA	22.9
	Sub-total				**600,000**	**400,000**	**150,000**	**Nil**	**Nil**	**850,000**				
Others														
Other grantees	Employees													
		June 30, 2024	June 30, 2024 to December 31, 2027	7 years	200,000	Nil	50,000	Nil	Nil	150,000	Nil	24.50	14.26	22.36
		June 30, 2024	June 30, 2024 to December 31, 2027	7 years	400,000	Nil	100,000	Nil	Nil	300,000	32.67	24.50	14.26	35.02
		June 30, 2024	June 30, 2024 to March 31, 2028	7 years	50,000	Nil	12,500	Nil	Nil	37,500	Nil	24.50	23.40	22.36
		June 30, 2024	June 30, 2024 to March 31, 2028	7 years	150,000	Nil	37,500	Nil	Nil	112,500	19.35	24.50	23.40	26.60
		November 1, 2024	November 1, 2024 to September 30, 2028	7 years	150,000	Nil	37,500	Nil	Nil	112,500	11.38	16.84	112	18.66
		January 2, 2025	January 2, 2025 to March 1, 2025	7 years	Nil	900,000	900,000	Nil	Nil	Nil	21.50	14.40	17.98	19.89
		March 31, 2025	March 31, 2025 to March 31, 2029	7 years	Nil	200,000	Nil	Nil	Nil	200,000	12.74	23.40	NA	22.90

DIRECTORS' REPORT

Name of grantee	Category of grantee	Date of grant	Vesting period	Exercise period	As at January 1, 2025	Granted during the Reporting Period	Vested during the Reporting Period	Lapsed during the Reporting Period	Cancelled during the Reporting Period	As at December 31, 2025	Purchase price (HKD)	Closing price of the Shares immediately before the date when the awards were granted (HKD)	Weighted average closing price of the Shares immediately before the date when the awards were vested (HKD)	Fair value of the awards at the date of grant (RMB)[1]
		September 30, 2025	September 30, 2025 to June 30, 2029	7 years	Nil	40,000	Nil	Nil	Nil	40,000	44.67	112.00	NA	108.40
		September 30, 2025	September 30, 2025 to June 30, 2029	7 years	Nil	150,000	Nil	Nil	Nil	150,000	65.49	112.00	NA	111.50
		September 30, 2025	September 30, 2025 to September 30, 2029	7 years	Nil	20,000	Nil	Nil	Nil	20,000	44.67	112.00	NA	109.63
		September 30, 2025	September 30, 2025 to December 31, 2025	7 years	Nil	30,000	Nil	Nil	Nil	30,000	44.67	112.00	NA	107.16
		September 30, 2025	September 30, 2025 to March 31, 2026	7 years	Nil	36,000	Nil	Nil	Nil	36,000	44.67	112.00	NA	107.22
		September 30, 2025	September 30, 2025 to March 31, 2026	7 years	Nil	36,000	Nil	Nil	Nil	36,000	44.67	112.00	NA	107.28
		September 30, 2025	September 30, 2025 to March 31, 2026	7 years	Nil	137,500	Nil	Nil	Nil	137,500	12.74	112.00	NA	107.08
	Sub-total				**950,000**	**1,549,500**	**1,137,500**	**Nil**	**Nil**	**1,362,000**				

Notes:

(1) This represents the weighted average fair value of the awards at the date of grant, which is subject to the different vesting schedules and the different vesting criteria and conditions of the awards granted to the grantees.

(2) None of the above awards granted pursuant to the Second H Share Scheme was subject to any performance target.

DIRECTORS' REPORT

2022 A Share Scheme

The Company has adopted the 2022 A Share Scheme at the extraordinary general meeting of the Company on December 28, 2022. The 2022 A Share Scheme is a share scheme that involves issuance of new shares under Chapter 17 of the Listing Rules. The following is a summary of the principal terms of the 2022 A Share Scheme.

(a) *Purpose of the 2022 A Share Scheme*

The purpose of the 2022 A Share Scheme is to improve the Company's long-term incentive mechanism, attract and retain outstanding personnel, fully mobilise the enthusiasm of the Company's employees, effectively bond the interests of the Shareholders, the Company and the core teams together, and enable all parties to jointly pay attention to the long-term development of the Company.

(b) *Participants of the 2022 A Share Scheme*

Participants eligible to participate in the 2022 A Share Scheme include certain Directors, senior management, core technical personnel and other employees (excluding independent non-executive Directors and Supervisors) who the Board considers necessary to be incentivised.

(c) *Total Number of Restricted Shares Available for Issue under the 2022 A Share Scheme*

The total number of Restricted Shares to be issued and granted to the participants under the 2022 A Share Scheme is 3,580,000 shares, representing approximately 0.63% of the total shares of the Company (excluding treasury shares (as defined in the Listing Rules)) of 564,283,339 Shares as at the date of this annual report. As at the date of this annual report, the total number of Restricted Shares available for issue under the 2022 A Share Scheme is 1,775,420 Shares, representing approximately 0.31% of the total shares of the Company (excluding treasury shares (as defined in the Listing Rules)) of 564,283,339 Shares.

(d) *Maximum Entitlement of Each Participant under the 2022 A Share Scheme*

The number of Shares to be granted to any participant under all share schemes of the Company does not exceed 1% of the total shares of the Company as at the date of announcement of the 2022 A Share Scheme.

(e) *Vesting Period of Awards Granted under the 2022 A Share Scheme*

The Restricted Shares of Class A interest shall be vested in five tranches after 12 months from the grant date, and the Restricted Shares of Class B interest shall be vested in four tranches after 24 months from the grant date.

(f) *Grant Price and Basis of Determination*

The grant price of the Restricted Shares shall be RMB36.36 per Share. If there is any conversion of capital reserve into share capital, bonus issue, share subdivision or share consolidation, rights issue or any other event in the Company in the period from the date of announcement of the 2022 A Share Scheme (i.e. October 16, 2022) to the completion of the vesting of Restricted Shares to the participants, the grant price or the number of Restricted Shares to be granted/vested shall be adjusted in accordance with the relevant rules of the 2022 A Share Scheme accordingly. The grant price was determined to be RMB36.36 per Share, which represents:

(1) approximately 63.16% of the average trading price of the A Shares on the trading day preceding the date of announcement of the 2022 A Share Scheme being RMB57.57 per Share;

(2) approximately 70.45% of the average trading price of the A Shares for the 20 trading days preceding the date of announcement of the 2022 A Share Scheme being RMB51.61 per Share;

(3) approximately 68.18% of the average trading price of the A Shares for the 60 trading days preceding the date of announcement of the 2022 A Share Scheme being RMB53.33 per Share;

(4) approximately 80.00% of the average trading price of the A Shares for the 120 trading days preceding the date of announcement of the 2022 A Share Scheme being RMB45.45 per Share.

(g) Remaining Life of the 2022 A Share Scheme

The 2022 A Share Scheme shall become effective upon the date of the first grant of the Restricted Shares (i.e. December 28, 2022) and shall be valid until the date on which all Restricted Shares granted to the participants have been vested or lapsed. Such period shall not exceed 84 months. As such, the remaining life of the 2022 A Share Scheme is approximately 3 years and 9 months as at the date of this annual report.

Details of the movements of the awards granted pursuant to the 2022 A Share Scheme as at December 31, 2025 are as follows:

Name of grantee	Category of grantee	Date of grant	Vesting period	Exercise period	As at January 1, 2025	Granted during the Reporting Period	Vested during the Reporting Period	Lapsed during the Reporting Period	Cancelled during the Reporting Period	As at December 31, 2025	Grant price (RMB)	Closing price of the Shares immediately before the date when the awards were granted (RMB)	Weighted average closing price of the Shares immediately before the date when the awards were vested (RMB)	Fair value of the awards at the date of grant (RMB)[10]	Performance target for the awards granted
Directors, chief executive, substantial shareholders and their respective associates															
Wang Weidong	Executive Director	December 28, 2022	December 28, 2022 to December 27, 2028	N/A	350,000	Nil	Nil	140,000	Nil	210,000	36.36	75.05	N/A	80.00	See note 2
He Ruyi[6]	Executive Director	December 28, 2022	December 28, 2022 to December 27, 2028	N/A	19,360	Nil	Nil	19,360	Nil	Nil	36.36	75.05	N/A	80.00	See note 2
Lin Jian	Executive Director	December 28, 2022	December 28, 2022 to December 27, 2028	N/A	14,850	Nil	Nil	5,940	Nil	8,910	36.36	75.05	N/A	80.00	See note 2
Wen Qingkai[5]	Executive Director and Board secretary	December 28, 2022	December 28, 2022 to December 27, 2028	N/A	18,150	Nil	Nil	7,260	Nil	10,890	36.36	75.05	N/A	80.00	See note 2
		November 3, 2023	November 3, 2023 to November 2, 2029	N/A	20,550	Nil	Nil	Nil	Nil	20,550	36.36	64.08	N/A	69.97	See note 3
Yang Minhua	Substantial shareholder	December 28, 2022	December 28, 2022 to December 27, 2028	N/A	14,850	Nil	Nil	5,940	Nil	8,910	36.36	75.05	N/A	80.00	See note 2
Wei Jianliang	Substantial shareholder	December 28, 2022	December 28, 2022 to December 27, 2028	N/A	14,850	Nil	Nil	5,940	Nil	8,910	36.36	75.05	N/A	80.00	See note 2
Jiang Jing	Spouse of Dr. Wang Liqiang	December 28, 2022	December 28, 2022 to December 27, 2028	N/A	18,150	Nil	Nil	7,260	Nil	10,890	36.36	75.05	N/A	80.00	See note 2
Wang Yuxiao	Son of Mr. Wang Weidong	December 28, 2022	December 28, 2022 to December 27, 2028	N/A	11,000	Nil	Nil	4,400	Nil	6,600	36.36	75.05	N/A	80.00	See note 2

DIRECTORS' REPORT

Name of grantee	Category of grantee	Date of grant	Vesting period	Exercise period	As at January 1, 2025	Granted during the Reporting Period	Vested during the Reporting Period	Lapsed during the Reporting Period	Cancelled during the Reporting Period	As at December 31, 2025	Grant price (RMB)	Closing price of the Shares immediately before the date when the awards were granted (RMB)	Weighted average closing price of the Shares immediately before the date when the awards were vested (RMB)	Fair value of the awards at the date of grant (RMB)[1]	Performance target for the awards granted
Wang Yinxiao	Son of Mr. Wang Xudong	December 28, 2022	December 28, 2022 to December 27, 2028	N/A	10,000	Nil	Nil	2,000	Nil	8,000	36.36	75.05	N/A	80.03	See note 2
Yao Xuejing	Spouse of Supervisor Dr. Li Zhuanglin[6]	December 28, 2022	December 28, 2022 to December 27, 2028	N/A	26,400	Nil	3,300	23,100	Nil	Nil	36.36	75.05	30.68	80.00	See note 2
Others															
Other grantees	Employees	December 28, 2022	December 28, 2022 to December 27, 2028	N/A	1,827,720	Nil	272,860	425,100	Nil	1,129,760	36.36	75.05	30.68	80.71	See note 2
		November 3, 2023	November 3, 2023 to November 2, 2029	N/A	570,000	Nil	102,000	116,000	Nil	352,000	36.36	64.08	99.12	69.97	See note 3

Notes:

(1) This represents the weighted average fair value of the awards at the date of grant, which is subject to the different vesting schedules and the different vesting criteria and conditions of the awards granted to the grantees.

(2) Each vesting of the Restricted Shares granted to grantees is subject to (i) the satisfaction of the performance assessment targets at the Company level in relation to the total revenue of the Group (excluding the overseas licencing income of telitacicept) and the total number of new clinical trials launched, which shall be assessed once in each assessment year (where the assessment years shall either be the five accounting years from 2022 to 2026 or the four accounting years from 2023 to 2026) and (ii) the assessment results of the performance assessment at the participant's individual level, as stipulated in the 2022 A Share Incentive Scheme. For further details, please refer to the announcement of the Company dated December 29, 2022.

(3) Each vesting of the Restricted Shares granted to grantees is subject to (i) the satisfaction of the performance assessment targets at the Company level in relation to the total revenue of the Group (excluding the overseas licencing income of telitacicept) and the total number of new clinical trials launched, which shall be assessed once in each assessment year (where the assessment years shall either be the five accounting years from 2023 to 2027 or the four accounting years from 2024 to 2027) and (ii) the assessment results of the performance assessment at the participant's individual level, as stipulated in the 2022 A Share Incentive Scheme. For further details, please refer to the announcement of the Company dated November 3, 2023.

(4) Dr. He Ruyi resigned as an executive Director on February 6, 2025.

(5) Mr. Wen Qingkai has been appointed as an executive Director with effect from April 2, 2025.

(6) Since July 31, 2025, the Supervisory Committee has been cancelled, and the Company no longer has the Supervisory Committee or any Supervisors.

As at January 1, 2025 and at December 31, 2025, the total number of awards available for grant under the 2022 A Share Scheme is nil and nil, respectively.

DIRECTORS' REPORT

2023 A Share Scheme

The Company has adopted the 2023 A Share Scheme at the extraordinary general meeting of the Company on December 28, 2023. The 2023 A Share Scheme is a share scheme that involves issuance of new shares under Chapter 17 of the Listing Rules. The following is a summary of the principal terms of the 2023 A Share Scheme.

(a) *Purpose of the 2023 A Share Scheme*

The purpose of the 2023 A Share Scheme is to improve the Company's long-term incentive mechanism, attract and retain outstanding personnel, fully mobilise the enthusiasm of the Company's employees, effectively bond the interests of the Shareholders, the Company and the core teams together, and enable all parties to jointly pay attention to the long-term development of the Company.

(b) *Participants of the 2023 A Share Scheme*

Participants eligible to participate in the 2023 A Share Scheme include certain Directors, senior management and other employees (excluding independent non-executive Directors and Supervisors) who the Board considers necessary to be incentivised.

(c) *Total Number of Restricted Shares Available for Issue under the 2023 A Share Scheme*

The total number of Restricted Shares to be issued and granted to the participants under the 2023 A Share Scheme is 1,783,062 Shares, representing approximately 0.32% of the total Shares of the Company (excluding treasury shares (as defined in the Listing Rules)) of 564,283,339 Shares as at the date of this annual report. As at the date of this annual report, the total number of Restricted Shares available for issue under the 2023 A Share Scheme is 1,352,450 Shares, representing approximately 0.24% of the total Shares of the Company (excluding treasury shares (as defined in the Listing Rules)) of 564,283,339 Shares.

(d) *Maximum Entitlement of Each Participant under the 2023 A Share Scheme*

The number of Shares to be granted to any participant under all share schemes of the Company does not exceed 1% of the total Shares of the Company as at the date of announcement of the 2023 A Share Scheme.

(e) *Vesting Period of Awards Granted under the 2023 A Share Scheme*

The Restricted Shares shall be vested in four tranches after 24 months from the grant date.

(f) *Grant Price and Basis of Determination*

The grant price of the Restricted Shares shall be RMB49.77 per Share. If there is any conversion of capital reserve into share capital, bonus issue, share subdivision or share consolidation, rights issue or any other event in the Company in the period from the date of announcement of the 2023 A Share Scheme (i.e. November 17, 2023) to the completion of the vesting of Restricted Shares to the participants, the grant price or the number of Restricted Shares to be granted/vested shall be adjusted in accordance with the relevant rules of the 2023 A Share Scheme accordingly. The grant price was determined to be RMB49.77 per Share, which represents:

DIRECTORS' REPORT

a. approximately 78% of the average trading price of the A Shares on the trading day preceding the date of announcement of the 2023 A Share Scheme being RMB63.67 per Share;

b. approximately 77% of the average trading price of the A Shares for the 20 trading days preceding the date of announcement of the 2023 A Share Scheme being RMB64.65 per Share;

c. approximately 80% of the average trading price of the A Shares for the 60 trading days preceding the date of announcement of the 2023 A Share Scheme being RMB62.20 per Share;

d. approximately 79% of the average trading price of the A Shares for the 120 trading days preceding the date of announcement of the 2023 A Share Scheme being RMB62.79 per Share.

(g) Remaining Life of the 2023 A Share Scheme

The 2023 A Share Scheme shall become effective upon the date of the first grant of the Restricted Shares (i.e. December 28, 2023) and shall be valid until the date on which all Restricted Shares granted to the participants have been vested or lapsed. Such period shall not exceed 84 months. As such, the remaining life of the 2023 A Share Scheme is approximately 4 years and 9 months as at the date of this annual report.

Details of the movements of the awards granted pursuant to the 2023 A Share Scheme as of December 31, 2025 are as follows:

Name of grantee	Category of grantee	Date of grant	Vesting period	Exercise period	As at January 1, 2025	Granted during the Reporting Period	Vested during the Reporting Period	Lapsed during the Reporting Period	Cancelled during the Reporting Period	As at December 31, 2025	Grant price (RMB)	Closing price of the Shares immediately before the date when the awards were granted (RMB)	Weighted average closing price of the Shares immediately before the date when the awards were vested (RMB)	Fair value of the awards at the date of grant (RMB)[1]	Performance target for the awards granted
Directors, chief executive, substantial shareholders and their respective associates															
Wen Qingkai[3]	Executive Director and Board secretary	December 28, 2023	December 28, 2023 to December 27, 2029	N/A	79,450	Nil	Nil	Nil	Nil	79,450	49.77	60.74	N/A	72.73	See note 2
Wang Yuxiao	Son of Mr. Wang Weidong	December 28, 2023	December 28, 2023 to December 27, 2029	N/A	100,000	Nil	Nil	Nil	Nil	100,000	49.77	60.74	N/A	72.73	See note 2
Others															
Other grantees	Employees	December 28, 2023	December 28, 2023 to December 27, 2029	N/A	1,233,000	Nil	Nil	60,000	Nil	1,173,000	49.77	60.74	N/A	72.73	See note 2

DIRECTORS' REPORT

Notes:

(1) This represents the weighted average fair value of the awards at the date of grant, which is subject to the different vesting schedules and the different vesting criteria and conditions of the awards granted to the grantees.

(2) Each vesting of the Restricted Shares granted to grantees is subject to (i) the satisfaction of the performance assessment targets at the Company level in relation to the total revenue of the Group (excluding the overseas licencing income of telitacicept) and the total number of new clinical trials initiated, which shall be assessed once in each assessment year (where the assessment years shall be the four accounting years from 2024 to 2027) and (ii) the assessment results of the performance assessment at the participant's individual level, as stipulated in the 2023 A Share Scheme. For further details, please refer to the announcement of the Company dated December 29, 2023.

(3) Mr. Wen Qingkai has been appointed as an executive Director with effect from April 2, 2025.

As at January 1, 2025 and at December 31, 2025, the total number of awards available for grant under the 2023 A Share Scheme is nil and nil, respectively.

The number of shares that may be issued in respect of awards granted under all share schemes of the Company that involve issuance of new shares during the Reporting Period divided by the weighted average number of the Company's ordinary shares in issue for the Reporting Period is approximately 0.57%.

The accounting standard and policy to estimate the fair value of the awards of the H Share Schemes and the A Share Schemes is the same as that of financial year ended December 31, 2024, and the relevant accounting standards and policies are set out in Note 31 to the financial statements.

DIRECTORS' REPORT

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

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

INTERESTS IN SHARES OF THE COMPANY

Name of Director	Class of Shares	Nature of Interest	Number of Shares or underlying Shares[1]	Approximate percentage in relevant class of Shares[2]	Approximate percentage of shareholding[2]
Mr. Wang Weidong[3][4]	A Shares	Interest of controlled corporation	153,553,485 (L)	43.24%	27.24%
	A Shares	Interests held jointly with another person	39,818,320 (L)	11.21%	7.06%
	A Shares	Other	210,000 (L)	0.06%	0.04%
	H Shares	Interest of controlled corporation	1,712,041 (L)	0.82%	0.30%
	H Shares	Interests held jointly with another person	22,245,000 (L)	10.66%	3.95%
	H Shares	Beneficial owner	425,000 (L)	0.20%	0.08%
	H Shares	Beneficiary of a trust (other than a discretionary trust)	425,000 (L)	0.20%	0.08%
Dr. Fang Jianmin[3][4]	A Shares	Beneficial owner	26,218,320 (L)	7.38%	4.65%
	A Shares	Interest of controlled corporation	13,600,000 (L)	3.83%	2.41%
	A Shares	Interests held jointly with another person	153,553,485 (L)	43.24%	27.24%
	H Shares	Interest of controlled corporation	20,745,000 (L)	9.95%	3.68%
	H Shares	Interests held jointly with another person	2,137,041 (L)	1.02%	0.38%
	H Shares	Beneficial owner	1,500,000 (L)	0.72%	0.27%
Dr. Wang Liqiang[3][4]	A Shares	Interests held jointly with another person	193,371,805 (L)	54.45%	34.30%
	A Shares	Interest of spouse	10,890 (L)	0.00%	0.00%
	H Shares	Interests held jointly with another person	24,382,041 (L)	11.69%	4.33%
Mr. Lin Jian[3][4]	A Shares	Interests held jointly with another person	193,371,805 (L)	54.45%	34.30%
	A Shares	Other	8,910 (L)	0.00%	0.00%
	H Shares	Interests held jointly with another person	24,382,041 (L)	11.69%	4.33%
Mr. Wen Qingkai[3][4]	A Shares	Interests held jointly with another person	193,371,805 (L)	54.45%	34.30%
	A Shares	Other	110,890 (L)	0.03%	0.02%
	H Shares	Interests held jointly with another person	24,382,041 (L)	11.69%	4.33%

DIRECTORS' REPORT

Notes:

(1) The letter "L" stands for long position.

(2) The calculation is based on percentage of shareholding in a total of 563,710,243 Shares, which consists of 208,581,239 H Shares and 355,129,004 A Shares as at December 31, 2025.

(3) As at December 31, 2025, each of Yantai Rongda Venture Capital Center (Limited Partnership) (煙台榮達創業投資中心(有限合夥)) ("**Rongda**"), Yantai Rongqian Enterprise Management Center (Limited Partnership) (煙台榮謙企業管理中心(有限合夥)) ("**Rongqian**"), Yantai Rongshi Enterprise Management Center (Limited Partnership) (煙台榮實企業管理中心(有限合夥)) ("**Rongshi**"), Yantai Rongyi Enterprise Management Center (Limited Partnership) (煙台榮益企業管理中心(有限合夥)) ("**Rongyi**"), Yantai Rongjian Enterprise Management Center (Limited Partnership) (煙台榮建企業管理中心(有限合夥)) ("**Rongjian**") was a limited partnership established in the PRC. Each of Rongda, Rongqian, Rongshi, Rongyi and Rongjian is an employee incentive platform and held 102,381,891, 18,507,388, 9,190,203, 16,630,337 and 2,163,655 A Shares in our Company, respectively. In addition, as at December 31, 2025, Yantai Rongchang Holding Group Co., Ltd. (煙台榮昌控股集團有限公司) ("**Rongchang**") held 568,673 A Shares in our Company. It is a company incorporated in the PRC and owned as to 31.80% by Dr. Fang Jianmin and 68.20% by Yantai Rongchang Enterprise Management Center (Limited Partnership) (煙台榮昌企業管理中心(有限合夥)) ("**Rongchang Enterprise**"). Mr. Wang Weidong is the executive partner of each of Rongda, Rongqian, Rongshi, Rongyi, Rongjian and Rongchang Enterprise. As such, under the SFO, Mr. Wang Weidong is deemed to be interested in the equity interests held by Rongda, Rongqian, Rongshi, Rongyi, Rongjian and Rongchang.

Further, as at December 31, 2025, RongChang Holding Group LTD. was a company incorporated in the British Virgin Islands. Mr. Wang Weidong was the sole director of RongChang Holding Group LTD. and RongChang Holding Group LTD. is accustomed to act in accordance with Mr. Wang Weidong's instructions. As such, under the SFO, Mr. Wang Weidong is deemed to be interested in the equity interests held by RongChang Holding Group LTD.

As at December 31, 2025, I-NOVA Limited was a company incorporated in the British Virgin Islands and was wholly-owned by Dr. Fang Jianmin. As such, under the SFO, Dr. Fang Jianmin is deemed to be interested in the equity interests held by I-NOVA Limited.

On April 16, 2020, Mr. Wang Weidong, Dr. Fang Jianmin, Mr. Lin Jian, Dr. Wang Liqiang, Mr. Wang Xudong, Mr. Deng Yong, Mr. Xiong Xiaobin, Mr. Wen Qingkai, Ms. Yang Minhua, Mr. Wei Jianliang, Rongda, RongChang Holding Group LTD. and I-NOVA Limited entered into a concert party agreement to confirm that they have acted in concert in the management, decision-making and all major decisions of our Group. As such, each of the Concert Parties are deemed to be interested in the Shares each other is interested in.

(4) As of December 31, 2025, each of Mr. Wang Weidong, spouse of Dr. Wang Liqiang, Mr. Lin Jian and Mr. Wen Qingkai was granted Restricted Shares under the 2022 A Share Scheme and the 2023 A Share Scheme with attribution conditions attached thereto, and Mr. Wang Weidong was granted Award Shares pursuant to the First H Share Scheme with vesting criteria and conditions attached thereto. As such, under the SFO, each of Mr. Wang Weidong, Dr. Wang Liqiang, Mr. Lin Jian and Mr. Wen Qingkai is deemed to be interested in the equity interests underlying the aforesaid Award Shares and/or Restricted Shares.

Save as disclosed above, as at December 31, 2025, none of the Directors and chief executive of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or its associated corporations, recorded in the register required to be kept under section 352 of the SFO or required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' REPORT

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

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

Name of Substantial Shareholder	Class of Shares	Nature of Interest	Number of Shares or underlying Shares[1]	Approximate percentage in relevant class of Shares[2]	Approximate percentage of shareholding[2]
Yantai Rongda Venture Capital Center (Limited Partnership) (煙台榮達創業投資中心(有限合夥))[3]	A Shares	Beneficial owner	102,381,891 (L)	28.83%	18.16%
	A Shares	Interests held jointly with another person	90,989,914 (L)	25.62%	16.14%
	H Shares	Interests held jointly with another person	24,382,041 (L)	11.69%	4.33%
Yantai Rongqian Enterprise Management Center (Limited Partnership) (煙台榮謙企業管理中心(有限合夥))[3]	A Shares	Beneficial owner	18,507,388 (L)	5.21%	3.28%
RongChang Holding Group LTD.[3]	A Shares	Beneficial owner	4,111,338 (L)	1.16%	0.73%
	A Shares	Interests held jointly with another person	189,260,467 (L)	53.29%	33.57%
	H Shares	Interests held jointly with another person	22,670,000 (L)	10.87%	4.02%
	H Shares	Beneficial owner	1,712,041 (L)	0.82%	0.30%
I-NOVA Limited[3]	A Shares	Beneficial owner	13,600,000 (L)	3.83%	2.41%
	A Shares	Interests held jointly with another person	179,771,805 (L)	50.62%	31.89%
	H Shares	Interests held jointly with another person	3,637,041 (L)	1.74%	0.65%
	H Shares	Beneficial owner	20,745,000 (L)	9.95%	3.68%
Mr. Wang Xudong[3]	A Shares	Interests held jointly with another person	193,371,805 (L)	54.45%	34.30%
	H Shares	Interests held jointly with another person	24,382,041 (L)	11.69%	4.33%
Mr. Deng Yong[3]	A Shares	Interests held jointly with another person	193,371,805 (L)	54.45%	34.30%
	H Shares	Interests held jointly with another person	24,382,041 (L)	11.69%	4.33%

DIRECTORS' REPORT

Name of Substantial Shareholder	Class of Shares	Nature of Interest	Number of Shares or underlying Shares[1]	Approximate percentage in relevant class of Shares[2]	Approximate percentage of shareholding[2]
Mr. Xiong Xiaobin[3]	A Shares	Interests held jointly with another person	193,371,805 (L)	54.45%	34.30%
	H Shares	Interests held jointly with another person	24,382,041 (L)	11.69%	4.33%
Ms. Yang Minhua[3]	A Shares	Interests held jointly with another person	193,371,805 (L)	54.45%	34.30%
	A Shares	Other	8,910 (L)	0.00%	0.00%
	H Shares	Interests held jointly with another person	24,382,041 (L)	11.69%	4.33%
Mr. Wei Jianliang[3]	A Shares	Interests held jointly with another person	193,371,805 (L)	54.45%	34.30%
	A Shares	Other	8,910 (L)	0.00%	0.00%
	H Shares	Interests held jointly with another person	24,382,041 (L)	11.69%	4.33%

Notes:

(1) The letter "L" stands for long position.

(2) The calculation is based on percentage of shareholding in a total of 563,710,243 Shares, which consists of 208,581,239 H Shares and 355,129,004 A Shares as at December 31, 2025.

(3) Please refer to note (3) under the heading "DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS" above.

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

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the year ended December 31, 2025 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate; and none of the Directors, or any of their spouse or children under the age of 18, had any right to subscribe for equity or debt securities of the Company or any other body corporate, or had exercised any such right.

DIRECTORS' REPORT

MAJOR CUSTOMERS AND SUPPLIERS

Sales attributable to the Group's five largest customers and the largest customer accounted for 82.42% and 29.83%, respectively, of the Group's total sales for the Reporting Period.

Purchases attributable to the Group's five largest suppliers and the largest supplier accounted for 33.62% and 15.12%, respectively, of the Group's total purchases for the Reporting Period.

None of the Directors or any of their close associates or any Shareholders (whom, to the best knowledge and belief of the Directors, own more than 5% of the total number of issued Shares of the Company (excluding treasury shares (as defined in the Listing Rules)) had a material interest in the Group's five largest suppliers and five largest customers during the Reporting Period except for RC Pharma, MabPlex and CelluPro.

CONNECTED TRANSACTIONS

The following transactions constituted connected transactions under the Listing Rules during the year ended December 31, 2025:

2022 Equipment Lease Agreement

The Company has entered into an equipment lease agreement dated March 27, 2019 and a supplemental equipment lease agreement dated September 27, 2019 with Yeda Incubation (the "**Equipment Lease Agreement**"). As the Company expects to lease more equipment under the Equipment Lease Agreement and intends to further increase the term of the Equipment Lease Agreement due to business expansion/development, on May 23, 2022, the Board resolved to enter into a supplemental agreement to the Equipment Lease Agreement between the Company and Yeda Incubation (the "**2022 Equipment Lease Agreement**") to increase the leased equipment under the Equipment Lease Agreement and extend the term of the Equipment Lease Agreement to December 31, 2025.

Pursuant to the 2022 Equipment Lease Agreement, the Company has agreed to lease from Yeda Incubation 57 pieces of equipment used in our research and development activities for a fixed term from March 27, 2019 to December 31, 2025 at an aggregate rental of RMB5,600,000 per year. The rentals payable under the 2022 Equipment Lease Agreement were determined by the Company and Yeda Incubation through arm's length negotiation taking into account (i) the purchase price paid by Yeda Incubation when they acquired such equipment; (ii) a consumer price index of 5% and (iii) the annual amortization amount of the leased equipment.

The 2022 Equipment Lease Agreement has been entered into in the ordinary and usual course of business of the Group and of Yeda Incubation. We require certain equipment for our research and development activities and have leased them from Yeda Incubation to save costs for buying such equipment ourselves. As an incubator, Yeda Incubation leases out equipment used by drug developers in their ordinary and usual course of business. The Directors (including the independent non-executive Directors) considered the 2022 Equipment Lease Agreement is on normal commercial terms and in the ordinary and usual course of business of the Group, fair and reasonable and in the interest of the Company and the Shareholders as a whole.

As of the date of entering into the 2022 Equipment Lease Agreement, Yeda Incubation was owned as to 55% by and was a subsidiary of RC Pharma, and RC Pharma was owned as to approximately 63.93% by the Controlling Shareholders. As such, Yeda Incubation was a connected person of the Company. As of the date of this annual report, RC Pharma is owned as to approximately 80.99% by the Controlling Shareholders. Therefore, Yeda Incubation remains a connected person of the Company.

DIRECTORS' REPORT

2023 Yeda Incubation Building Lease

The Company has entered into an incubation agreement dated September 15, 2019 and a property management agreement dated October 15, 2019 and a supplemental incubation agreement and a supplemental property management agreement, both dated June 28, 2020 with Yeda Incubation (together, the "**Incubation Center Lease**"). The Company has also entered into a property lease agreement dated May 7, 2020 and a supplemental property lease agreement dated June 28, 2020 with Yeda Incubation (together, the "**Incubation Building Lease**", together with the "**Incubation Center Lease**", the "**Yeda Incubation Leases**"). A supplemental agreement to the Incubation Building Lease and an agreement to renew the Incubation Center Lease entered into by the Company and Yeda Incubation (the "**2022 Yeda Incubation Leases**") were resolved by the Board on May 23, 2022 and approved by the Shareholders at the annual general meeting of the Company on June 29, 2022. As the Incubation Center Lease has expired on July 31, 2023 and the leased area under the Incubation Building Lease is expected to increase due to business expansion/development of the Company, the Board resolved on November 17, 2023 to enter into a supplemental agreement to the 2022 Yeda Incubation Leases between the Company and Yeda Incubation (the "**2023 Yeda Incubation Building Lease**") in order to supplement the Incubation Building Lease under the 2022 Yeda Incubation Leases with respect to the increased leased area under the Incubation Building Lease.

Pursuant to the Incubation Building Lease, the Company has leased from Yeda Incubation certain premises at the Incubation R&D Building owned by Yeda Incubation (the "**Incubation Building**"). The Incubation Building is located in the Rongchang Biopharmaceutical Park (the "**Park**") where the Company's headquarters are located. Yeda Incubation also provides general property management services for the premises leased by the Company and for the common area.

Set out below are the details of the 2023 Yeda Incubation Building Lease:

Premises	Term of the lease	Location	Area	Rentals, utilities charges and management fees
Office premises and GMP cleanrooms	January 1, 2023 to December 31, 2025	Incubation Building	• Office premises: 15,149 m^2 • GMP cleanrooms: 12,278 m^2 • Semifinished area: 4,277 m^2	• Office premises: annual rentals of RMB10,558,860 plus real estate tax RMB1,439,856 • GMP cleanrooms: annual rentals of RMB24,138,552 plus real estate tax RMB3,291,612 • Semifinished area: annual rents of RMB1,471,284 plus real estate tax RMB200,633

DIRECTORS' REPORT

The rentals payable under the 2023 Yeda Incubation Building Lease were determined based on arms' lengths negotiation of the parties with reference to prevailing market rates for properties of similar size situated in the locality that are used for similar purposes in the PRC.

As the Company's business expands, the Company's own facilities cannot accommodate all of its staff and its increasing level of research and development activities; the Company is in need of office space for staff and GMP cleanrooms for ongoing research and development activities and it needs semifinished areas to be modified into office space and GMP cleanrooms. Given that the leased properties are in close proximity to its facilities, it allow the Company's business activities to continue seamlessly. Although the Company has spare GMP-compliant manufacturing facilities, such manufacturing facilities cannot be converted into research and development facilities due to different GMP requirements. As the Company's business expands, its research and development facilities are not sufficient to accommodate increasing number of staff and growing research and development activities for drug candidates. As such, the Company needs to lease such facilities from Yeda Incubation.

The Directors (including the independent non-executive Directors) considered the 2023 Yeda Incubation Building Lease is on normal commercial terms and in the ordinary and usual course of business of the Group, fair and reasonable and in the interest of the Company and the Shareholders as a whole.

As of the date of entering into the 2023 Yeda Incubation Building Lease, Yeda Incubation was owned as to 55% by and was a subsidiary of RC Pharma, and RC Pharma was owned as to approximately 63.93% by the Controlling Shareholders. As such, Yeda Incubation was a connected person of the Company. As of the date of this annual report, RC Pharma is owned as to approximately 80.99% by the Controlling Shareholders. Therefore, Yeda Incubation remains a connected person of the Company.

MabPlex Apartment Lease Agreement

The Company has entered into a property lease agreement (the "**MabPlex Apartment Lease Agreement**") with MabPlex on May 23, 2022, pursuant to which the Company agreed to lease certain premises for employees and experts housing from MabPlex for a term from January 1, 2023 to December 31, 2025.

Set out below are the details of the MabPlex Apartment Lease Agreement:

Premise	Term of the lease	Area	Rentals
No. 60 Middle Beijing Road, Yantai Economic and Technological Development Zone Area	January 1, 2023 to December 31, 2025	Employees' apartment: 13,014.6 m^2 Experts' apartment: 3,004.0 m^2	Annual rentals for 2023 to 2025: RMB3,780,000

The rentals payable under the MabPlex Apartment Lease Agreement were determined based on arms' length negotiation of the parties with reference to prevailing market rates for properties of similar size situated in the locality that are used for similar purposes in the PRC.

DIRECTORS' REPORT

The Company does not have self-constructed apartments for employees or experts. As the apartments of MabPlex is located in the Park, it provides safe and convenient housing to the Company's employees and experts with fair rent. The Directors (including the independent non-executive Directors) considered MabPlex Apartment Lease Agreement is on normal commercial terms and in the ordinary and usual course of business of the Group, fair and reasonable and in the interest of the Company and the Shareholders as a whole.

As of the date of entering into the MabPlex Apartment Lease Agreement, MabPlex is owned as to approximately 32.95% by the Controlling Shareholders. Accordingly, MabPlex is a connected person of the Company and remains so as at the date of this annual report.

RENEWAL OF CONNECTED TRANSACTIONS

Renewal of the 2022 Equipment Lease Agreement

As the Company expects to lease more equipment from Yeda Incubation under the 2022 Equipment Lease Agreement due to business expansion/development, and the 2022 Equipment Lease Agreement is expected to expire on December 31, 2025, on October 30, 2025, the Board resolved to enter into the 2026 Equipment Lease Agreement with Yeda Incubation to increase the leased equipment under the 2022 Equipment Lease Agreement and renew the term of the 2022 Equipment Lease Agreement to December 31, 2028.

Renewal of the 2023 Yeda Incubation Building Lease

As the Company expects to reduce the leased area under the 2023 Yeda Incubation Building Lease due to a decrease in leasing demand, and the 2023 Yeda Incubation Building Lease is expected to expire on December 31, 2025, on October 30, 2025, the Board resolved to enter into the 2026 Yeda Incubation Building Lease with Yeda Incubation to reduce the leased area under the 2023 Yeda Incubation Building Lease and renew the term of the 2023 Yeda Incubation Building Lease to December 31, 2028.

Renewal of the MabPlex Apartment Lease Agreement

As the Company expects to reduce the leased area of certain premises for employees and experts housing leased from MabPlex under the MabPlex Apartment Lease Agreement due to a decrease in the number of employees requiring accommodation, and the MabPlex Apartment Lease Agreement is expected to expire on December 31, 2025, on October 30, 2025, the Board resolved to enter into the 2026 MabPlex Apartment Lease Agreement with MabPlex to reduce the leased area under the MabPlex Apartment Lease Agreement and renew the term of the MabPlex Apartment Lease Agreement to December 31, 2028.

For further details of the renewal of the above connected transactions, please refer to the announcement of the Company dated October 30, 2025 and the circular of the Company dated November 14, 2025.

DIRECTORS' REPORT

CONTINUING CONNECTED TRANSACTIONS

During the Reporting Period, details of the Group's continuing connected transactions subject to the reporting, annual review and announcement requirements are set out as follows:

Continuing connected transaction	Effective Date	Term	Connected person	Description and purpose of the transaction	Annual cap for the year ended December 31, 2025	Actual transaction value for the year ended December 31, 2025
2023-2025 CRC Services Framework Agreement	January 1, 2023	Three years	Kangkang	Provision of clinical trial management services from Kangkang to the Company	RMB35,000,000	RMB25,750,213.14
2023-2025 General Services Framework Agreement	January 1, 2023	Three years	RC Pharma	Provision of steam for the Group's business operations; and provision of other miscellaneous services such as canteen, business cars hire and supporting facilities services	RMB40,000,000	RMB28,827,045.13
2023-2025 MabPlex Master Service Agreement	January 1, 2023	Three years	MabPlex	Provision of research and development and manufacturing services to the Company	RMB62,100,000	RMB12,708,202.09
2023-2025 Materials Purchase Framework Agreement	January 1, 2023	Three years	CelluPro	Sales of medium products from CelluPro to the Company	RMB90,000,000	RMB37,126,981.39
2023-2025 MabPlex Property Lease Agreement	January 1, 2023	Three years	MabPlex	Lease of manufacturing facilities from the Company to MabPlex	RMB3,000,000	RMB1,498,169.30

The detailed terms of the non-exempt continuing connected transactions mentioned above are as follows:

DIRECTORS' REPORT

2023-2025 CRC Services Framework Agreement

The Company has entered into a framework agreement dated August 22, 2020 with Kangkang (the "**CRC Services Framework Agreement**"), which expired on December 31, 2022. As the Company expects to have ongoing demand for certain clinical trials management services provided by Kangkang, the Board resolved to renew the CRC Services Framework Agreement. Accordingly, we have entered into the 2023-2025 CRC services framework agreement with Kangkang for a term of three years effective from January 1, 2023 (the "**2023-2025 CRC Services Framework Agreement**") dated December 20, 2022. On November 17, 2023, the Board resolved to revise the annual caps under 2023-2025 CRC Services Framework Agreement for the years ended December 31, 2023, 2024 and 2025 as the actual amounts of transactions contemplated thereunder may exceed the annual caps set in 2022. Pursuant to the 2023-2025 CRC Services Framework Agreement, the Company has agreed to engage Kangkang and Kangkang has agreed to provide certain clinical trials management services to the Company, including but not limited to coordinating clinical research, providing training to clinical research coordinators who shall assist investigators in their clinical trials according to the requests of the Company and providing supporting services for investigators. The Company and Kangkang will enter into separate individual agreements or work orders which will set out the specific terms and conditions according to the principles in the 2023-2025 CRC Services Framework Agreement.

Pricing

Service fees will be charged at rates no more favorable than rates at which the Company pays independent third parties for comparable transactions and will be determined by the Company and Kangkang through arm's length negotiation based on a number of factors applicable to all service providers, including but not limited to the nature, complexity and value of tasks completed by Kangkang at each stage under each work order, the personnel and working hours estimated to be equipped and spent on providing specific service, historical hourly rate of staff in operational and managerial capacities and the then prevailing market rates by obtaining and comparing against fee quotes provided by other companies. More specifically, the services fees will be calculated based on a cost-plus approach. After arriving at estimated costs taking into account the aforesaid factors, a value-added tax of 6% and a mark-up in the range of 3% to 10% will be added. Such mark-up percentage is determined with reference to the prevailing market conditions as well as the average mark-up percentage of comparable transactions with independent third parties.

Annual caps

For the three years ended December 31, 2023, 2024 and 2025, the total amount payable by the Company to Kangkang for the services under the 2023-2025 CRC Services Framework Agreement shall not exceed RMB26,500,000, RMB31,500,000 and RMB35,000,000, respectively.

During the Reporting Period, the amount of service fees paid/payable by the Company to Kangkang under the 2023-2025 CRC Services Framework Agreement was RMB25,750,213.14.

As of the date of entering into the 2023-2025 CRC Services Framework Agreement, Kangkang was a wholly-owned subsidiary of Yeda Incubation. Yeda Incubation was owned as to 55% by and was a subsidiary of RC Pharma, and RC Pharma was owned as to approximately 63.93% by the Controlling Shareholders. As such, Kangkang was a connected person of the Company. As of the date of this annual report, RC Pharma is owned as to approximately 80.99% by the Controlling Shareholders. Therefore, Kangkang remains a connected person of the Company.

DIRECTORS' REPORT

2023-2025 General Services Framework Agreement

The Company has entered into a general services framework agreement dated December 6, 2019 and a supplemental general services framework agreement dated June 24, 2020 with RC Pharma (together, the "**General Services Framework Agreement**") in relation to general services provided by RC Pharma in the Park, which expired on December 31, 2022. As the Company expects to continue to have ongoing demand for the general services provided by RC Pharma, the Board resolved to renew the General Services Framework Agreement. Accordingly, we have entered into the 2023-2025 general services framework agreement with RC Pharma for a term of three years effective from January 1, 2023 (the "**2023-2025 General Services Framework Agreement**") dated December 16, 2022. On November 17, 2023, the Board resolved to revise the annual cap under 2023-2025 General Services Framework Agreement for the year ended December 31, 2024 as the actual amounts of transactions contemplated thereunder may exceed the annual cap set in 2022. The scope of such general services primarily includes (i) provision of steam for our business operations; and (ii) provision of other miscellaneous services such as canteen, business cars hire and supporting facilities services.

Pricing

Service fees will be charged at rates no less favorable to the Company than rates at which RC Pharma charges independent third parties and other connected persons for comparable transactions and will be determined by the relevant parties through arm's length negotiation based on factors applicable to all service providers, the factors applying to each of the two types of services are as follows:

i. provision of steam: the provision of steam will be charged at the procurement costs paid by RC Pharma, for the natural gas required for producing steam plus service charge for the maintenance of facilities and equipment for converting the same into steam; and

ii. miscellaneous services: the actual number of people and the number of meals consumed, the actual usage of transportation services and costs of supporting facilities services, together with the corresponding service fees.

More specifically, after arriving at estimated costs taking into account the aforesaid factors, a value-added tax of 6% will be added to calculate the general service fees.

Annual caps

For the three years ended December 31, 2023, 2024 and 2025, the maximum aggregate annual amount of service fees under the 2023-2025 General Services Framework Agreement shall not exceed RMB33,500,000, RMB38,000,000 and RMB40,000,000, respectively.

During the Reporting Period, the amount of service fees paid/payable by the Company to RC Pharma under the 2023-2025 General Services Framework Agreement was RMB28,827,045.13.

As of the date of entering into the 2023-2025 General Services Framework Agreement, RC Pharma was owned as to approximately 63.93% by the Controlling Shareholders. As such, RC Pharma was a connected person of the Company. As of the date of this annual report, RC Pharma is owned as to approximately 80.99% by the Controlling Shareholders. Therefore, RC Pharma remains a connected person of the Company.

DIRECTORS' REPORT

2023-2025 MabPlex Master Service Agreement

We entered into a M16120 master service agreement dated January 4, 2019 and a supplemental master service agreement dated August 15, 2020 with MabPlex (together, the "**MabPlex Master Service Agreement**"), which expired on December 31, 2022. As the Company expects to continue procurement of research and development services from MabPlex, the Board resolved to renew the MabPlex Master Service Agreement. Accordingly, we have entered into the 2023-2025 MabPlex master service agreement with MabPlex for a term of three years effective from January 1, 2023 (the "**2023-2025 MabPlex Master Service Agreement**"). On April 26, 2024, the Board resolved to revise the annual cap under 2023-2025 MabPlex Master Service Agreement for the year ended December 31, 2024 as the actual amounts of transactions contemplated thereunder may exceed the annual cap set in 2022. Such revision of annual cap has been approved by the independent Shareholders at the 2023 annual general meeting of the Company held on June 28, 2024. Pursuant to the 2023-2025 MabPlex Master Service Agreement, MabPlex provides certain research and development and manufacturing services to the Company, including but not limited to cell culture manufacturing, synthesis of linker-payloads, ADC conjugation service, release testing service, GMP fill/finish of ADC products, and cell banking. The Company and MabPlex will enter into separate individual agreements or work orders which will set out the specific terms and conditions according to the principles in the 2023-2025 MabPlex Master Service Agreement.

Pricing

Service fees will be charged at rates no less favorable to the Company than rates at which the Company pays independent third parties for comparable transactions; and service fees will be determined by the Company and MabPlex through arm's length negotiation with reference to a number of factors applicable to all service providers, including but not limited to the nature, complexity, and value of tasks completed by MabPlex at each stage under each work order, the market rates, quantity and sourcing of materials, the method of delivery, the fees charged for historical transactions of similar nature and the then prevailing market rates by obtaining and comparing against fee quotes provided by other third-party companies. More specifically, the service fees will be calculated based on a cost-plus approach. After arriving at estimated costs taking into account the aforesaid factors and applicable taxes, a mark-up in the range of 15% to 50% will be added with reference to the prevailing market conditions as well as the average mark-up percentage of comparable transactions with independent third parties. The 2023-2025 MabPlex Master Service Agreement involves various type of services and the mark-up rate varies because the work task under the 2023-2025 MabPlex Master Service Agreement is generally customized to meet customer's specific demand, and the complexity of services provided varies from task to task. Tasks which are more demanding and with more complexity will lead to higher margin, whereas tasks which are more standard and with less complexity will lead to lower margin.

Annual caps

For the three years ended December 31, 2023, 2024 and 2025, the total amounts under the 2023-2025 MabPlex Master Service Agreement shall not exceed RMB70,000,000, RMB80,000,000 and RMB62,100,000, respectively.

During the Reporting Period, the amount of service fees paid/payable by the Company to MabPlex under the 2023-2025 MabPlex Master Service Agreement was RMB12,708,202.09.

As of the date of entering into the 2023-2025 MabPlex Master Service Agreement, MabPlex is owned as to approximately 32.95% by the Controlling Shareholders. Accordingly, MabPlex is a connected person of the Company and remains so as at the date of this annual report.

DIRECTORS' REPORT

2023-2025 Materials Purchase Framework Agreement

The Company has entered into a framework agreement for purchase of materials with CelluPro dated August 22, 2020 (the "**Materials Purchase Framework Agreement**"), which expired on December 31, 2022. As the Company expects to continue to purchase medium products it uses in research and development activities from CelluPro, the Board resolved to renew the Materials Purchase Framework Agreement. Accordingly, we have entered into the 2023-2025 materials purchase framework agreement with CelluPro for a term of three years effective from January 1, 2023 (the "**2023-2025 Materials Purchase Framework Agreement**"). On April 26, 2024, the Board resolved to revise the annual caps under 2023-2025 Materials Purchase Framework Agreement for the year ended December 31, 2024 and 2025 as the actual amounts of transactions contemplated thereunder may exceed the annual caps set in 2022. Such revision of annual caps has been approved by the independent Shareholders at the 2023 annual general meeting of the Company held on June 28, 2024. Pursuant to the 2023-2025 Materials Purchase Framework Agreement, CelluPro will sell to the Company and the Company will buy from CelluPro certain medium products we use in our research and development activities including but not limited to basic culture medium and feed medium. The Company and CelluPro will enter into separate individual agreements or work orders which will set out the specific terms and conditions according to the principles in the 2023-2025 Materials Purchase Framework Agreement.

Pricing

Fees will be charged at rates no less favorable to the Company than rates at which the Company pays independent third parties for comparable transactions and will be determined by the Company and CelluPro through arm's length negotiation with reference to a number of factors applicable to all suppliers, including but not limited to the market price of the products, quantity and method of procurement, specifications of the products, the fees charged for historical transactions of similar nature and the then prevailing market rates based on unit price per litre for different culture mediums. More specifically, the fees will be calculated based on a cost-plus approach, with a mark-up in the range of 20% to 50%. The mark-up percentage varies due to the variation in purchase quantities for medium products under the 2023-2025 Materials Purchase Framework Agreement. In particular, with reference to market price, for feed medium products, the quantity purchased per batch would generally be smaller and therefore the margin will be higher; whereas for basic medium products, the quantity purchased per batch would generally be larger and therefore the margin will be lower. Such mark-up percentage is determined with reference to the prevailing market conditions as well as the average mark-up percentage of comparable transactions with independent third parties.

Annual caps

For the three years ended December 31, 2023, 2024 and 2025, the total amounts under the 2023-2025 Materials Purchase Framework Agreement shall not exceed RMB53,000,000, RMB75,000,000 and RMB90,000,000, respectively.

During the Reporting Period, the amount of fees paid/payable by the Company to CelluPro under the 2023-2025 Materials Purchase Framework Agreement was RMB37,126,981.39.

As of the date of entering into the 2023-2025 Materials Purchase Framework Agreement, CelluPro was owned as to 51% by MabPlex and 49% by RC Pharma, MabPlex was owned as to approximately 32.95% by the Controlling Shareholders and RC Pharma was owned as to approximately 63.93% by the Controlling Shareholders. Accordingly, CelluPro was a connected person of the Company. As of the date of this annual report, RC Pharma is owned as to approximately 80.99% by the Controlling Shareholders. Therefore, CelluPro remains a connected person of the Company.

DIRECTORS' REPORT

2023-2025 MabPlex Property Lease Agreement

The Company entered into a property lease agreement dated April 22, 2020 with MabPlex (the "**MabPlex Property Lease Agreement**"), which expired on December 31, 2022. As the Company expects to continue to lease certain GMP-compliant manufacturing facilities comprising non-sterilized area to MabPlex for its business operation and leasing out such manufacturing facilities provides an additional source of income to the Company, the Board has resolved to renew the MabPlex Property Lease Agreement. Accordingly, we have entered into the 2023-2025 MabPlex property lease agreement with MabPlex for a term of three years effective from January 1, 2023 (the "**2023-2025 MabPlex Property Lease Agreement**"). Pursuant to the 2023-2025 MabPlex Property Lease Agreement, MabPlex leases from the Company manufacturing facilities comprising a non-sterilized area of 2,933.78 m^2.

Pricing

The rentals for non-sterilized area are RMB44,100 per month and the monthly operation fees for non-sterilized area are RMB58,000 per month. The Company may also charge certain operational services fees with reference to market rate based on actual usage on a monthly basis. Such rentals and ancillary fees are determined by the Company and MabPlex through arm's length negotiation based on a number of factors including but not limited to prevailing market rent and market operational services fees of similar property located in the vicinity and the term of the lease.

Annual caps

For the three years ended December 31, 2023, 2024 and 2025, the total amounts receivable by the Company from MabPlex under the 2023-2025 MabPlex Property Lease Agreement shall not exceed RMB3,000,000, RMB3,000,000 and RMB3,000,000, respectively.

During the Reporting Period, the amount of fees received/receivable by the Company from MabPlex under the 2023-2025 MabPlex Property Lease Agreement was RMB1,498,169.30.

As of the date of entering into the 2023-2025 MabPlex Property Lease Agreement, MabPlex is owned as to approximately 32.95% by the Controlling Shareholders. Accordingly, MabPlex is a connected person of the Company and remains so as at the date of this annual report.

Renewal of Continuing Connected Transactions

As the terms of all the above continuing connected transactions are expected to expire on December 31, 2025 and the Company expects that these transactions will continue thereafter, the Company renewed all of the above continuing connected transaction agreements on October 30, 2025. The renewed continuing connected transaction agreements shall be effective from January 1, 2026 for a term of three years.

For further details of the renewal of continuing connected transactions, please refer to the announcement of the Company dated October 30, 2025 and the circular of the Company dated November 14, 2025.

DIRECTORS' REPORT

Confirmation of the auditor

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The Company's auditor has issued an unqualified letter containing the findings and conclusions in respect of the above-mentioned continuing connected transactions in accordance with Rule 14A.56 of the Listing Rules.

The auditor of the Company had informed the Board and confirmed nothing has come to their attention that cause them to believe that the above-mentioned continuing connected transactions:

i. have not been approved by the Board;

ii. are not carried out in accordance with the pricing policies in all material respects;

iii. are not entered into in accordance with the related transaction agreement in any material respects; and

iv. exceed the relevant annual caps as set by the Company.

All independent non-executive Directors had reviewed the above-mentioned non-exempt continuing connected transactions and confirmed that the above-mentioned non-exempt continuing connected transactions for the Reporting Period were: (i) in the ordinary and usual course of the Company's business; (ii) on normal commercial terms or better to the Company; and (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

During the Reporting Period, there was no connected transaction or continuing connected transaction of the Group which has to be disclosed in accordance with the Listing Rules, save for the foregoing. The Company has complied with the disclosure requirements under Chapter 14A of the Listing Rules in relation to the above connected transactions and continuing connected transactions.

MATERIAL RELATED PARTY TRANSACTIONS

Save as disclosed in the paragraphs headed "Connected Transactions" and "Continuing Connected Transactions" in this annual report, the related party transactions as set out in note 35 to financial statements were not regarded as connected transactions or continuing connected transactions under Chapter 14A of the Listing Rules or were exempt from reporting, announcement and Shareholders' approval requirements under the Listing Rules. The Company confirmed that it has complied with the disclosure requirements under Chapter 14A of the Listing Rules.

DIRECTORS' REPORT

PRE-EMPTIVE RIGHTS AND TAX RELIEF

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

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

PUBLIC FLOAT

According to information that is publicly available to the Company and within the knowledge of the Board, as at the date of this annual report, the Company has maintained the public float as required under the Listing Rules, as waived by the Stock Exchange pursuant to the waiver granted. Details of the waiver are disclosed in the Prospectus.

CORPORATE GOVERNANCE

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

SUBSIDIARIES

Particulars of the Company's subsidiaries as at December 31, 2025 are set out in note 1 to financial statements.

PERMITTED INDEMNITY

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

EQUITY-LINKED AGREEMENTS

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

MANAGEMENT CONTRACTS

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the year ended December 31, 2025.

DIRECTORS' REPORT

MATERIAL LITIGATION

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

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

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

AUDITOR

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

By order of the Board of
RemeGen Co., Ltd.
Mr. Wang Weidong
Chairman and Executive Director

Yantai, the PRC
March 27, 2026

INDEPENDENT AUDITOR'S REPORT

Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

安永會計師事務所
香港鰂魚涌英皇道979號
太古坊一座27樓

Tel 電話: +852 2846 9888
Fax 傳真: +852 2868 4432
ey.com

To the shareholders of RemeGen Co., Ltd.
(Incorporated in the People's Republic of China with limited liability)

OPINION

We have audited the consolidated financial statements of RemeGen Co., Ltd. (the "Company") and its subsidiaries (the "Group") set out on pages 107 to 202, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("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.

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

INDEPENDENT AUDITOR'S REPORT

Key audit matter	How our audit addressed the key audit matter

Recognition of research and development expenses

For the year ended 31 December 2025, the research and development ("R&D") expenses incurred by the Group amounted to RMB1,218,749,000. The R&D expenses accounted for 45% of the total of selling and distribution expenses, R&D expenses and administrative expenses. Due to the significant amount of R&D expenses and the risk of clinical trial expenses and testing expenses not being properly accrued during the reporting period, we identified the recognition of R&D expenses as a key audit matter.

Relevant disclosures are included in note 2.4 and note 3 to the consolidated financial statements.

Our procedures in relation to the recognition of R&D expenses included the following:

- Evaluated the design and the operating effectiveness of the key controls related to the Group's R&D process, and performed testing of internal controls on the R&D process;
- Obtained an understanding of and evaluating the specific recognition timing and conditions for the capitalisation of R&D expenditures by management;
- Based on the progress of R&D projects, we inquired management about the reasons for periodical fluctuations in R&D expenses and analysed those fluctuations;
- Obtained the breakdown of prepayments, reviewed the contracts of clinical trial and testing services, evaluated the completion status on a sample basis and analysed long-ageing prepayments;
- For the service fees paid to providers of clinical trial and testing services, we reviewed on a sample basis the terms in R&D related agreements, invoices and expense details, and obtained confirmations from service providers on a sample basis;
- Performed tests of details on a sample basis and reviewed related supporting documents in relation to the recognition of R&D expenses;
- Performed a cut-off test of R&D expenses; and
- Reviewed the disclosures of R&D expenses in the consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

Key audit matter	How our audit addressed the key audit matter

Recognition of revenue

For the year ended 31 December 2025, the Group's total revenue was RMB3,241,560,000, of which RMB2,307,354,000, RMB895,054,000 and RMB39,152,000 were derived from sales of goods, license revenue and service income, representing 71%, 28% and 1% of total revenue, respectively.

Revenue has a significant impact on the financial statements and revenue is one of the key performance indicators of the Group. There is an inherent risk of being manipulated to achieve the forecast objectives. Therefore, we identified the recognition of revenue as a key audit matter.

Relevant disclosures are included in note 2.4, note 4 and note 5 to the consolidated financial statements.

Our procedures in relation to the recognition of revenue mainly included the following:

- Evaluated the design and the operating effectiveness of the key controls related to the Group's sales processes;
- Obtained main sales/service contracts, analysed main contract terms and evaluated whether the Group's accounting policies related to revenue were in accordance with the provisions of accounting standards;
- Performed an analytical procedure for revenue;
- Selected samples for checking the supporting documents related to revenue confirmation, including sales contracts, invoices, outbound orders, receipts and confirmation emails for technical data transfer;
- Conducted confirmation procedures on a sample basis on the balance of accounts receivable, the transaction amounts of sales of goods and the progress of execution of license agreements;
- Performed a cut-off test for revenue; and
- Reviewed the disclosures of revenue in the consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

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

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

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

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

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

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

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

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

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

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 Chung Ho Ling (practising certificate number: P06558).

Ernst & Young
Certified Public Accountants

27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong
27 March 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
REVENUE	5	**3,241,560**	1,710,152
Cost of sales		**(425,505)**	(342,796)
Gross profit		**2,816,055**	1,367,356
Other income and gains	5	**691,787**	105,170
Selling and distribution expenses		**(1,111,444)**	(948,755)
Administrative expenses		**(362,439)**	(332,284)
Research and development costs		**(1,218,749)**	(1,539,778)
Impairment losses on financial assets, net		**(576)**	(11,088)
Other expenses		**(34,631)**	(36,500)
Finance costs	7	**(70,168)**	(72,379)
Share of the associates' profit/(loss) for the year		**564**	(104)
PROFIT/(LOSS) BEFORE TAX	6	**710,399**	(1,468,362)
Income tax expense	10	**(749)**	–
PROFIT/(LOSS) FOR THE YEAR		**709,650**	(1,468,362)
Attributable to:			
Owners of the parent		**709,650**	(1,468,362)
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	12		
Basic/diluted			
– For profit/(loss) for the year		**RMB1.29**	RMB(2.73)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2025

	2025 RMB'000	2024 RMB'000
PROFIT/(LOSS) FOR THE YEAR	**709,650**	(1,468,362)
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(8,626)**	1,819
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Equity investments designated at fair value through other comprehensive income:		
Changes in fair value	**71,888**	(34,208)
Income tax effect	**(10,610)**	1,511
	61,278	(32,697)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**52,652**	(30,878)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**762,302**	(1,499,240)
Attributable to:		
Owners of the parent	**762,302**	(1,499,240)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2025

	Notes	31 December 2025 RMB'000	31 December 2024 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	*13*	**2,929,720**	2,743,704
Right-of-use assets	*14*	**151,079**	210,742
Other intangible assets	*15*	**37,995**	26,143
Investment in associates	*16*	**13,769**	8,851
Equity investments designated at fair value through other comprehensive income	*17*	**115,174**	59,313
Financial assets at fair value through profit or loss	*18*	**10,084**	4,037
Pledged deposits	*23*	**650**	638
Other non-current assets	*19*	**7,715**	155,293
Total non-current assets		**3,266,186**	3,208,721
CURRENT ASSETS			
Inventories	*20*	**661,485**	659,369
Trade and bills receivables	*21*	**718,089**	598,787
Prepayments, other receivables and other assets	*22*	**189,252**	269,150
Financial assets at fair value through profit or loss	*18*	**1,215,511**	–
Pledged deposits	*23*	**42,807**	2,805
Interest receivable	*23*	**143**	157
Cash and cash equivalents	*23*	**1,154,599**	759,530
Total current assets		**3,981,886**	2,289,798
CURRENT LIABILITIES			
Trade payables	*24*	**285,851**	162,250
Other payables and accruals	*25*	**1,013,128**	565,184
Interest-bearing bank borrowings	*26*	**1,426,406**	1,370,240
Lease liabilities	*14*	**23,404**	62,299
Deferred income	*28*	**4,867**	9,799
Other current liabilities		**38,669**	18,324
Total current liabilities		**2,792,325**	2,188,096
NET CURRENT ASSETS		**1,189,561**	101,702

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2025

	Notes	31 December 2025 RMB'000	31 December 2024 RMB'000
TOTAL ASSETS LESS CURRENT LIABILITIES		**4,455,747**	3,310,423
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	*26*	**732,166**	1,195,878
Lease liabilities	*14*	**19,733**	42,094
Deferred tax liabilities	*27*	**10,610**	–
Deferred income	*28*	**84,416**	86,250
Total non-current liabilities		**846,925**	1,324,222
Net assets		**3,608,822**	1,986,201
EQUITY			
Equity attributable to owners of the parent			
Share capital	*29*	**563,710**	544,332
Treasury shares		**(237,195)**	(445,329)
Reserves	*30*	**3,282,307**	1,887,198
Total equity		**3,608,822**	1,986,201

Wang Weidong
Director

Fang Jianmin
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2025

Year ended 31 December 2024

	Attributable to owners of the parent							
	Share capital RMB'000	Treasury shares RMB'000	Share premium* RMB'000	Other reserve* RMB'000	Fair value reserve* RMB'000	Exchange fluctuation reserve* RMB'000	Accumulated losses* RMB'000	Total equity RMB'000
At 1 January 2024	544,263	(440,310)	6,160,859	77,009	(57,908)	6,865	(2,853,509)	3,437,269
Loss for the year	–	–	–	–	–	–	(1,468,362)	(1,468,362)
Other comprehensive income for the year:								
Changes in fair value of equity investments at fair value through other comprehensive income, net of tax	–	–	–	–	(32,697)	–	–	(32,697)
Exchange differences related to foreign operations	–	–	–	–	–	1,819	–	1,819
Total comprehensive income for the year	–	–	–	–	(32,697)	1,819	(1,468,362)	(1,499,240)
Exercise of A Share Awards	69	–	2,443	–	–	–	–	2,512
Repurchase of H shares under H Share Award and Trust Scheme	–	(5,019)	–	–	–	–	–	(5,019)
Share-based payments (note 31)	–	–	–	50,679	–	–	–	50,679
At 31 December 2024	544,332	(445,329)	6,163,302	127,688	(90,605)	8,684	(4,321,871)	1,986,201

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2025

Year ended 31 December 2025

	Attributable to owners of the parent							
	Share capital RMB'000	Treasury shares RMB'000	Share premium* RMB'000	Other reserve* RMB'000	Fair value reserve* RMB'000	Exchange fluctuation reserve* RMB'000	Accumulated losses* RMB'000	Total equity RMB'000
At 1 January 2025	544,332	(445,329)	6,163,302	127,688	(90,605)	8,684	(4,321,871)	1,986,201
Profit for the year	–	–	–	–	–	–	709,650	709,650
Other comprehensive income for the year:								
Changes in fair value of equity investments at fair value through other comprehensive income, net of tax	–	–	–	–	61,278	–	–	61,278
Exchange differences related to foreign operations	–	–	–	–	–	(8,626)	–	(8,626)
Total comprehensive income for the year	–	–	–	–	61,278	(8,626)	709,650	762,302
Transfer of fair value reserve upon the disposal of equity investments at fair value through other comprehensive income	–	–	–	–	(5,505)	–	5,505	–
Exercise of A Share Awards	378	–	13,372	–	–	–	–	13,750
Issue of shares	19,000	–	720,932	–	–	–	–	739,932
Share issue expenses	–	–	(8,737)	–	–	–	–	(8,737)
Repurchase and Exercise of H shares under H Share Award and Trust Scheme	–	208,134	–	–	–	–	–	208,134
Share-based payments (note 31)	–	–	–	(92,760)	–	–	–	(92,760)
At 31 December 2025	563,710	(237,195)	6,888,869	34,928	(34,832)	58	(3,606,716)	3,608,822

* These reserve accounts comprise the consolidated reserves of RMB3,282,307,000 (31 December 2024: RMB1,887,198,000) in the consolidated statement of financial position as at 31 December 2025.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(Loss) before tax		**710,399**	(1,468,362)
Adjustments for:			
Finance costs	*7*	**70,168**	72,379
Share of (profit)/loss of associates		**(564)**	104
Bank interest income	*5*	**(4,594)**	(10,239)
Gain on disposal of financial assets at fair value through profit or loss	*5*	**(3,672)**	(2,601)
Changes in fair value of financial assets at fair value through profit or loss	*5*	**(640,713)**	(1,537)
Depreciation of property, plant and equipment	*6,13*	**252,788**	231,973
Depreciation of right-of-use assets	*6,14*	**59,932**	63,596
Amortisation of other intangible assets	*6,15*	**6,957**	5,040
Amortisation of long-term prepayments	*6*	**664**	2,120
Impairment of financial assets, net	*6,21,22*	**576**	11,088
Impairment of inventories	*6*	**1,953**	9,555
Loss on disposal of items of property, plant and equipment, net	*6*	**971**	975
Gain on disposal of right-of-use assets, net	*6*	**(61)**	(47)
Share issue expenses		**–**	975
Share-based payment expenses	*31*	**33,898**	68,735
Foreign exchange differences, net		**4,194**	(1,098)
		492,896	(1,017,344)
(Increase)/Decrease in inventories		**(669)**	72,314
Increase in trade and bills receivables		**(568,591)**	(384,731)
Decrease in prepayments, other receivables and other assets		**118,740**	53,258
Increase in financial assets at fair value through profit or loss		**(573,344)**	–
Decrease/(Increase) in other non-current assets		**86**	(3,066)
Increase in trade payables		**123,600**	36,913
Increase in other payables and accruals		**463,154**	68,134
(Increase)/Decrease in pledged deposits		**(14)**	5
Decrease in deferred income		**(7,375)**	(12,318)
Cash generated from/(used in) operations		**48,483**	(1,186,835)
Interest received		**4,608**	10,239
Profits tax paid		**(749)**	–
Net cash flows generated from/(used in) operating activities		**52,342**	(1,176,596)

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		**(199,766)**	(264,568)
Purchases of items of other intangible assets		**(240)**	(714)
Proceeds from disposal of items of property, plant and equipment		**2,130**	7,201
Purchases of financial assets at fair value through profit or loss		**(2,150,000)**	(1,000,000)
Proceeds from disposal of financial assets at fair value through profit or loss		**2,153,250**	1,002,601
Receipts of government grants for property, plant and equipment		**610**	62,292
Capital increase in investment of associates		**(13,101)**	(6,250)
Payment for financial assets at fair value through profit or loss		**(7,499)**	(500)
Decrease in pledged deposits		**–**	14,031
Withdrawal of a performance bond		**9,578**	–
Net cash used in investing activities		**(205,038)**	(185,907)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		**739,933**	–
New bank loans		**2,034,726**	1,804,572
Repayment of bank loans		**(2,118,125)**	(257,688)
Proceeds from exercise of share awards		**83,678**	1,032
Share issue expenses		**(8,612)**	(975)
Repurchase of H shares under H Share Award and Trust Scheme		**(2,690)**	(27,795)
Interest paid for bank borrowings		**(71,997)**	(69,826)
Interest portion of lease payments		**(3,125)**	(5,824)
Principal portion of lease payments		**(61,829)**	(50,529)
Increase in pledged deposits		**(40,000)**	–
Net cash flows from financing activities		**551,959**	1,392,967
NET INCREASE IN CASH AND CASH EQUIVALENTS		**399,263**	30,464
Cash and cash equivalents at beginning of year		**759,530**	726,552
Effect of foreign exchange rate changes, net		**(4,194)**	2,514
CASH AND CASH EQUIVALENTS AT END OF YEAR	*23*	**1,154,599**	759,530
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	*23*	**1,198,199**	763,130
Less: Pledged deposits	*23*	**(43,457)**	(3,443)
Interest receivable	*23*	**(143)**	(157)
Cash and cash equivalents as stated in the consolidated statement of cash flows		**1,154,599**	759,530

NOTES TO FINANCIAL STATEMENTS

31 December 2025

1. CORPORATE AND GROUP INFORMATION

RemeGen Co., Ltd. (the "Company") was incorporated in the People's Republic of China (the "PRC") on 4 July 2008 as a limited liability company. On 12 May 2020, the Company was converted into a joint stock company with limited liability under the Company Law of the PRC. The registered office of the Company is located at 58 Middle Beijing Road, Yantai Development Zone, Yantai Area of Shandong Pilot Free Trade Zone, PRC.

During the year, the Company and its subsidiaries (the "Group") were principally engaged in the biopharmaceutical research, biopharmaceutical service, and biopharmaceutical production and sale.

Information about subsidiaries

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

Name	Place and date of registration/ incorporation and place of operations	Nominal value of issued ordinary/ registered paid-in capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
RemeGen Biosciences, Inc. (previously known as "RC Biotechnologies, Inc.")	Delaware, United States of America ("USA") 18 April 2011	1,500 ordinary shares	100%	–	Research and development, registration and business development
Ruimeijing (Beijing) Pharmaceutical Technology Co., Ltd. (瑞美京(北京)醫藥科技有限公司)*	Beijing, PRC 14 August 2019	RMB 1,000,000	100%	–	Research and development
RemeGen Hong Kong Limited	Hong Kong 26 September 2019	United States dollars ("USD") 32,000,000	100%	–	Research and development
RemeGen Australia Pty Ltd	South Australia 3 March 2021	2,397,132 ordinary shares	–	100%	Research and development and business development
Shanghai Rongchang Biotechnology Co., Ltd. (上海榮昌生物科技有限公司)*	Shanghai, PRC 7 May 2022	RMB 500,000,000	100%	–	Research and development
Yantai Rongpu Equity Investment Partnership Enterprise (Limited Partnership) (煙台榮普股權投資合夥企業(有限合夥)) *	Shandong, PRC 23 June 2025	RMB 1,000,000	99.50%	0.50%	Business development

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

NOTES TO FINANCIAL STATEMENTS

31 December 2025

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 equity investments designated at fair value through other comprehensive income, financial assets at fair value through profit or loss and bills receivable which have been measured at fair value. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand ("RMB'000") except when otherwise indicated.

Basis of consolidation

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

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

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of Preparation (continued)

Basis of consolidation (continued)

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

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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

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

2.2 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, joint ventures and associates for translation into the Group's presentation currency were exchangeable, the amendments did not have any impact on the Group's financial statements.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.3 Issued But Not Yet Effective IFRS accounting standards

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

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

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

IFRS 18 replaces IAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from IAS 1 with limited changes, IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in IAS 1 are moved to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as IAS 8 *Basis of Preparation of Financial Statements.* As a consequence of the issuance of IFRS 18, limited, but widely applicable, amendments are made to IAS 7 *Statement of Cash Flows*, IAS 33 *Earnings per Share* and IAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other IFRS Accounting Standards. IFRS 18 and the consequential amendments to other IFRS Accounting Standards are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of IFRS 18 on the presentation and disclosure of the Group's financial statements.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.3 Issued But Not Yet Effective IFRS accounting standards (continued)

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

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

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

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.3 Issued But Not Yet Effective IFRS accounting standards (continued)

Amendments to IAS 21 *Translation to a Hyperinflationary Presentation Currency* require the translation from a non-hyperinflationary functional currency into a hyperinflationary presentation currency at the closing rate. The amendments also require an entity whose functional currency and presentation currency are the currency of a hyperinflationary economy to restate the comparative amounts of a foreign operation whose functional currency is that of a non-hyperinflationary economy, by applying the general price index, in accordance with paragraph 34 of IAS 29 *Financial Reporting in Hyperinflationary Economies*, to the foreign operation's comparative figures. The amendments introduce certain additional disclosures. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

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

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

IFRS 9 *Financial Instruments*: The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to apply paragraph 3.3.3 of IFRS 9 and recognise any resulting gain or loss in profit or loss. However, the amendments do not address how a lessee distinguishes between a lease modification as defined in IFRS 16 and an extinguishment of a lease liability in accordance with IFRS 9. In addition, the amendments have updated certain wording in paragraph 5.1.3 of IFRS 9 and Appendix A of IFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

IFRS 10 *Consolidated Financial Statements*: The amendments clarify that the relationship described in paragraph B74 of IFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of IFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

IAS 7 *Statement of Cash Flows*: The amendments replace the term "cost method" with "at cost" in paragraph 37 of IAS 7 following the prior deletion of the definition of "cost method". Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial statements.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material Accounting Policies

Investments in associates and joint ventures

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

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other case, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When an investment in an associate or a joint venture is classified as held for sale, it is accounted for in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

Fair value measurement

The Group measures its equity investments designated at fair value through profit and loss, fair value through other comprehensive income and bills receivable 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.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material Accounting Policies (continued)

Fair value measurement (continued)

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

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

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

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

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

Impairment of non-financial assets

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

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

An impairment loss is 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.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material Accounting Policies (continued)

Impairment of non-financial assets (continued)

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;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group; and the sponsoring employers of the post-employment benefit plan;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material Accounting Policies (continued)

Property, plant and equipment and depreciation

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

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

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

Buildings	1.90% to 19.00%
Plant and machinery	9.50% to 19.00%
Office equipment and others	11.88% to 19.00%
Motor vehicles	9.50% to 47.50%
Leasehold improvements	30.00% to 37.50%

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 methods are reviewed, and adjusted if appropriate, at least at each financial year end.

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

Construction in progress is stated at cost less any impairment losses, and are not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material Accounting Policies (continued)

Intangible assets (other than goodwill)

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

Patents and licenses

Patents and licenses are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of 10 years. The useful life of patents and licenses is determined by considering the periods of validity of patents and the technical obsolescence.

Research and development costs

All research costs are charged to the statement of 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.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material Accounting Policies (continued)

Leases (continued)

***Group as a lessee* (continued)**

(a) Right-of-use assets

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

Land use rights	50 years
Buildings	2 to 8 years
Plant and machinery	2 to 5 years
Motor vehicles	3 years

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

(b) Lease liabilities

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

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

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material Accounting Policies (continued)

Leases (continued)

***Group as a lessee* (continued)**

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

The Group applies the short-term lease recognition exemption to its short-term leases (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment and laptop computers that are considered to be of low value.

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

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease term and is included in revenue in profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material Accounting Policies (continued)

Investments and other financial assets

Initial recognition and measurement

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

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

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

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material Accounting Policies (continued)

Investments and other financial assets (continued)

Financial assets at fair value through other comprehensive income (debt instruments)

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss.

Financial assets designated at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

Financial assets at fair value through profit or loss

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

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

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material Accounting Policies (continued)

Investments and other financial assets (continued)

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

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

Derecognition of financial assets

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

- the rights to receive cash flows from the asset have expired; or

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

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

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

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material Accounting Policies (continued)

Impairment of financial assets

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

General approach

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

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 90 days past due.

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

The Group has rebutted the 90 days past due presumption of default based on reasonable and supportable information, including the Group's credit risk control practices and the historical recovery rate of financial assets over 90 days past due. However, 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.

For debt investments at fair value through other comprehensive income, the Group applies the low credit risk simplification. At each reporting date, the Group evaluates whether the debt investments are considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the external credit ratings of the debt investments. Debt investments are considered to be low credit risk investments. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk of debt investments since origination, the allowance will be based on the lifetime ECL.

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

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material Accounting Policies (continued)

Impairment of financial assets (continued)

***General approach* (continued)**

For debt investments at fair value through other comprehensive income, the Group applies the low credit risk simplification. At each reporting date, the Group evaluates whether the debt investments are considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the external credit ratings of the debt investments. Debt investments are considered to be low credit risk investments. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk of debt investments since origination, the allowance will be based on the lifetime ECL. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables 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, 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 loans and borrowings, or payables, 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.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material Accounting Policies (continued)

Financial liabilities (continued)

***Initial recognition and measurement* (continued)**

The Group's financial liabilities include trade and other payables, financial liabilities included in other payables and accruals, interest-bearing bank borrowings and lease liabilities.

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 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 the statement of profit or loss.

Derecognition of financial liabilities

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

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

Offsetting of financial instruments

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

Treasury shares

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

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material Accounting Policies (continued)

Cash and cash equivalents

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

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

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 country 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 an asset or liability in a transaction that is not a business consolidation and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material Accounting Policies (continued)

Income tax (continued)

Deferred tax assets are recognised for all deductible temporary differences, and the carry forward 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 carry forward 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 consolidation and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

Government grants

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

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to 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 profit or loss by way of a reduced depreciation charge.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material Accounting Policies (continued)

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.

The Group recognises revenue from the following major sources:

(a) Sales of goods

Revenue is recognised when control of the goods has been transferred, being when the goods have been delivered to the customer's specific location. A receivable is recognised by the Group when the goods are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

(b) Service income

The Group earns revenue by providing research service to its customers through contracts. Revenue from service is recognized over time, using an input method to measure progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by the Group. The Group determines the progress of performance of services rendered based on labour hours spent and costs incurred in accordance with the input method. When the progress of performance is not reasonably determinable, the Group recognizes revenue based on the amount of costs incurred until the progress of performance is reasonably determinable, provided that the costs incurred by the Group are expected to be reimbursed.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material Accounting Policies (continued)

Revenue recognition (continued)

***Revenue from contracts with customers* (continued)**

(c) License of intellectual property

For granting of a license that is distinct from other promises in granting, a License is a promise to provide a right to access the Group's intellectual property if all of the following criteria are met:

- the contract requires, or the customer reasonably expects, that the Group will undertake activities that significantly affect the intellectual property to which the customer has rights;
- the rights granted by the License directly expose the customer to any positive or negative effects of the Group's activities; and
- those activities do not result in the transfer of a good or service to the customer as those activities occur.

If the criteria above are met, the Group accounts for the promise to grant a License as a performance obligation satisfied over time. Otherwise, the Group considers the grant of License as providing the customers with the right to use the Group's intellectual property and the performance obligation is satisfied at a point in time when the License is granted.

Variable consideration

In some contracts between the Group and its customers, there are arrangements for sales rebates and arrangements for obtaining the right to receive payment according to the milestones agreed in the agreement, forming variable consideration. The Group determines the best estimate of the variable consideration according to the expected value or the most likely amount, but the transaction price including the variable consideration does not exceed the amount that the accumulated revenue recognised is unlikely to be reversed significantly when the relevant uncertainty is eliminated.

Revenue from other sources

Rental income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

Other income

Revenue from the sale of raw materials is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the raw materials.

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.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material Accounting Policies (continued)

Contract liabilities

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

Share-based payments

The Group operates a share award scheme. Employees of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity investments ("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 of share awards and restricted shares is determined by an external valuer using the Black-Scholes Option Pricing Model and the discounted cash flow model, respectively. Further details are included in note 31 to the financial statements.

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

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 investments 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.

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

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

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material Accounting Policies (continued)

Other employee benefits

Pension scheme

The employees of the Group which operate in Chinese Mainland are required to participate in a defined central pension scheme managed by the local municipal government. The subsidiaries operating in Chinese Mainland are required to contribute a certain percentage, which was pre-determined by the local municipal government, of the relevant part of the payroll of these employees to the central pension scheme. The Group has no obligation for the payment of retirement benefits beyond the annual contributions. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

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

For the year ended 31 December 2025, the Group did not have any defined benefit plan.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Where funds have been borrowed generally, and used for the purpose of obtaining qualifying assets, a capitalisation rate with 9.26% has been applied to the expenditure on the individual assets.

Events after the reporting period

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

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material Accounting Policies (continued)

Foreign currencies

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

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

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.

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

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material Accounting Policies (continued)

Foreign currencies (continued)

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in the statement of profit or loss.

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgements

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

Property lease classification – Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, it retains substantially all the significant risks and rewards incidental to ownership of these properties which are leased out and accounts for the contracts as operating leases.

Research and development expenses

Development expenses incurred on the Group's drug product pipelines are 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, the Group's intention to complete and the Group's ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the pipelines and the ability to measure reliably the expenditure during the development. Development expenses which do not meet these criteria are expensed when incurred. The management of the Group will assess the progress of each of the research and development projects and determine the criteria met for capitalisation. All development expenses were expensed when incurred during the current and prior years.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

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.

Assessing restrictions on variable consideration

When estimating variable consideration, the Group considers all information that can be reasonably obtained, including historical information, current information and forecast information, and estimates various possible consideration amounts and probabilities within a reasonable range. The transaction price that includes variable consideration does not exceed the amount for which it is highly probable that a significant reversal of accumulated recognised revenue will not occur when the relevant uncertainty is eliminated. When assessing the elimination of uncertainties related to variable consideration, when it is highly probable that the accumulated amount of recognised revenue will not be significantly reversed, the probability of revenue reversal and the proportion of the reversal amount will be considered at the same time. At the end of each reporting period, the Group reassesses the amount of variable consideration, including reassessing whether the estimate of variable consideration is restricted, to reflect the conditions existing at the end of the reporting period and changes in conditions that occurred during the reporting period.

Milestone Payment

At the inception of each agreement that includes milestone payment agreements, the Group assesses whether the corresponding milestone is likely to be achieved, and uses the best estimate method to estimate the relevant amount included in the transaction price. When the relevant uncertainty is eliminated, it is highly probable that there will be no significant reversal of the accumulated recognised revenue, and the variable consideration related to the milestone is included in the transaction price. The Group's milestones related to development activities may include reaching a number of different stages of clinical trials. Because of the ambiguities involved in achieving these development objectives, the recognition of variable consideration is generally limited at contract inception. The Group will assess whether the variable consideration is restricted during each reporting period based on the facts and circumstances of the relevant clinical trials. Variable consideration will be included in the transaction price and allocated to each individual performance obligation when the constraints related to development milestones change and no significant reversal of revenue related to the milestone is expected.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Estimation uncertainty (continued)

Provision for expected credit losses on trade receivables

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

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

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

Impairment of non-financial assets (other than goodwill)

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

NOTES TO FINANCIAL STATEMENTS

31 December 2025

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Estimation uncertainty (continued)

Write-down of inventories to net realisable value

Write-down of inventories to net realisable value is made for those identified obsolete and slow-moving inventories and inventories with a carrying amount higher than the net realisable value. The assessment of the provision required involves management's judgement and estimates on which are influenced by assumptions concerning future sales and usage and judgements in determining the appropriate level of inventory provisions against identified surplus or obsolete items. Where the actual outcome or expectation in future is different from the original estimate, such differences will have impact on the carrying amounts of inventories and the write-down/write-back of inventories in the period in which such estimate has been changed.

Fair value of unlisted equity investments

The unlisted equity investments have been valued based on the expected cash flows discounted at current rates applicable for items with similar terms and risk characteristics as detailed in note 37 to the financial statements. This valuation requires the Group to make estimates about expected future cash flows, discounts for lack of marketability and discount rates, and hence they are subject to uncertainty. The fair value of unlisted equity investments at 31 December 2025 was RMB10,084,000 (31 December 2024: RMB7,061,000). Further details are included in note 17 and note 18 to the financial statements.

Recognition of income taxes and deferred tax assets

Determining income tax provision involves judgement on the future tax treatment of certain transactions and when certain matters relating to the income taxes have not been confirmed by the local tax bureau. Management evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatments of such transactions are reconsidered periodically to take into account all changes in tax legislation. Deferred tax assets are recognised in respect of deductible temporary differences and unused tax losses. As those deferred tax assets can only be recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences and the losses can be utilised, management's judgement is required to assess the probability of future taxable profits. Management's assessment is revised as necessary and additional deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax assets to be recovered.

Useful lives and residual values of property, plant and equipment

In determining the useful lives and residual values of items of property, plant and equipment, the Group has to consider various factors, such as technical or commercial obsolescence arising from changes or improvements in production, or from a change in the market demand for the product or service output of the asset, expected usage of the asset, expected physical wear and tear, the care and maintenance of the asset and the legal or similar limits on the use of the asset. The estimation of the useful life of the asset is based on the experience of the Group with similar assets that are used in a similar way.

Additional depreciation is recognised if the estimated useful lives and/or the residual values of items of property, plant and equipment are different from the previous estimation. Useful lives and residual values are reviewed at each financial year end date based on changes in circumstances.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

4. OPERATING SEGMENT INFORMATION

The Group is engaged in biopharmaceutical research, biopharmaceutical service, biopharmaceutical production and sale, which are regarded as a single reportable segment in a manner consistent with the way in which information is reported internally to the Group's senior management for purposes of resource allocation and performance assessment. Therefore, no analysis by operating segment is presented.

Geographical information

(a) Revenue from external customers

	2025 RMB'000	2024 RMB'000
Chinese Mainland	**2,271,072**	1,699,143
United States of America	**970,488**	11,009
Total revenue	**3,241,560**	1,710,152

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

(b) Non-current assets

	2025 RMB'000	2024 RMB'000
Chinese Mainland	**3,116,084**	3,088,349
United States of America	**25,085**	43,171
Total non-current assets	**3,141,169**	3,131,520

The non-current asset information above is based on the locations of the assets and excludes equity investments designated at fair value through other comprehensive income and other financial instruments.

Information about a major customer

Revenue of approximately RMB969,905,000 (2024: Nil) was derived from sales by the industrial products segment to a single customer, including sales to a group of entities which are known to be under common control with that customer.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2025 RMB'000	2024 RMB'000
Revenue from contracts with customers	**3,241,560**	1,710,152

Revenue from contracts with customers

(a) Disaggregated revenue information

	2025 RMB'000	2024 RMB'000
Types of revenue		
Sales of goods	**2,307,354**	1,699,143
License revenue	**895,054**	–
Service income	**39,152**	11,009
Total	**3,241,560**	1,710,152
Geographical markets		
Chinese Mainland	**2,271,072**	1,699,143
United States of America	**970,488**	11,009
Total	**3,241,560**	1,710,152
Timing of revenue recognition		
Goods transferred at a point in time	**3,202,408**	1,699,143
Services transferred over time	**39,152**	11,009
Total	**3,241,560**	1,710,152

5. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

Revenue from contracts with customers (continued)

(b) Performance obligations

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

Sales of goods

The performance obligation is satisfied upon delivery of the goods and payment is generally due within 90 days from the delivery.

License revenue

The time when the intellectual property License is delivered is the time when the performance obligation is fulfilled, and the customer obtains the control of the intellectual property License at this time, can use and benefit from it, and the Group recognises the income for the part of the down payment amount at the time when the control of the intellectual property License is transferred. Subsequent milestone payments are variable consideration, and their payment depends on future uncertain events and is difficult to estimate reasonably at this stage. The Group will re-estimate the amount of variable consideration that should be included in the transaction price at the end of the reporting period. For the royalties charged, revenue shall be recognised at the later point of time when the customer's subsequent sales or use behaviour actually occurs and the company performs the relevant performance obligations.

Service income

The Group earns revenue by providing research service to its customers through contracts. Revenue from service is recognised over time, using an input method to measure progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by the Group. The Group determines the progress of performance of services rendered based on labour hours spent and costs incurred in accordance with the input method. When the progress of performance is not reasonably determinable, the Group recognises revenue based on the amount of costs incurred until the progress of performance is reasonably determinable, provided that the costs incurred by the Group are expected to be reimbursed.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are as follows:

	2025 RMB'000	2024 RMB'000
Amounts expected to be recognised as revenue:		
Within one year	**327,286**	3,144

The amounts disclosed above do not include variable consideration which is constrained.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

5. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

Revenue from contracts with customers (continued)

(b) Performance obligations (continued)

	Notes	2025 RMB'000	2024 RMB'000
Other income			
Government grants*	6	**27,767**	78,835
Rental income	14	**4,335**	2,790
Bank interest income	6	**4,594**	10,239
Sales of materials		**5,156**	3,798
Total other income		**41,852**	95,662
Gains			
Gain on disposal of financial assets at fair value through profit or loss	6	**3,672**	2,601
Changes in fair value of financial assets at fair value through profit or loss	6	**642,167**	1,537
Foreign exchange gains		**3,093**	4,850
Others		**1,003**	520
Total gains		**649,935**	9,508
Total other income and gains		**691,787**	105,170

* The government grants mainly represent subsidies received from government authorities for the purpose of compensation for expenditure arising from research activities and clinical trials, awards for new drug development and capital expenditure incurred on certain projects. There are no unfulfilled conditions or contingencies relating to these government grants.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

6. PROFIT/(LOSS) BEFORE TAX

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

	Notes	2025 RMB'000	2024 RMB'000
Cost of inventories sold		**401,209**	338,881
Cost of services provided		**22,343**	3,915
Research and development costs (note (a))		**1,218,749**	1,539,778
Depreciation of property, plant and equipment (note (b))	*13*	**252,788**	231,973
Depreciation of right-of-use assets	*14*	**59,932**	63,596
Amortisation of other intangible assets (note (c))	*15*	**6,957**	5,040
Amortisation of long-term prepayments		**664**	2,120
Auditor's remuneration		**2,500**	2,480
Government grants	*5*	**(27,767)**	(78,835)
Lease payments not included in the measurement of lease liabilities		**4,264**	5,658
Employee benefit expenses (excluding directors' and supervisors' remuneration (note 8)):			
Wages, salaries and allowances		**914,431**	964,228
Pension scheme contributions (note (d))		**75,949**	81,519
Staff welfare expenses		**21,568**	40,370
Share-based payment expenses		**36,778**	50,578
Total		**1,048,726**	1,136,695
Foreign exchange differences, net		**(927)**	7,131
Impairment of financial assets, net:			
Impairment of trade receivables, net	*21*	**2,073**	4,511
(Reversal of impairment)/Impairment of financial assets included in prepayments, other receivables and other assets, net	*22*	**(1,497)**	6,577
Total		**576**	11,088
Impairment of inventories		**1,953**	9,555
Bank interest income	*5*	**(4,594)**	(10,239)
Gain on disposal of financial assets at fair value through profit or loss	*5*	**(3,672)**	(2,601)
Changes in fair value of financial assets at fair value through profit or loss	*5*	**(640,713)**	(1,537)
Loss on disposal of items of property, plant and equipment, net (note (e))		**971**	975
Gain on disposal of right-of-use assets, net		**(61)**	(47)

NOTES TO FINANCIAL STATEMENTS

31 December 2025

6. PROFIT/(LOSS) BEFORE TAX (CONTINUED)

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

Notes:

(a) The research and development costs included RMB443,582,000 (2024: RMB584,080,000) relating to employee benefit expenses, depreciation and amortisation for the year ended 31 December 2025, which are also included in the respective amounts disclosed above for each type of expenses. Research and development costs also included share award expenses of RMB9,567,000 (2024: RMB40,203,000) for the year ended 31 December 2025, which are included in note 31 to the financial statements.

(b) Mainly included in "Cost of inventories sold", "Administrative expenses", "Research and development costs" and "Selling and distribution expenses" in the consolidated statement of profit or loss.

(c) Mainly included in "Administrative expenses" and "Research and development costs" in the consolidated statement of profit or loss.

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

(e) Included in "Other expenses" in the consolidated statement of profit or loss.

7. FINANCE COSTS

	2025 RMB'000	2024 RMB'000
Interest on bank borrowings	**72,864**	71,323
Interest on lease liabilities (note 14(c))	**3,125**	5,824
	75,989	77,147
Less: Interest capitalised in property, plant and equipment	**(5,821)**	(4,768)
Total	**70,168**	72,379

NOTES TO FINANCIAL STATEMENTS

31 December 2025

8. DIRECTORS' AND SUPERVISORS' REMUNERATION

Directors' and supervisors' remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (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	2024
	RMB'000	RMB'000
Fees	**893**	1,574
Other emoluments:		
Salaries, allowances and benefits in kind	**9,304**	15,234
Performance related bonuses	**2,511**	3,439
Pension scheme contributions	**111**	126
Share-based payment expenses	**1,453**	18,157
Subtotal	**13,379**	36,956
Total	**14,272**	38,530

NOTES TO FINANCIAL STATEMENTS

31 December 2025

8. DIRECTORS' AND SUPERVISORS' REMUNERATION (CONTINUED)

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

Year ended 31 December 2025

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Performance related bonuses RMB'000	Pension scheme contributions RMB'000	Subtotal RMB'000	Share-based payment expenses RMB'000	Total remuneration RMB'000
Executive directors							
Mr. Wang Weidong	–	1,681	420	43	2,144	5,606	7,750
Dr. Fang Jianmin	–	4,259	960	43	5,262	179	5,441
Mr. Lin Jian	–	480	226	–	706	105	811
Dr. He Ruyi (note (a))	–	411	–	–	411	(5,338)	(4,927)
Mr. Wen Qingkai (note (b))	–	1,845	660	–	2,505	901	3,406
Subtotal	–	8,676	2,266	86	11,028	1,453	12,481
Non-executive directors							
Dr. Wang Liqiang	–	–	–	–	–	–	–
Dr. Su Xiaodi	–	–	–	–	–	–	–
Subtotal	–	–	–	–	–	–	–
Independent non-executive directors							
Mr. Chen Yunjin	300	–	–	–	300	–	300
Mr. Hao Xianjing	300	–	–	–	300	–	300
Mr. Huang Guobin (note (c))	293	–	–	–	293	–	293
Subtotal	893	–	–	–	893	–	893
Supervisors							
Mr. Ren Guangke	–	491	245	25	761	–	761
Mr. Li Zhuanglin	–	137	–	–	137	–	137
Mr. Li Yupeng	–	–	–	–	–	–	–
Subtotal	–	628	245	25	898	–	898
	893	9,304	2,511	111	12,819	1,453	14,272

NOTES TO FINANCIAL STATEMENTS

31 December 2025

8. DIRECTORS' AND SUPERVISORS' REMUNERATION (CONTINUED)

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

Year ended 31 December 2024

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Performance related bonuses RMB'000	Pension scheme contributions RMB'000	Subtotal RMB'000	Share-based payment expenses RMB'000	Total remuneration RMB'000
Executive directors							
Mr. Wang Weidong	–	2,130	420	–	2,550	7,813	10,363
Dr. Fang Jianmin	712	4,876	1,759	42	7,389	–	7,389
Mr. Lin Jian	–	480	329	–	809	167	976
Dr. He Ruyi (note (a))	–	5,202	267	–	5,469	10,177	15,646
Subtotal	712	12,688	2,775	42	16,217	18,157	34,374
Non-executive directors							
Dr. Wang Liqiang	–	–	–	–	–	–	–
Dr. Su Xiaodi	–	–	–	–	–	–	–
Subtotal	–	–	–	–	–	–	–
Independent non-executive directors							
Ms. Ma Lan (note (d))	262	–	–	–	262	–	262
Mr. Hao Xianjing	300	–	–	–	300	–	300
Mr. Chen Yunjin	300	–	–	–	300	–	300
Subtotal	862	–	–	–	862	–	862
Supervisors							
Mr. Ren Guangke	–	800	144	42	986	–	986
Mr. Li Zhuanglin	–	1,746	520	42	2,308	–	2,308
Mr. Li Yupeng	–	–	–	–	–	–	–
Subtotal	–	2,546	664	84	3,294	–	3,294
	1,574	15,234	3,439	126	20,373	18,157	38,530

NOTES TO FINANCIAL STATEMENTS

31 December 2025

8. DIRECTORS' AND SUPERVISORS' REMUNERATION (CONTINUED)

Notes:

(a) Dr. He Ruyi resigned as an executive director of the Company in February 2025. The share awards after resignation lapsed during the reporting period. Consequently, the previously recognized but unexercised share-based payment expenses were reversed, leading to a negative amount for the share-based payment expenses in 2025.

(b) Mr. Wen Qingkai was appointed as an executive director of the Company in April 2025.

(c) Mr. Huang Guobin was appointed as a independent non-executive director of the Company in January 2025.

(d) Ms. Ma Lan resigned as an independent non-executive director of the Company in January 2025.

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

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included one director (2024: three directors), details of whose remuneration are set out in note 8 above. Details of the remuneration for the remaining four (2024: two) highest paid employees who were neither a director nor supervisor of the Company during the year are as follows:

	2025	2024
	RMB'000	RMB'000
Salaries, allowances and benefits in kind	**19,190**	9,350
Performance-related bonuses	**960**	27
Pension scheme contributions	**86**	42
Share-based payment expenses	**16,062**	8,901
Total	**36,298**	18,320

NOTES TO FINANCIAL STATEMENTS

31 December 2025

9. FIVE HIGHEST PAID EMPLOYEES (CONTINUED)

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

	Number of employees	
	2025	2024
RMB5,000,000 to RMB6,000,000	**2**	–
RMB6,000,001 to RMB7,000,000	**–**	–
RMB7,000,001 to RMB8,000,000	**–**	–
RMB8,000,001 to RMB9,000,000	**–**	1
RMB9,000,001 to RMB10,000,000	**–**	1
RMB10,000,001 to RMB11,000,000	**1**	–
Over RMB11,000,001	**1**	–
Total	**4**	2

During the year, share awards were granted to the five highest paid employees in respect of their services to the Group, further details of which are included in the disclosures in note 31 to the financial statements. The fair value of such awarded shares, which has been recognised in the consolidated statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the year is included in the above five highest paid employees' remuneration disclosures.

10. INCOME TAX

The provision for corporate income tax in Chinese Mainland is based on the statutory rate of 25% of the assessable profits as determined in accordance with the PRC Corporate Income Tax ("CIT") Law which was approved and became effective on 1 January 2008.

The Company has been recognised as a High New Tech Enterprise since 2022 and entitled to a reduced corporate income tax rate of 15% according to the tax incentives of the CIT Law for High New Tech Enterprises.

Ruimeijing (Beijing) Pharmaceutical Technology Co., Ltd. was entitled to a preferential tax rate of 20%, because it was regarded as a "small-scaled minimal profit enterprise" during the corresponding period in 2025. The subsidiaries incorporated in Chinese Mainland were entitled to a tax rate of 25% during the corresponding period in 2025.

The subsidiary incorporated in the United States of America is subject to America federal income tax at a rate of 21% and California state income tax at a rate of 8.84%.

The subsidiary incorporated in Hong Kong is subject to Hong Kong profits tax at the rate of 8.25% for taxable income not exceeding HKD2,000,000, and 16.5% for taxable income exceeding HKD2,000,000 on any estimated assessable profits arising in Hong Kong.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

10. INCOME TAX (CONTINUED)

The subsidiary incorporated in Australia is subject to Australia profits tax at the rate of 25% on any estimated assessable profits arising in Australia.

The income tax expense of the Group for the year is analysed as follows:

	2025 RMB'000	2024 RMB'000
Current		
Charge for the year	**749**	–
Deferred	**–**	–
Total	**749**	–

A reconciliation of the tax expense charged/(credit) applicable to loss before tax at the statutory tax rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rate is as follows:

	2025 RMB'000	2024 RMB'000
Profit/(Loss) before tax	**710,399**	(1,468,362)
Tax at the statutory tax rates	**181,448**	(365,219)
Lower tax rates enacted by local authority	**(68,307)**	143,068
Expenses not deductible for tax	**5,006**	17,436
Additional deductible allowance for research and development expenses	**(291,447)**	45,965
Share of the associates' loss for the year	**85**	16
Effect of deemed sales	**3,820**	4,978
Deductible temporary difference and tax losses not recognised	**170,144**	153,756
Tax charge at the Group's effective rate	**749**	–

The share of tax attributable to the associates' profit/(loss) for the year amounting to RMB85,000 (2024: RMB16,000), is included in "Share of the associates' profit/(loss) for the year" in the consolidated statement of profit or loss.

11. DIVIDENDS

No dividend has been declared and paid by the Company during the year (2024: Nil).

NOTES TO FINANCIAL STATEMENTS

31 December 2025

12. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings/(loss) per share amount is based on the profit/(loss) for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 549,762,637 (2024: 537,393,410) outstanding during the year, as adjusted to reflect the rights issue during the year.

The calculation of the diluted earnings/(loss) per share amount is based on the profit/(loss) for the year attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares outstanding during the year, as used in the basic earnings/(loss) per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted earnings/(loss) per share are based on:

	2025	2024
	RMB'000	RMB'000
Earnings/(Loss)		
Profit/(Loss) attributable to ordinary equity holders of the parent, used in the basic earnings/(loss) per share calculation	**709,650**	(1,468,362)
Dilutive potential conversion expenses	**–**	–
Profit/(Loss) attributable to ordinary equity holders of the parent	**709,650**	(1,468,362)

	2025	2024
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings/(loss) per share calculation	**549,762,637**	537,393,410
Effect of dilution – weighted average number of ordinary shares:		
Share awards	**1,108,259**	131,728
Total	**550,870,896**	537,525,138

NOTES TO FINANCIAL STATEMENTS

31 December 2025

13. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Plant and machinery RMB'000	Office equipment and others RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Leasehold improvements RMB'000	Total RMB'000
31 December 2025							
At 1 January 2025:							
Cost	1,490,497	1,596,454	91,650	1,216	283,230	6,030	3,469,077
Accumulated depreciation	206,740	462,932	52,648	315	–	2,738	725,373
Net carrying amount	1,283,757	1,133,522	39,002	901	283,230	3,292	2,743,704
At 1 January 2025, net of accumulated depreciation	1,283,757	1,133,522	39,002	901	283,230	3,292	2,743,704
Additions	344	3,769	17	213	456,281	169	460,793
Disposals	–	(2,975)	(5)	–	–	–	(2,980)
Depreciation provided during the year	(90,601)	(156,965)	(1,409)	(605)	–	(3,208)	(252,788)
Adjustment	23,714	5,368	(30,672)	1,502	–	–	(88)
Transfers	38,373	35,683	61	–	(74,117)	–	–
Transfers to intangible assets (note 15)	–	–	–	–	(18,571)	–	(18,571)
Exchange realignment	–	(331)	(19)	–	–	–	(350)
At 31 December 2025, net of accumulated depreciation	1,255,587	1,018,071	6,975	2,011	646,823	253	2,929,720
At 31 December 2025:							
Cost	1,567,115	1,659,292	15,651	4,550	646,823	10,306	3,903,737
Accumulated depreciation	311,528	641,221	8,676	2,539	–	10,053	974,017
Net carrying amount	1,255,587	1,018,071	6,975	2,011	646,823	253	2,929,720

NOTES TO FINANCIAL STATEMENTS

31 December 2025

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Buildings RMB'000	Plant and machinery RMB'000	Office equipment and others RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Leasehold improvements RMB'000	Total RMB'000
31 December 2024							
At 1 January 2024:							
Cost	1,346,765	1,096,674	83,605	922	795,718	9,454	3,333,138
Accumulated depreciation	125,927	328,949	41,391	392	–	3,424	500,083
Net carrying amount	1,220,838	767,725	42,214	530	795,718	6,030	2,833,055
At 1 January 2024, net of accumulated depreciation	1,220,838	767,725	42,214	530	795,718	6,030	2,833,055
Additions	2,242	17,250	4,936	829	135,216	727	161,200
Disposals	–	(2,202)	(70)	(377)	–	–	(2,649)
Depreciation provided during the year	(80,813)	(135,806)	(11,733)	(156)	–	(3,465)	(231,973)
Adjustment	(10,024)	–	–	–	–	–	(10,024)
Transfers	151,514	486,299	3,640	75	(641,528)	–	–
Transfers to intangible assets (note 15)	–	–	–	–	(6,176)	–	(6,176)
Exchange realignment	–	256	15	–	–	–	271
At 31 December 2024, net of accumulated depreciation	1,283,757	1,133,522	39,002	901	283,230	3,292	2,743,704
At 31 December 2024:							
Cost	1,490,497	1,596,454	91,650	1,216	283,230	6,030	3,469,077
Accumulated depreciation	206,740	462,932	52,648	315	–	2,738	725,373
Net carrying amount	1,283,757	1,133,522	39,002	901	283,230	3,292	2,743,704

At 31 December 2025, certain of the Group's buildings with a net carrying amount of approximately RMB869,509,000 were pledged to secure general banking facilities granted to the Group (note 26 and note 33) (As at 31 December 2024: RMB881,440,000).

NOTES TO FINANCIAL STATEMENTS

31 December 2025

14. LEASES

The Group as a lessee

The Group has lease contracts for various items of land use rights, buildings, plant and machinery used in its operations. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 50 years, and no ongoing payments will be made under the terms of these land leases. Leases of buildings, plant and machinery generally have lease terms between 1 and 5 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:

	Land use rights RMB'000	Buildings RMB'000	Plant and machinery RMB'000	Motor vehicles RMB'000	Total RMB'000
As at 1 January 2024	119,487	129,491	2,600	158	251,736
Additions	–	18,037	4,953	497	23,487
Depreciation charge	(2,499)	(57,058)	(3,797)	(242)	(63,596)
Other	–	(902)	(58)	(206)	(1,166)
Exchange realignment	–	281	–	–	281
As at 31 December 2024 and 1 January 2025	116,988	89,849	3,698	207	210,742
Additions	–	2,694	–	–	2,694
Depreciation charge	(2,499)	(53,823)	(3,589)	(21)	(59,932)
Other	–	(1,658)	(109)	(186)	(1,953)
Exchange realignment	–	(472)	–	–	(472)
As at 31 December 2025	114,489	36,590	–	–	151,079

Land use rights represent the land use rights granted by the PRC government authority on the use of land within the pre-approved lease period, and the original terms of the land use rights of the Group held in the PRC are 50 years up to December 2061, June 2062 and April 2070, respectively.

At 31 December 2025, certain of the Group's land use rights with a net carrying amount of approximately RMB26,959,000 were pledged to secure general banking facilities granted to the Group (note 26 and note 33) (As at 31 December 2024: RMB27,568,000).

14. LEASES (CONTINUED)

The Group as a lessee (continued)

(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	**104,393**	133,046
New lease arrangements	**2,853**	22,770
Accretion of interest recognised during the year	**3,125**	5,824
Payments	**(64,954)**	(56,353)
Other	**(1,785)**	(1,212)
Exchange realignment	**(495)**	318
Carrying amount at 31 December	**43,137**	104,393
Analysed into:		
Current portion	**23,404**	62,299
Non-current portion	**19,733**	42,094

The maturity analysis of lease liabilities is disclosed in note 38 to the financial statements.

The payments of lease liabilities to a related party for the year ended 31 December 2025 were RMB43,209,000 (2024: RMB35,833,000), details of which are included in note 35 to the financial statements.

The balances of lease liabilities due to a related party as at 31 December 2025 were RMB4,087,000 (2024: RMB48,427,000), details of which are included in note 35 to the financial statements.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

14. LEASES (CONTINUED)

The Group as a lessee (continued)

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

	2025 RMB'000	2024 RMB'000
Interest on lease liabilities (note 7)	**3,125**	5,824
Depreciation charge of right-of-use assets	**59,932**	63,596
Expense relating to short-term leases*	**1,463**	1,759
Expense relating to leases of low-value assets*	**2,801**	3,899
Total amount recognised in profit or loss	**67,321**	75,078

* Included in "Administrative expenses" and "Selling and distribution expenses" in the consolidated statement of profit or loss.

The total cash outflow for leases included in the consolidated statement of cash flows is disclosed in note 32(c) to the financial statements.

The Group as a lessor

The Group leases its properties under operating lease arrangements. Rental income recognised by the Group for the year ended 31 December 2025 was RMB4,335,000 (2024: RMB2,790,000), details of which are included in note 5 to the financial statements.

At 31 December 2025, the undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	2025 RMB'000	2024 RMB'000
Within one year	**2,378**	3,105
After one year but within five years	**3,162**	285
Total	**5,540**	3,390

NOTES TO FINANCIAL STATEMENTS

31 December 2025

15. OTHER INTANGIBLE ASSETS

	Patents and licenses RMB'000	Software RMB'000	Total RMB'000
31 December 2025			
Cost at 1 January 2025, net of accumulated amortisation	**–**	**26,143**	**26,143**
Additions	**–**	**240**	**240**
Transfers from property, plant and equipment (note 13)	**–**	**18,571**	**18,571**
Amortisation provided during the year	**–**	**(6,957)**	**(6,957)**
Exchange realignment	**–**	**(2)**	**(2)**
At 31 December 2025	**–**	**37,995**	**37,995**
At 31 December 2025:			
Cost	**13,387**	**57,957**	**71,344**
Accumulated amortisation	**(13,387)**	**(19,962)**	**(33,349)**
Net carrying amount	**–**	**37,995**	**37,995**

	Patents and licenses RMB'000	Software RMB'000	Total RMB'000
31 December 2024			
Cost at 1 January 2024, net of accumulated amortisation	–	24,294	24,294
Additions	–	714	714
Transfers from property, plant and equipment (note 13)	–	6,176	6,176
Amortisation provided during the year	–	(5,040)	(5,040)
Exchange realignment	–	(1)	(1)
At 31 December 2024	–	26,143	26,143
At 31 December 2024:			
Cost	13,387	39,151	52,538
Accumulated amortisation	(13,387)	(13,008)	(26,395)
Net carrying amount	–	26,143	26,143

NOTES TO FINANCIAL STATEMENTS

31 December 2025

16. INVESTMENT IN ASSOCIATES

	2025 RMB'000	2024 RMB'000
Share of net assets	**13,769**	8,851

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	2025 RMB'000	2024 RMB'000
Share of the associates' profit/(loss) for the year	**564**	(104)
Share of the associates' total comprehensive income/(loss)	**564**	(104)
Aggregate carrying amount of the Group's investment in the associates	**13,769**	8,851

17. EQUITY INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2025 RMB'000	2024 RMB'000
Equity investments designated at fair value through other comprehensive income		
Listed equity investments, at fair value		
Biocytogen Pharmaceuticals (Beijing) Co., Ltd.	**84,077**	24,464
ImmuneOnco Biopharmaceuticals (Shanghai) Inc.	**6,104**	5,561
Wuhan YZY Biopharma Co., Ltd.	**24,993**	26,264
Subtotal	**115,174**	56,289
An unlisted equity investment, at fair value		
Yantai Heyuan Addis Biomedical Technology, Ltd.*	**–**	3,024
Total	**115,174**	59,313

* The English names of the entities represent the best efforts made by the management of the Group to translate the Chinese name as it did not have an official English name registered in the PRC.

The above equity investments were irrevocably designated as at fair value through other comprehensive income as the Group considers these investments to be strategic in nature.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2025 RMB'000	2024 RMB'000
Warrants (Note 1)	**1,215,511**	–
An unlisted investment at fair value through profit or loss (Note 2)	**10,084**	4,037
Total	**1,225,595**	4,037

Note 1: As at 31 December 2025, the Group held warrants issued by VOR BIOPHARMA INC. ("VOR"). These warrants were part of the consideration paid by the Group for the license agreement reached with VOR in 2025. These warrants were classified as financial assets at fair value through profit or loss.

Note 2: On 18 December 2023, the Company invested in Hainan Renze Zhenji Venture Capital Fund Partnership LLP based on the proposal for the purchase of a 6.21% equity interest in Hainan Renze Zhenji Venture Capital Fund Partnership LLP. As at 31 December 2025, the Group held a 7.71% equity interest in Hainan Renze Zhenji Venture Capital Fund Partnership LLP with no control, joint control or significant influence, the equity investment is recognised as financial assets at fair value through profit or loss. As the Company expected to hold the equity investment for a period of more than one year, the investment was classified as non-current assets as at 31 December 2025.

19. OTHER NON-CURRENT ASSETS

	2025 RMB'000	2024 RMB'000
Prepayments for property, plant and equipment	**3,700**	141,048
Deferred expenses	**413**	1,033
Others	**3,602**	13,212
Total	**7,715**	155,293

NOTES TO FINANCIAL STATEMENTS

31 December 2025

20. INVENTORIES

	2025 RMB'000	2024 RMB'000
Working in progress	**379,255**	409,977
Raw materials	**226,008**	222,000
Finished goods	**35,100**	28,040
Contract fulfillment costs	**23,399**	–
Low-value consumption materials	**278**	599
Less: Impairment	**(2,555)**	(1,247)
Total	**661,485**	659,369

The movements in provision for impairment of inventories are as follows:

	2025 RMB'000	2024 RMB'000
At the beginning of the year	**1,247**	4,204
Impairment losses	**1,953**	9,555
Less: Amounts written off	**(645)**	(12,512)
At the end of the year	**2,555**	1,247

NOTES TO FINANCIAL STATEMENTS

31 December 2025

21. TRADE AND BILLS RECEIVABLES

	2025 RMB'000	2024 RMB'000
Trade receivables	**445,026**	403,567
Impairment	**(22,251)**	(20,178)
Trade receivables, net	**422,775**	383,389
Bills receivable	**295,314**	215,398
Total	**718,089**	598,787

Trade receivables mainly consist of receivables of sales of goods.

For receivables of sales of goods, the Group's trading terms with its customers are mainly on credit. The credit period offered by the Group is generally one month, and for major customers can extend up to three months.

The Group does not hold any collateral or other credit enhancements over these balances. Trade receivables are non-interest-bearing.

At 31 December 2025, the Group has pledged bills receivable of approximately RMB177,911,000 (2024: RMB141,186,000) to secure a bank loan (note 26 and note 33).

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

	2025 RMB'000	2024 RMB'000
Within 1 year	**422,775**	383,389

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

	2025 RMB'000	2024 RMB'000
At beginning of year	**20,178**	15,667
Impairment losses, net (note 6)	**2,073**	4,511
Amount written off as uncollectible	**–**	–
At end of year	**22,251**	20,178

Details of impairment assessment of trade receivables are set out in note 37.

The expected loss rate for the trade receivables generated from the sales of goods not past due is assessed to be 5%. There is no overdue balance as at 31 December 2025. The directors of the Company are of the opinion that the provision for ECLs in respect of these balances is sufficient.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

22. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2025 RMB'000	2024 RMB'000
Value-added tax recoverable	**4,026**	3,185
Prepayments	**91,735**	241,374
Due from related parties (note 35)	**9**	34
Deposits and other receivables	**102,896**	35,468
	198,666	280,061
Impairment allowance	**(9,414)**	(10,911)
Total	**189,252**	269,150

Financial assets included in prepayments, other receivables and other assets mainly represent deposits with suppliers and other parties. The Group has applied the general approach to provide for expected credit losses for non-trade other receivables under IFRS 9. Other receivables had no historical default, the financial assets included in the above balances were categorised in stage 1 at the end of the year. In calculating the expected credit loss rate, the Group considers the flow rate and adjusts for forward-looking macroeconomic data.

The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be normal because they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk.

The Group applies an ECLs model to evaluate the credit losses for other receivables. The movements in provision for impairment of other receivables are as follows:

	2025 RMB'000	2024 RMB'000
At beginning of year	**10,911**	4,334
Impairment losses, net (note 6)	**(1,497)**	6,577
At end of year	**9,414**	10,911

NOTES TO FINANCIAL STATEMENTS

31 December 2025

23. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	2025 RMB'000	2024 RMB'000
Cash and bank balances	**1,198,199**	763,130
Subtotal	**1,198,199**	763,130
Less: Pledged for wages of migrant workers (note (a))	**(2,807)**	(2,805)
Interest receivable recorded in pledged deposits (note (b))	**(143)**	(157)
Pledged for office lease (note (c))	**(650)**	(638)
Margin for Stock Repurchase (note (d))	**(40,000)**	–
Cash and cash equivalents	**1,154,599**	759,530

Notes:

(a) As at 31 December 2025, the amounts of bank balances of RMB2,807,000 were pledged for wages of migrant workers (2024: RMB2,805,000) (note 33).

(b) As at 31 December 2025, the amounts of interest receivable of RMB143,000 recorded in bank balances (2024: RMB157,000) (note 33).

(c) As at 31 December 2025, the amounts of bank balances of RMB650,000 (2024: RMB638,000) were pledged for an office lease (note 33).

(d) As at 31 December 2025, the amounts of bank balances of RMB40,000,000 (2024: Nil) were restricted for stock repurchase (note 33).

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

NOTES TO FINANCIAL STATEMENTS

31 December 2025

23. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS (CONTINUED)

The Group's cash and cash equivalents as at the end of the year are denominated in the following currencies:

	2025 RMB'000	2024 RMB'000
Denominated in RMB	**910,358**	695,321
Denominated in HKD	**108,028**	1,765
Denominated in USD	**135,975**	62,099
Denominated in EUR	**162**	–
Denominated in CHF	**47**	–
Denominated in AUD	**29**	345
Total	**1,154,599**	759,530

The RMB is not freely convertible into other currencies, however, under Chinese Mainland's Foreign Exchange Control Regulations and Administration of Settlement, 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. The bank balances are deposited with creditworthy banks with no recent history of default.

24. TRADE PAYABLES

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

	2025 RMB'000	2024 RMB'000
Within 3 months	**190,347**	114,296
3 to 6 months	**53,758**	29,284
6 months to 1 year	**26,206**	17,102
Over 1 year	**15,540**	1,568
Total	**285,851**	162,250

The Group's trade payables included RMB22,206,000 due to the Group's related parties as at 31 December 2025 (31 December 2024: RMB12,634,000) (note 35).

Other than the trade payables due to the Group's related parties, trade payables are normally settled on terms of one to six months.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

25. OTHER PAYABLES AND ACCRUALS

	2025 RMB'000	2024 RMB'000
Contract liabilities	**320,104**	3,144
Payables for purchase of property, plant and equipment	**233,892**	198,565
Payroll payable	**217,483**	209,986
Other tax payables	**75,868**	37,058
Accruals	**43,513**	47,970
Due to related parties (note 35)	**6,053**	6,237
Other payables	**116,215**	62,224
Total	**1,013,128**	565,184

Other payables are non-interest-bearing and repayable on demand.

The Group's contract liabilities included an amount of RMB252,000,000.00, primarily attributable to advance payments received under the licensing agreement with Santen Pharmaceutical (China) Co., Ltd. in 2025.

26. INTEREST-BEARING BANK BORROWINGS

	As at 31 December 2025		
	Effective interest rate (%)	maturity	RMB'000
Current			
Bank loans – secured	**2.65/2.8**	**2026**	**627,019**
Bank loans – unsecured	**2.1~3.0**	**2026**	**799,387**
Total – current			**1,426,406**
Non-current			
Bank loans – secured	**2.7~2.8**	**2030**	**696,202**
Bank loans – unsecured	**1.80**	**2028**	**35,964**
Total – non-current			**732,166**
Total			**2,158,572**

NOTES TO FINANCIAL STATEMENTS

31 December 2025

26. INTEREST-BEARING BANK BORROWINGS (CONTINUED)

	2025 RMB'000	2024 RMB'000
Bank loans repayable:		
Within one year or on demand	**1,426,406**	1,370,240
In the second year	**–**	401,328
In the third to fifth years, inclusive	**35,964**	794,550
Beyond five years	**696,202**	–
Total	**2,158,572**	2,566,118

Note:

As at the end of the reporting period, certain of the Group's bank loans are secured by the pledge of the following assets of the Group.

	Notes	2025 RMB'000	2024 RMB'000
Property, plant and equipment	13	**869,509**	881,440
Land use rights	14	**26,959**	27,568
Bills receivable	21	**177,911**	141,186
Total		**1,074,379**	1,050,194

In addition, the Group used certain patent rights as pledge and obtained a pledge loan of RMB244,505,000.

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	**758,535**	1,771,568
Variable interest rate	**1,400,037**	794,550
Total	**2,158,572**	2,566,118

NOTES TO FINANCIAL STATEMENTS

31 December 2025

27. DEFERRED TAX

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

Deferred tax liabilities

	2025			
	Fair value adjustments of equity investments at fair value through profit or loss RMB'000	Fair value adjustments of equity investments at fair value through other comprehensive income RMB'000	Right-of-use assets RMB'000	Total RMB'000
At 31 December 2024 and 1 January 2025	–	–	18,960	18,960
Deferred tax charged/(credited) to the statement of profit or loss during the year	96,646	–	(10,319)	86,327
Deferred tax charged to the statement of other comprehensive income during the year	–	10,610	–	10,610
Gross deferred tax liabilities at 31 December 2025	96,646	10,610	8,641	115,897

Deferred tax assets

	2025		
	Losses available for offsetting against future taxable profits RMB'000	Lease liabilities RMB'000	Total RMB'000
At 31 December 2024 and 1 January 2025	–	18,960	18,960
Deferred tax credited/(charged) to the statement of profit or loss during the year	96,646	(10,319)	86,327
Gross deferred tax liabilities at 31 December 2025	96,646	8,641	105,287

NOTES TO FINANCIAL STATEMENTS

31 December 2025

27. DEFERRED TAX (CONTINUED)

Deferred tax liabilities

	2024		
	Fair value adjustments of equity investments at fair value through other comprehensive income RMB'000	Right-of-use assets RMB'000	Total RMB'000
At 31 December 2023 and 1 January 2024	1,511	24,495	26,006
Deferred tax credited to the statement of profit or loss during the year	–	(5,535)	(5,535)
Deferred tax credited to the statement of other comprehensive income during the year	(1,511)	–	(1,511)
Gross deferred tax liabilities at 31 December 2024	–	18,960	18,960

Deferred tax assets

	2024 Lease liabilities RMB'000
At 31 December 2023 and 1 January 2024	24,495
Deferred tax charged to the statement of profit or loss during the year	(5,535)
Gross deferred tax liabilities at 31 December 2024	18,960

27. DEFERRED TAX (CONTINUED)

Deferred tax assets (continued)

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

	2025 RMB'000	2024 RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	–	–
Net deferred tax liabilities recognised in the consolidated statement of financial position	10,610	–

The Company has been recognised as High and New Technology Enterprises in 2022, and the losses for the portion that has not been offset yet, can be offset against future taxable profits of the Company in ten years. The Group has tax losses of RMB9,076,832,000 (2024: RMB8,026,079,000) and certain deductible temporary difference of RMB860,969,000 (2024: RMB850,207,000) as at the end of the year. The tax losses in Chinese Mainland will expire in one to ten years for offsetting against future taxable profits of the companies in which the losses arose. The tax loss outside of Chinese Mainland will be carried forward indefinitely for offsetting against future taxable profits of the companies in which the losses arose.

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

	2025 RMB'000	2024 RMB'000
Deductible temporary differences	860,969	850,207
Tax losses	9,076,832	8,026,079
Total	9,937,801	8,876,286

Deferred tax assets have not been recognised in respect of unused tax loss and certain deductible temporary difference as the Group is not probable that future taxable profits against which the losses or deductible temporary differences can be utilised will be available in the relevant tax jurisdictions and entities.

At 31 December 2025, there was no significant unrecognised deferred tax liability (2024: Nil) for taxes that would be payable on the unremitted earnings of the Group's subsidiaries or associates as the Group has no liability to additional tax should such amounts be remitted due to the availability of double taxation relief.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

28. DEFERRED INCOME

	2025 RMB'000	2024 RMB'000
Government grants:		
Current	**4,867**	9,799
Non-current	**84,416**	86,250
Total	**89,283**	96,049

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

	2025 RMB'000	2024 RMB'000
At beginning of year	**96,049**	46,076
Grants received during the year	**7,810**	70,393
Released to profit or loss during the year	**(14,576)**	(20,341)
True-up	**–**	(79)
At end of year	**89,283**	96,049

The grants are related to the subsidies received from the government for the purpose of compensation for expenses arising from research activities and clinical trial, an award for new drug development and capital expenditure incurred on certain projects.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

29. SHARE CAPITAL

Shares

	2025 RMB'000	2024 RMB'000
Issued and fully paid:		
563,710,243 (2024: 544,263,003) ordinary shares	**563,710**	544,332

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

Share capital

	Number of shares in issue	Share capital RMB'000
At 31 December 2024 and 1 January 2025	544,332,083	544,332
Issue of shares	19,000,000	19,000
Share awards exercised	378,160	378
Subtotal	563,710,243	563,710
At 31 December 2025	563,710,243	563,710

30. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity.

Share premium

The share premium of the Group represents the premium in issuing shares.

Other reserve

Other reserve of the Group represents the share-based compensation reserve from the equity-settled share award. The disclosures are included in note 31 "SHARE AWARD".

Fair value reserve

It represents the fair value of equity investments at fair value through other comprehensive income.

Exchange fluctuation reserve

The exchange fluctuation reserve is used to record exchange differences arising from the translation of the financial statements of entities of which the functional currency is not RMB.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

31. SHARE AWARD

(1) Restricted stock

In December 2019, RC-Biology Investment Ltd. ("RC-Biology"), a company limited by shares and incorporated in the British Virgin Islands was established by the Concert Parties of the Group and acquired shares from the original shareholder of the Group as the Group's immediate shareholders. The purpose to establish RC-Biology was to hold incentive shares for the foreign employees.

On 5 May 2020, 8,624,319 special shares of the RC-Biology ("Special Shares") were granted to nine foreign employees (the "Purchasers"). According to the agreement, upon each twelve-month anniversary of the initial public offering date of the Group, 20% of the Special Shares that are not vested ("Unvested Shares") will become Special Shares that are vested ("Vested Shares"), if the Purchasers provide continuous full-time employment to the Company or its affiliates through each such anniversary date. No Unvested Shares will become Vested Shares after the date on which the Purchasers' employment is terminated.

On 27 July 2020, 1,320,000 special shares of RC-Biology ("Special Shares") were granted to a foreign employee (the "Purchaser"). According to the agreement, upon each twelve-month anniversary of the initial public offering date of the Group, 20% of the Special Shares that are not vested ("Unvested Shares") will become Special Shares that are vested ("Vested Shares"), if the Purchasers provide continuous full-time employment to the Company or its affiliates through each such anniversary date. No Unvested Shares will become Vested Shares after the date on which the Purchasers' employment is terminated.

During the year, share award expenses (including the above incremental share-based payments) of RMB709,000 (2024: RMB2,100,000) were charged to profit or loss.

(2) The H Share Award and Trust Scheme

The Company has implemented an share award scheme (hereinafter referred to as "the scheme") with the objectives of attracting, motivating and retaining skilled and experienced personnel for the future expansion of the Group; deepening the reform of the Group's remuneration system, developing and continuously improving the balance of interests between shareholders, operational and executive management and to recognise the contribution of the Company's leadership, including the directors; to encourage, motivate and retain the Company's leadership who contribute to the continued operation, development and long-term growth of the Group; and to provide other incentives for the Company's leadership and long-term employees to align the interests of the Company's leadership with those of shareholders and the Group as a whole. Eligible persons include any full-time PRC or non-PRC employees of any member of the Group, i.e. directors, senior management, members of key operating teams, employees or consultants of the Group.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

31. SHARE AWARD (CONTINUED)

(2) The H Share Award and Trust Scheme (continued)

The First H Share Award and Trust Scheme have taken effect on 23 March 2021, and will be effective for 10 years from that date unless cancelled or modified. The maximum number of unexercised share awards currently granted under the scheme is 7,347,550 H shares.

The Second H Share Award and Trust Scheme have taken effect on 14 July 2023, and will be effective for 10 years from that date unless cancelled or modified. The maximum number of unexercised share awards currently granted under the scheme is 27,213,150 H shares.

According to the scheme, the maximum number of shares of share awards granted to each qualified person in any 12-month period is 1% of the shares issued by the Company at any time. The grant of share awards exceeding the upper limit shall be approved by the shareholders' meeting.

All awards under this scheme are assigned in one, two, four or five equal amounts, each of which is a "vesting period". The specific start date and duration of each vesting period and the actual vesting amount of the awards granted to the selected incentive objects in each vesting period shall be listed in the award letter approved by the board of directors or its authorised personnel. The exercise period of the granted share award shall be decided by the board of directors, which shall start after the waiting period of 0 to 5 years and end within 10 years from the date of offering the granted share award or the expiration date of the scheme, whichever is earlier.

The share award does not give the holder the right to obtain dividends or the right to vote at the shareholders' meeting.

The value per share of the equity incentives granted in 2025 ranged from nil per share to RMB95.45 per share (2024: ranged from RMB0.47 per share to RMB51.72 per share). During the year, share award expenses of RMB22,561,000 (2024: RMB27,600,000) were charged to profit or loss and RMB1,757,000 (2024: RMB324,000) were charged to inventories.

The fair value of the equity-settled equity incentive granted on the grant date is estimated using the Black-Scholes option pricing model and the enterprise value distribution model, in combination with the terms and conditions of the equity incentive granted. The following table lists the inputs to the model used:

	2025	2024
Expected volatility (%)	**16.42-35.82**	29.38-41.10
Risk-free interest rate (%)	**0.95-1.63**	1.08-2.16
Expected life (year)	**0-5**	1-4
Weighted average share price (RMB per share)	**34**	22.37

NOTES TO FINANCIAL STATEMENTS

31 December 2025

31. SHARE AWARD (CONTINUED)

(2) The H Share Award and Trust Scheme (continued)

The following share awards were outstanding under the scheme during the year:

	2025		2024	
	Weighted average exercise price RMB per share	Number of awards '000	Weighted average exercise price RMB per share	Number of awards '000
At 1 January	**17.75**	**6,021.33**	38.31	4,215.37
Granted during the year	**22.38**	**2,492.54**	22.37	3,004.28
Forfeited during the year	**14.10**	**(1,648.69)**	33.05	(820.13)
Exercised during the year	**22.82**	**(3,499.10)**	35.82	(378.19)
At 31 December		**3,366.08**		6,021.33

The weighted average share price at the date of exercise for share awards exercised during the year was RMB55.29 per share (2024: RMB35.82 per share).

The exercise prices ranged from nil per share to RMB59.79 per share (2024: ranged from nil per share to RMB42.38 per share), and exercise periods ranged from 5 years to 7 years (2024: ranged from 6 years to 8 years) of the share awards outstanding as at the end of the reporting period.

The exercise price of the equity incentive may be adjusted in accordance with the allotment of shares, the payment of stock dividends, or other similar changes in the Company's share capital.

The 3,499,095 share awards exercised during the year resulted in the issue of 3,499,095 ordinary shares of the Company and in a change in capital surplus of RMB66,431,000.

At the end of the reporting period, the Company had 3,366,076 share awards outstanding under the scheme. The exercise in full of the outstanding share awards would, under the present capital structure of the Company, result in the issue of 3,366,076 additional ordinary shares of the Company and other reserve reduces of RMB56,207,000.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

31. SHARE AWARD (CONTINUED)

(3) 2022 A share restricted stock incentive scheme

The Company has implemented a share award scheme (hereinafter referred to as "the scheme") to further improve the long-term incentive mechanism of the Company, to attract and retain outstanding talents, to fully motivate the staff of the Company, to effectively combine the interests of shareholders, the interests of the Company and the personal interests of the core team, and to bring all parties together to focus on the long-term development of the Company. Eligible persons include directors, senior management, core technical staff and other employees (excluding independent directors and supervisors) who are considered by the board of directors to be in need of incentive. The validity period of this incentive scheme is from 28 December 2022 to the date when all the restricted shares granted to the incentive objects are vested or invalidated, and the maximum period is not more than 84 months.

The number of restricted shares to be granted to incentive objects in the scheme is 3,580,000 shares. During 2022, 873,505 shares of Class A equity and 1,996,400 shares of Class B equity were granted for the first time, totally 2,869,450 shares; 710,550 shares were granted during 2023. The number of shares of the Company granted to any incentive object in this scheme through all the equity incentive scheme within the validity period does not exceed 1% of the total share capital of the Company.

The Class A interest under this scheme is divided into five equal amounts (i.e. 20%, 20%, 20%, 20% and 20%), each of which is a "vesting period". Class B interest under this scheme is divided into four groups (20%, 40%, 20% and 20%), each of which has a "vesting period". The actual number of awards granted to the grantees in each vesting period are affected by the performance appraisals. The exercise period of the granted share award shall be decided by the board of directors, which shall start after the waiting period of 1 to 5 years and end within 84 months from the date of offering the granted share award or the expiration date of the scheme, whichever is earlier.

The share awards do not give the holder the right to obtain dividends or the right to vote at the shareholders' meeting.

There was no A share restricted stock incentive scheme granted in 2025. During the year, share award expenses RMB4,141,000 (2024: RMB28,902,000) were charged to profit or loss and RMB443,000 (2024: RMB386,000) were charged to inventories.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

31. SHARE AWARD (CONTINUED)

(3) 2022 A share restricted stock incentive scheme (continued)

The fair value of the equity-settled equity incentive granted on the grant date is estimated using the Black-Scholes option pricing model and the enterprise value distribution model, in combination with the terms and conditions of the equity incentive granted.

The following restricted stock were outstanding under the Scheme during the year:

	2025		2024	
	Weighted average exercise price RMB per share	Number of awards '000	Weighted average exercise price RMB per share	Number of awards '000
At 1 January	36.36	2,915.88	36.36	3,355.00
Granted during the year	–	–	–	–
Forfeited during the year	36.36	(762.30)	36.36	(370.04)
Exercised during the year	36.36	(378.16)	36.36	(69.08)
At 31 December		1,775.42		2,915.88

The exercise prices and exercise periods of the share awards outstanding as at the end of the reporting period are as follows:

2025

Number of awards '000	Exercise price RMB per share	Exercise period
1,775.42	36.36	3 years

2024

Number of awards '000	Exercise price RMB per share	Exercise period
2,575.37	36.36	4 years

At the end of the reporting period, the Company had 1,775,000 share awards outstanding under the scheme. The exercise in full of the outstanding share awards would, under the present capital structure of the Company, result in the issue of 1,775,000 additional ordinary shares of the Company and additional share capital of RMB62,764,000 (before issue expenses).

NOTES TO FINANCIAL STATEMENTS

31 December 2025

31. SHARE AWARD (CONTINUED)

(4) 2023 A share restricted stock incentive scheme

The Company has implemented a share award scheme (hereinafter referred to as "the 2023 scheme") to further improve the long-term incentive mechanism of the Company, to attract and retain outstanding talents, to fully motivate the staff of the Company, to effectively combine the interests of shareholders, the interests of the Company and the personal interests of the core team, and to bring all parties together to focus on the long-term development of the Company. Eligible persons include directors, senior management, core technical staff and other employees (excluding independent directors and supervisors) who are considered by the board of directors to be in need of incentive. The validity period of this incentive scheme is from 28 December 2023 to the date when all the restricted shares granted to the incentive objects are vested or invalidated, and the maximum period is not more than 84 months.

The number of restricted shares to be granted to incentive objects in the scheme is 1,783,000 shares. During 2023, 1,432,000 shares were granted for the first time and 350,000 shares are reserved.

The share award under this scheme is divided into four groups (20%, 40%, 20% and 20%), each of which has a "vesting period". The actual number of awards granted to the grantees in each vesting period are affected by the performance appraisals. The exercise period of the granted share awards shall be decided by the board of directors, which shall start after the waiting period of 1 to 5 years and end within 84 months from the date of offering of the granted share awards or the expiration date of the 2023 scheme, whichever is earlier.

The share awards do not give the holder the right to obtain dividends or the right to vote at the shareholders' meeting.

There was no A share restricted stock incentive scheme granted in 2025. During the year, share award expenses RMB6,487,000 (2024: RMB9,413,000) were charged to profit or loss and RMB2,133,000 (2024: RMB223,000) were charged to inventories.

The fair value of the equity-settled equity incentive granted on the grant date is estimated using the Black-Scholes option pricing model and the enterprise value distribution model, in combination with the terms and conditions of the equity incentive granted.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

31. SHARE AWARD (CONTINUED)

(4) 2023 A share restricted stock incentive scheme (continued)

The following restricted stock were outstanding under the Scheme during the year:

	2025		2024	
	Weighted average exercise price RMB per share	Number of awards '000	Weighted average exercise price RMB per share	Number of awards '000
At 1 January	49.77	1,412.45	49.77	1,432.45
Granted during the year	–	–	–	–
Forfeited during the year	49.77	(60.00)	49.77	(20.00)
At 31 December		1,352.45		1,412.45

The exercise prices and exercise periods of the share awards outstanding as at the end of the reporting period are as follows:

2025

Number of awards '000	Exercise price RMB per share	Exercise period
1352.45	49.77	3 years

2024

Number of awards '000	Exercise price RMB per share	Exercise period
1,412.45	49.77	4 years

At the end of the reporting period, the Company had 1,352,000 share awards outstanding under the Scheme. The exercise in full of the outstanding share awards would, under the present capital structure of the Company, result in the issue of 1,352,000 additional ordinary shares of the Company and additional share capital of RMB67,289,000 (before issue expenses).

NOTES TO FINANCIAL STATEMENTS

31 December 2025

32. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year, the Group endorsed bank acceptance bills of RMB139,317,000 (2024: RMB99,633,000) received from sales of goods and provision of services.

Also, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB2,694,000 (2024: RMB23,487,000) and RMB2,853,000 (2024: RMB22,770,000), respectively, in respect of lease arrangements for plant and machinery, buildings and motor vehicles.

(b) Changes in liabilities arising from financing activities

Year ended 31 December 2025

	Interest-bearing bank and other borrowings RMB'000	Lease liabilities RMB'000
At 1 January 2025	**2,566,118**	**104,393**
Changes from financing cash flows	**(155,396)**	**(64,954)**
Accretion of interest	**71,069**	**3,125**
New lease arrangements	**–**	**2,853**
Other	**(323,219)**	**(2,280)**
At 31 December 2025	**2,158,572**	**43,137**

Year ended 31 December 2024

	Other payables and accruals RMB'000	Interest-bearing bank and other borrowings RMB'000	Lease liabilities RMB'000
At 1 January 2024	2,512	1,126,937	133,046
Changes from financing cash flows	–	1,477,058	(56,353)
Recognise as equity movement	(2,512)	–	–
Accretion of interest	–	71,281	5,824
New lease arrangements	–	–	22,770
Other	–	(109,158)	(894)
At 31 December 2024	–	2,566,118	104,393

NOTES TO FINANCIAL STATEMENTS

31 December 2025

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

(c) Total cash outflow for leases

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

	2025 RMB'000	2024 RMB'000
Within operating activities	**4,264**	5,658
Within financing activities	**64,954**	56,353
Total	**69,218**	62,011

33. PLEDGE OF ASSETS

Details of the Group's assets pledged for the Group's bills payable and general banking facilities are included in note 13, note 14, note 21, note 23 and note 26 to the financial statements.

34. COMMITMENTS

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

	2025 RMB'000	2024 RMB'000
Contracted, but not provided for:		
Purchases of items of property, plant and equipment	**106,610**	210,763

NOTES TO FINANCIAL STATEMENTS

31 December 2025

35. RELATED PARTY TRANSACTIONS

The directors are of the view that the following companies are related parties that have material transactions or balances with the Group during the year.

(a) Name and relationships of the related parties

Name	Relationship
Shanghai Kangkang Medical Technology Co., Ltd. (上海康康醫療科技有限公司) ("Kangkang")	(i)
Rongchang Pharmaceuticals (Zibo), Ltd.("榮昌製藥(淄博)有限公司") ("Rongchang Pharma (Zibo)")	(i)
Yantai Yeda International Biomedical Innovation Incubation Center Co., Ltd. (煙台業達國際生物醫藥創新孵化中心有限公司) ("Yeda International")	(i)
Yantai Rongchang Pharmaceutical Co., Ltd. (煙台榮昌製藥股份有限公司) ("Rongchang Pharmaceuticals")	(ii)
Yantai MabPlex International Biomedical Co., Ltd. (煙台邁百瑞國際生物醫藥股份有限公司) ("MabPlex International")	(iii)
Yantai Rongjing Investment and Operation Co., Ltd. (煙台榮景投資運營有限公司) ("Rongjing")	(iii)
MabPlex USA, Inc. ("MabPlex USA")	(iii)
Yantai CelluPro Biotechnology Co., Ltd. (煙台賽普生物技術有限公司) ("CelluPro Biotechnology")	(iv)

Notes:

(i) These entities were subsidiaries of Rongchang Pharmaceuticals which was majority-owned during the year by the Concert Parties as defined below.

(ii) Rongchang Pharmaceuticals held a 100% equity interest in the Company before December 2019.

The English names of the companies registered in the PRC represent the best efforts made by the management of the Company in directly translating the Chinese names of these companies as no English names have been registered.

Before the reorganisation of the Group in December 2019, all of the Group's paid-in capital was injected by Rongchang Pharmaceuticals. Pursuant to the Group reorganisation, the paid-in capital of the Group held by Rongchang Pharmaceuticals has been transferred to various shareholders in proportion to their respective shareholdings in Rongchang Pharmaceuticals.

Pursuant to a concert party agreement dated 31 March 2025 entered into amongst Dr. Fang Jianmin, Mr. Wang Weidong, Mr. Lin Jian, Mr. Xiong Xiaobin, Dr. Wang Liqiang, Mr. Wang Xudong, Mr. Deng Yong, Ms. Yang Minhua, Mr. Wen Qingkai and Mr. Wei Jianliang, Yantai Rongda Venture Capital Center (Limited Partnership), RongChang Holding Group Ltd., and I-NOVA Limited (together, the "Concert Parties"), the Concert Parties confirmed that they have acted in concert in the management, decision-making and all major decisions of the Group since 1 January 2017, and they have agreed to continue to act in concert and reach consensus on any proposal presented to the general meetings of the shareholders of the Company for voting. In the event they fail to reach such consensus, each of the Concert Parties shall exercise respective indirect voting rights in accordance with majority vote amongst the Concert Parties. The Concert Parties collectively held 38.55% of equity interests in the Company.

In the opinion of the directors, the Company was controlled by the Concert Parties during the year and up to the date of these financial statements.

(iii) These entities were controlled by the Concert Parties as defined above.

(iv) The entity was controlled by MabPlex International.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

35. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) In addition to the transactions detailed elsewhere in the financial statements, the Group had the following transactions with related parties during the year:

	Note	2025 RMB'000	2024 RMB'000
Rental income			
MabPlex International	(i)	**1,498**	1,488
Rongchang Pharmaceuticals	(i)	**1,211**	1,211
Total		**2,709**	2,699
Purchases of materials			
CelluPro Biotechnology	(i)	**37,127**	49,271
Purchases of services			
Kangkang	(i)	**25,750**	23,105
MabPlex International	(i)	**12,708**	52,939
Rongchang Pharmaceuticals	(i)	**41,800**	52,652
Yeda International	(i)	**783**	515
Rongchang Pharma (Zibo)	(i)	**48**	48
Rongjing	(i)	**908**	578
Total		**81,997**	129,837
Sales of goods			
Rongchang Pharmaceuticals	(i)	**–**	5
Rental expenses			
Yeda International	(i)	**72**	77
Repayment of lease liabilities			
Yeda International	(i)	**40,101**	32,129
MabPlex International	(i)	**2,677**	3,273
Rongchang Pharmaceuticals	(i)	**413**	413
Rongchang Pharma (Zibo)	(i)	**18**	18
Total		**43,209**	35,833

NOTES TO FINANCIAL STATEMENTS

31 December 2025

35. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) In addition to the transactions detailed elsewhere in the financial statements, the Group had the following transactions with related parties during the year: (continued)

	Note	2025 RMB'000	2024 RMB'000
Interest expenses on lease liabilities			
Yeda International	*(i)*	**810**	2,744
MabPlex International	*(i)*	**44**	269
Rongchang Pharmaceuticals	*(i)*	**10**	31
Rongchang Pharma (Zibo)	*(i)*	**–**	1
Total		**864**	3,045

Note:

(i) During the year, the transactions were carried out in accordance with mutually agreed terms and conditions.

(c) Outstanding balances with related parties:

	2025 RMB'000	2024 RMB'000
Prepayments, other receivables and other assets		
MabPlex International	**9**	34
Total	**9**	34
Trade payables		
Kangkang	**1,781**	–
MabPlex International	**–**	12,525
CelluPro Biotechnology	**20,425**	109
Total	**22,206**	12,634
Other payables and accruals		
Rongchang Pharmaceuticals	**5,326**	5,625
Yeda International	**727**	612
Total	**6,053**	6,237

NOTES TO FINANCIAL STATEMENTS

31 December 2025

35. RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Outstanding balances with related parties: (continued)

	2025 RMB'000	2024 RMB'000
Lease liabilities		
Yeda International	**3,870**	44,008
MabPlex International	**217**	3,998
Rongchang Pharmaceuticals	**–**	403
Rongchang Pharma (Zibo)	**–**	18
Total	**4,087**	48,427

Note:

The Group's balances due from and due to the related companies are trade in nature, unsecured, interest-free and have no fixed terms of repayment as at the end of year.

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

	2025 RMB'000	2024 RMB'000
Fees	**893**	1,574
Salaries, allowances and benefits in kind	**13,708**	21,158
Performance related bonuses	**2,511**	3,995
Pension scheme contributions	**155**	212
Share-based payment expenses	**7,755**	24,660
Total compensation paid to key management personnel	**25,022**	51,599

Further details of directors' and supervisors' remuneration are included in note 8 to the financial statements.

(e) Other transactions with related parties:

Rongchang Pharmaceuticals has guaranteed banking facilities granted to RemeGen Co., Ltd. amounting to RMB1,100,000,000 (2024: RMB1,100,000,000) as at the end of the reporting period.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

36. FINANCIAL INSTRUMENTS BY CATEGORY

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

As at 31 December 2025

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income			
	Equity investments at fair value through profit or loss RMB'000	Debt investments RMB'000	Equity investments RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000
Financial assets at fair value through profit or loss	1,225,595	–	–	–	1,225,595
Equity investment designated at fair value through other comprehensive income	–	–	115,174	–	115,174
Trade and bills receivables	–	58,786	–	659,303	718,089
Financial assets included in prepayments, other receivables and other assets	–	–	–	95,111	95,111
Pledged deposits	–	–	–	42,807	42,807
Other non-current assets	–	–	–	2,764	2,764
Interest receivable	–	–	–	143	143
Cash and cash equivalents	–	–	–	1,154,599	1,154,599
Total	1,225,595	58,786	115,174	1,954,727	3,354,282

Financial liabilities

	Financial liabilities at amortised cost RMB'000
Interest-bearing bank loans	2,228,292
Trade payables	285,851
Financial liabilities included in other payables and accruals	399,673
Lease liabilities	45,353
Total	2,959,169

NOTES TO FINANCIAL STATEMENTS

31 December 2025

36. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

The carrying amounts of each of the categories of financial instruments as at the end of the year are as follows: (continued)

As at 31 December 2024

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income			
	Equity investments at fair value through profit or loss RMB'000	Debt investments RMB'000	Equity investments RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000
Financial assets at fair value through profit or loss	4,037	–	–	–	4,037
Equity investment designated at fair value through other comprehensive income	–	–	59,313	–	59,313
Trade and bills receivables	–	11,098	–	587,689	598,787
Financial assets included in prepayments, other receivables and other assets	–	–	–	24,283	24,283
Pledged deposits	–	–	–	3,443	3,443
Other non-current assets	–	–	–	13,212	13,212
Interest receivable	–	–	–	157	157
Cash and cash equivalents	–	–	–	759,530	759,530
Total	4,037	11,098	59,313	1,388,314	1,462,762

Financial liabilities

	Financial liabilities at amortised cost RMB'000
Interest-bearing bank loans	2,758,498
Trade payables	162,250
Financial liabilities included in other payables and accruals	314,996
Lease liabilities	109,791
Total	3,345,535

37. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of pledged deposits, cash and cash equivalents, trade payables, financial assets included in prepayments, other receivables and other assets, financial liabilities included in other payables and accruals, and interest-bearing bank borrowings approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The carrying amounts of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	31 December 2025		31 December 2024	
	Carrying amount RMB'000	**Fair value RMB'000**	Carrying amount RMB'000	Fair value RMB'000
Financial assets				
Financial assets at fair value through profit or loss	**1,225,595**	**1,225,595**	4,037	4,037
Debt investments at fair value through other comprehensive income	**58,786**	**58,786**	11,098	11,098
Equity investment designated at fair value through other comprehensive income	**115,174**	**115,174**	59,313	59,313
Total	**1,399,555**	**1,399,555**	74,448	74,448

The Group's finance department headed by the financial controller is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The financial controller reports directly to the chief financial officer and the audit committee. 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 valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the directors periodically for interim and annual financial reporting.

The Group measures the fair value of unlisted equity investments reasonably based on assets-based method.

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 fair values of bills receivable and have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

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

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			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Financial assets at fair value through profit or loss	–	1,215,511	10,084	1,225,595
Equity investment designated at fair value through other comprehensive income	115,174	–	–	115,174
Debt investments at fair value through other comprehensive income	–	58,786	–	58,786
Total	115,174	1,274,297	10,084	1,399,555

As at 31 December 2024

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Financial assets at fair value through profit or loss	–	–	4,037	4,037
Equity investment designated at fair value through other comprehensive income	56,289	–	3,024	59,313
Debt investments at fair value through other comprehensive income	–	11,098	–	11,098
Total	56,289	11,098	7,061	74,448

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

Fair value hierarchy (continued)

The movements in fair value measurements within Level 3 during the year are as follows:

	2025 RMB'000	2024 RMB'000
Equity investment designated at fair value through other comprehensive income		
At beginning of year	**3,024**	2,845
Total (loss)/profit recognised in other comprehensive income	**(3,024)**	179
Equity investment designated at fair value through profit or loss		
At beginning of year	**4,037**	2,000
Purchase	**7,500**	500
Total (loss)/profit recognised in profit or loss	**(1,453)**	1,537
At end of the year	**10,084**	7,061

The equity investment designated at fair value through other comprehensive income and equity investment designated at fair value through profit or loss are unlisted equity investments held by the Group. The Group measures the fair value of equity investments reasonably based on investment costs.

Liabilities for which fair values are disclosed:

There were no liabilities for which fair values are disclosed as at 31 December 2025 (2024: Nil).

NOTES TO FINANCIAL STATEMENTS

31 December 2025

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments mainly comprise cash and bank balances and interest-bearing 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 bills receivable, other receivables, trade payables and other payables, which arise directly from its operations.

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

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long term debt obligations with a floating interest rate.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings) and the Group's equity.

	Increase/ (decrease) in basis points	Increase/ (decrease) in profit before tax RMB'000	Increase/ (decrease) in equity RMB'000
2025			
RMB	50	(4,742)	(4,742)
RMB	(50)	4,742	4,742

Foreign currency risk

Foreign currency risk is the risk of loss resulting from changes in foreign currency exchange rates. Fluctuations in exchange rates between RMB and other currencies in which the Group conducts business may affect the Group's financial condition and results of operations.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Foreign currency risk (continued)

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

	Increase/ (decrease) in the rate of foreign currency %	Increase/ (decrease) in profit before tax RMB'000	Increase/ (decrease) in equity RMB'000
31 December 2025			
If RMB weakens against USD	**5**	**19,709**	**19,709**
If RMB strengthens against USD	**(5)**	**(19,709)**	**(19,709)**
If RMB weakens against HKD	**5**	**7,347**	**7,347**
If RMB strengthens against HKD	**(5)**	**(7,347)**	**(7,347)**
31 December 2024			
If RMB weakens against USD	5	5,073	5,073
If RMB strengthens against USD	(5)	(5,073)	(5,073)
If RMB weakens against HKD	5	1,781	1,781
If RMB strengthens against HKD	(5)	(1,781)	(1,781)

Credit risk

The Group trades only with recognised and creditworthy parties. Receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, pledged deposits and financial assets included in prepayments, other receivables and other assets, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

For other receivables and other assets, management makes periodic collective assessment as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experience. The directors believe that there is no material credit risk inherent in the Group's outstanding balance of other receivables.

As at the end of the year, cash and cash equivalents were deposited in financial institutions in high quality without significant credit risk.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (continued)

Maximum exposure and year-end staging

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

The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2025

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Financial assets included in prepayments, other receivables and other assets	95,111	–	–	–	95,111
Trade and bills receivables*	–	–	–	718,089	718,089
Pledged deposits	42,807	–	–	–	42,807
Interest receivable	143	–	–	–	143
Cash and cash equivalents	1,154,599	–	–	–	1,154,599
Total	1,292,660	–	–	718,089	2,010,749

As at 31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Financial assets included in prepayments, other receivables and other assets	24,283	–	–	–	24,283
Trade and bills receivables*	–	–	–	598,787	598,787
Pledged deposits	3,443	–	–	–	3,443
Interest receivable	157	–	–	–	157
Cash and cash equivalents	759,530	–	–	–	759,530
Total	787,413	–	–	598,787	1,386,200

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

Further quantitative data in respect of the Group's exposure to credit risk arising from trade and bills receivables are disclosed in note 21 to the financial statements.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

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 year, based on the contractual undiscounted payments, is as follows:

As at 31 December 2025

	On demand RMB'000	Within one year RMB'000	One to five years RMB'000	Total RMB'000
Interest-bearing bank loans	–	1,462,070	766,222	2,228,292
Trade payables	–	285,851	–	285,851
Financial liabilities included in other payables and accruals	399,673	–	–	399,673
Lease liabilities	–	24,639	20,715	45,354
Total	399,673	1,772,560	786,937	2,959,170

As at 31 December 2024

	On demand RMB'000	Within one year RMB'000	One to five years RMB'000	Total RMB'000
Interest-bearing bank loans	–	1,438,936	1,319,562	2,758,498
Trade payables	–	162,250	–	162,250
Financial liabilities included in other payables and accruals	314,997	–	–	314,997
Lease liabilities	–	66,138	43,653	109,791
Total	314,997	1,667,324	1,363,215	3,345,536

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 return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the year ended 31 December 2025.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

39. EVENTS AFTER THE REPORTING PERIOD

The Company and AbbVie Inc. ("AbbVie") entered into an exclusive worldwide license agreement (the "License Agreement") in January 2026 to develop, manufacture and commercialise RC148 in countries other than the Greater China (the "AbbVie Territory").

Pursuant to the License Agreement, the Company shall receive an upfront payment of USD650 million and up to USD4.95 billion in milestone payments. The Company is also eligible to receive from AbbVie tiered royalties at mid-teens percentages on the future cumulative net sales of RC148 in the AbbVie Territory.

40. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

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

	31 December 2025 RMB'000	31 December 2024 RMB'000
NON-CURRENT ASSETS		
Property, plant and equipment	**2,896,482**	2,703,096
Right-of-use assets	**48,249**	93,159
Other intangible assets	**37,868**	25,949
Investments in subsidiaries	**1,434,863**	838,301
Investment in a joint venture	**13,769**	8,851
Equity investments designated at fair value through other comprehensive income	**109,070**	53,752
Financial assets at fair value through profit or loss	**10,084**	4,037
Other non-current assets	**6,508**	144,142
Total non-current assets	**4,556,893**	3,871,287
CURRENT ASSETS		
Inventories	**660,668**	658,568
Trade and bills receivables	**422,775**	598,787
Prepayments, other receivables and other assets	**976,259**	774,772
Pledged deposits	**42,807**	2,805
Interest receivable	**143**	157
Cash and cash equivalents	**1,049,017**	614,796
Total current assets	**3,151,669**	2,649,885
CURRENT LIABILITIES		
Trade payables	**946,950**	736,819
Other payables and accruals	**916,513**	486,170
Interest-bearing bank borrowings	**1,416,406**	1,270,240
Lease liabilities	**10,251**	50,733
Deferred income	**4,867**	9,799
Other current liabilities	**38,669**	18,324
Total current liabilities	**3,333,656**	2,572,085

continued/···

NOTES TO FINANCIAL STATEMENTS

31 December 2025

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

Information about the statement of financial position of the Company at the end of the year is as follows: (continued)

	31 December 2025 RMB'000	31 December 2024 RMB'000
NET CURRENT ASSETS	**(181,987)**	77,800
TOTAL ASSETS LESS CURRENT LIABILITIES	**4,374,906**	3,949,087
NON-CURRENT LIABILITIES		
Interest-bearing bank borrowings	**732,166**	1,195,878
Lease liabilities	**5,764**	12,933
Deferred tax liabilities	**10,520**	–
Deferred income	**84,416**	86,250
Total non-current liabilities	**832,866**	1,295,061
Net assets	**3,542,040**	2,654,026
EQUITY		
Equity attributable to owners of the parent		
Share capital	**563,710**	544,332
Reserves (note 30)	**2,978,330**	2,109,694
Total equity	**3,542,040**	2,654,026

NOTES TO FINANCIAL STATEMENTS

31 December 2025

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

Note:

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

	Share premium RMB'000	Other reserve RMB'000	Fair value reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2024	6,160,859	176,032	(66,519)	(2,793,513)	3,476,859
Loss for the year	–	–	–	(1,428,132)	(1,428,132)
Exercise of A Share Awards	2,443	–	–	–	2,443
Change in fair value of equity investments at fair value through other comprehensive income, net of tax	–	–	(10,424)	–	(10,424)
Share-based payment expenses	–	68,948	–	–	68,948
At 31 December 2024 and 1 January 2025	6,163,302	244,980	(76,943)	(4,221,645)	2,109,694
Profit for the year	–	–	–	44,014	44,014
Exercise of A Share Awards	13,371	–	–	–	13,371
Issue of shares	712,195	–	–	–	712,195
Change in fair value of equity investments at fair value through other comprehensive income, net of tax	–	–	60,825	–	60,825
Transfer of fair value reserve upon the disposal of equity investments at fair value through other comprehensive income	–	–	(5,505)	5,505	–
Share-based payment expenses	–	38,231	–	–	38,231
At 31 December 2025	6,888,868	283,211	(21,623)	(4,172,126)	2,978,330

41. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 27 March 2026.

FINANCIAL SUMMARY

	31 December 2025 RMB'000	31 December 2024 RMB'000	31 December 2023 RMB'000	31 December 2022 RMB'000	31 December 2021 RMB'000
Total assets	**7,248,072**	5,498,519	5,528,243	6,021,191	4,159,209
Total liabilities	**3,639,250**	3,512,318	2,090,974	1,040,891	712,787
Total equity	**3,608,822**	1,986,201	3,437,269	4,980,300	3,446,422
REVENUE	**3,241,560**	1,710,152	1,076,130	767,775	1,423,902
Cost of sales	**(425,505)**	(342,796)	(253,136)	(269,939)	(67,163)
Gross profit	**2,816,055**	1,367,356	822,994	497,836	1,356,739
Other income and gains	**691,787**	105,170	110,564	232,499	185,970
Selling and distribution expenses	**(1,111,444)**	(948,755)	(775,185)	(440,696)	(262,967)
Administrative expenses	**(362,439)**	(332,284)	(313,673)	(272,542)	(219,840)
Research and development costs	**(1,218,749)**	(1,539,778)	(1,306,307)	(982,080)	(710,973)
Impairment losses on financial assets, net	**(576)**	(11,088)	(11,276)	(11,128)	(342)
Other expenses	**(34,631)**	(36,500)	(15,210)	(15,962)	(67,006)
Finance costs	**(70,168)**	(72,379)	(23,091)	(6,757)	(5,323)
Share of the associate's profit/(loss) for the year	**564**	(104)	(45)	–	–
PROFIT/(LOSS) BEFORE TAX	**710,399**	(1,468,362)	(1,511,229)	(998,830)	276,258

DEFINITIONS AND GLOSSARY

"2022 A Share Scheme"	the 2022 Restricted A Share Incentive Scheme of the Company in its present or any amended form as adopted by the Company on December 28, 2022
"2023 A Share Scheme"	the 2023 Restricted A Share Incentive Scheme of the Company in its present or any amended form as adopted by the Company on December 28, 2023
"A Share(s)"	domestic Renminbi-denominated ordinary share(s) in the ordinary share capital of the Company, with a nominal value of RMB1.00 each, listed on the Sci-Tech Board
"A Share Offering"	the initial public offering of A shares of the Company on March 31, 2022
"A Share Schemes"	the 2022 A Share Scheme and the 2023 A Share Scheme
"ADC"	antibody-drug conjugates, a class of biopharmaceutical drug composed of monoclonal antibodies targeted against specific tumor cell surface antigens linked, via chemical linkers, to highly potent anti-tumor small molecule agents
"Articles" or "Articles of Association"	the articles of association of the Company, as amended, modified or supplemented from time to time
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Audit Committee"	the audit committee of the Board
"Award Shares"	the H Shares granted or to be granted to a selected participant in an award in accordance with the terms of the H Share Schemes
"BC"	breast cancer
"BLA"	biologics license application
"Board"	the board of Directors
"CDE"	the Center for Drug Evaluation of China's National Medical Products Administration
"CelluPro"	Yantai CelluPro Biotechnology Co., Ltd. (煙台賽普生物技術有限公司), a limited liability company incorporated in the PRC on June 27, 2018 and owned by MabPlex and RC Pharma as to 51% and 49%, respectively
"CG Code"	the Corporate Governance Code contained in Appendix C1 to the Listing Rules
"China" or "the PRC"	the People's Republic of China excluding, for the purpose of this annual report, Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan

DEFINITIONS AND GLOSSARY

"Company" or "RemeGen"	RemeGen Co., Ltd.* (榮昌生物製藥(煙台)股份有限公司), a company incorporated in the PRC with limited liability, the H Shares and A Shares of which are listed on the Main Board of the Stock Exchange (stock code: 9995) and the Sci-Tech Board of the Shanghai Stock Exchange (stock code: 688331), respectively
"connected person"	has the meaning ascribed to it under the Listing Rules
"Controlling Shareholder(s)" or "Concert Party(ies)"	has the meaning ascribed under the Listing Rules and unless the context otherwise requires, refers to Mr. Wang Weidong (王威東), Dr. Fang Jianmin (房健民), Mr. Lin Jian (林健), Dr. Wang Liqiang (王荔強), Mr. Wang Xudong (王旭東), Mr. Deng Yong (鄧勇), Mr. Xiong Xiaobin (熊曉濱), Mr. Wen Qingkai (溫慶凱), Ms. Yang Minhua (楊敏華), Mr. Wei Jianliang (魏建良), Yantai Rongda Venture Capital Center (Limited Partnership) (煙台榮達創業投資中心(有限合夥)), RongChang Holding Group LTD. and I-NOVA Limited, and each of them, a "Controlling Shareholder" or "Concert Party"
"Core Product(s)"	has the meaning ascribed to it in Chapter 18A of the Listing Rules; for purposes of this annual report, our core products include telitacicept (RC18), disitamab vedotin (RC48) and RC28-E
"Deed of Non-Competition"	the deed of non-competition undertakings executed by the Controlling Shareholders in favor of the Company
"Director(s)"	the director(s) of the Company
"DME"	diabetic macular edema
"DR"	diabetic retinopathy
"EMA"	the European Medicines Agency, the European Union agency responsible for evaluating and granting centralized approval for market authorization valid in all European Union, European Economic Area states, and European Free Trade Association states
"ESG"	environmental, social and governance
"FDA"	the U.S. Food and Drug Administration
"First H Share Scheme"	the First H Share Award and Trust Scheme in its present or any amended form as adopted by the Company on March 23, 2021
"FTD"	fast track designation
"GC"	gastric cancer

DEFINITIONS AND GLOSSARY

"gMG"	generalized myasthenia gravis
"GMP"	a system for ensuring that products are consistently produced and controlled according to quality standards, which is designed to minimize the risks involved in any pharmaceutical production that cannot be eliminated through testing the final product. It is also the practice required in order to conform to the guidelines recommended by agencies that control the authorization and licensing of the manufacture and sale of pharmaceutical products
"Group", "we", "us" or "our"	the Company and its subsidiaries
"H Share(s)"	ordinary share(s) in the ordinary share capital of the Company, with a nominal value of RMB1.00 each, listed on the Main Board of the Stock Exchange
"H Share Schemes"	the First H Share Scheme and the Second H Share Scheme
"HER2"	human epidermal growth factor receptor 2
"HK$" or "HKD"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"HR"	hormone receptors
"IgAN"	an autoimmune kidney disease that occurs when immunoglobulin A (IgA) deposits build up in the kidneys, causing localised inflammation that, over time, can hamper your kidneys' ability to filter waste from your blood
"IHC"	immunohistochemistry, a test that uses a chemical dye to stain and measure specific proteins. IHC staining for HER2 status is the most widely used initial approach for evaluating HER2 as a predictor of response to anti-HER2 therapy. The HER2 IHC test gives a score of 0 to 3+ that measures the amount of HER2 proteins on the surface of cells in a tissue sample
"IND"	investigational new drug application
"independent third party(ies)"	a person or entity who is not a connected person of the Company under the Listing Rules
"Kangkang"	Shanghai Kangkang Medical Technology Co., Ltd. (上海康康醫療科技有限公司), a company incorporated in the PRC and is a wholly-owned subsidiary of Yeda Incubation

DEFINITIONS AND GLOSSARY

"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
"MabPlex"	Yantai MabPlex International Biomedical Co., Ltd. (煙台邁百瑞國際生物醫藥有限公司), a limited liability company incorporated in the PRC on June 25, 2013 and owned as to approximately 32.95% by the Controlling Shareholders
"MG"	myasthenia gravis
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
"NMPA"	the National Medical Products Administration of the PRC (國家藥品監督管理局), successor to the China Food and Drug Administration or CFDA (國家食品藥品監督管理總局)
"Nomination Committee"	the nomination committee of the Board
"NRDL"	the National Reimbursement Drug List
"PD-1"	programmed cell death protein 1, an immune checkpoint receptor expressed on T cells, B cells and macrophages
"Prospectus"	the prospectus issued by the Company dated October 28, 2020
"R&D"	research and development
"RA"	rheumatoid arthritis
"RC Pharma"	Yantai Rongchang Pharmaceutical Co., Ltd. (煙台榮昌製藥股份有限公司), a joint stock company incorporated in the PRC on March 18, 1993 and owned as to approximately 80.99% by the Controlling Shareholders
"Remuneration and Appraisal Committee"	the remuneration and appraisal committee of the Board
"Reporting Period"	the year ended December 31, 2025
"Restricted Share(s)"	the A Share(s) to be obtained in tranches and registered by the participants who meet the conditions for grant under the A Share Schemes after meeting the corresponding attribution conditions
"RMB"	Renminbi, the lawful currency of China

DEFINITIONS AND GLOSSARY

"Sci-Tech Board"	the Science and Technology Innovation Board of the Shanghai Stock Exchange
"Second H Share Scheme"	the Second H Share Award and Trust Scheme in its present or any amended form as adopted by the Company on July 14, 2023
"SFO"	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (as amended, supplemented or otherwise modified from time to time)
"Shareholder(s)"	holder(s) of the Shares
"Share(s)"	ordinary share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, comprising the A Shares and H Shares
"SLE"	systemic lupus erythematosus, a systemic autoimmune disease in which the body's immune system attacks normal, healthy tissue and can result in symptoms such as inflammation and swelling
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Strategy Committee"	the strategy committee of the Board
"Supervisor(s)"	supervisor(s) of the Company
"Supervisory Committee"	the supervisory committee of the Company
"UC"	urothelial cancer
"U.S." or "United States"	the United States of America
"USD" or "US$"	United States dollars, the lawful currency of the United States
"wAMD"	wet age-related macular degeneration
"Yeda Incubation"	Yantai Yeda International Biomedical Innovation Incubation Center Co., Ltd. (煙台業達國際生物醫藥創新孵化中心有限公司), a company incorporated in the PRC and owned as to 55% by RC Pharma (thus a subsidiary of RC Pharma)
"%"	percent