

派格生物醫藥（杭州）股份有限公司

PegBio Co., Ltd.

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

Stock Code: 2565

(於中華人民共和國註冊成立的股份有限公司)

股份代號：2565



2025

年 度 報 告
ANNUAL REPORT

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Dr. Michael Min XU (*Chairman*)
Ms. Xiaojun WANG

Non-executive Directors

Dr. Xiangjun ZHOU
Dr. Yuhong XU
Ms. Ting ZHAI
Mr. Hongkai LI

Independent Non-executive Directors

Dr. Jiancun ZHANG
Dr. Yangyang CHEN
Ms. Xinpeng FAN

SUPERVISORS

Ms. Mengjiao WANG
Mr. Yongjun KONG
Mr. Dong LI

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JOINT COMPANY SECRETARIES

Mr. Yifeng HUANG
Ms. Yuen Mui CHAN
(resigned with effect from August 26, 2025)
Mr. Shing Lung CHOW
(appointed with effect from August 26, 2025 and resigned with effect from April 1, 2026)
Ms. Yan Ting Jennis KWOK
(appointed with effect from April 1, 2026)

AUTHORIZED REPRESENTATIVES

Dr. Michael Min XU
Ms. Yuen Mui CHAN
(resigned with effect from August 26, 2025)
Mr. Shing Lung CHOW
(appointed with effect from August 26, 2025 and resigned with effect from April 1, 2026)
Ms. Yan Ting Jennis KWOK
(appointed with effect from April 1, 2026)

AUDIT COMMITTEE

Ms. Xinpeng FAN (*Chairman*)
Dr. Xiangjun ZHOU
Dr. Yangyang CHEN

REMUNERATION AND APPRAISAL COMMITTEE

Dr. Jiancun ZHANG (*Chairman*)
Ms. Xiaojun WANG
Ms. Xinpeng FAN

NOMINATION COMMITTEE

Dr. Jiancun ZHANG (*Chairman*)
Dr. Michael Min XU
Ms. Xinpeng FAN

STRATEGY AND DEVELOPMENT COMMITTEE

Dr. Michael Min XU (*Chairman*)
Dr. Xiangjun ZHOU
Dr. Yuhong XU

CORPORATE INFORMATION

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MANAGEMENT DISCUSSION & ANALYSIS

BUSINESS HIGHLIGHTS

As of the date of this annual report, we have made significant progress in advancing our technology innovations, product pipeline and business operations in the U.S. and China.

As of the date of this annual report, PegBio has successfully established a pipeline matrix covering seven investigational drugs for chronic diseases. The Company's core strategy focuses on the treatment of metabolic diseases and complications thereof. Through continuous innovation, our internal assessments show that multiple drug candidates possess the dual value potential of "First-in-Class" (FIC) and "Best-in-Class" (BIC), laying a solid foundation for future market competitiveness. Leveraging the unique integrated strategic system of "Target Selection – Clinical Development – Commercialization", the Company has made an all-out effort to achieve the following key milestones in 2025.

I. RESEARCH AND DEVELOPMENT AND COMMERCIALIZATION PROGRESS OF THE CORE PRODUCT

Self-developed long-acting GLP-1 receptor agonists for PB-119 (Visepegenatide injection)

Review dynamics:

During the Reporting Period, the Group's self-developed long-acting GLP-1 receptor agonist PB-119 (Visepegenatide injection) obtained marketing approval from the National Medical Products Administration (NMPA) in November 2025, marking the completion of the key registration and review procedures for the product and its official entry into the commercialization preparation stage.

Marketing plan:

During the Reporting Period, the Group simultaneously advanced the construction of the commercial production system and preparations related to market access for PB-119, laying the foundation for the subsequent marketing and sales of the product. It is expected that commercial sales of PB-119 will be achieved in the first half of 2026.

Market strategies:

In terms of market strategies, the Group will leverage the clinical evidence-based advantages of the product in terms of safety, long-acting blood glucose control and potential cardiovascular benefits to continuously promote the access to medical institutions, expand diversified distribution channels, and enhance product market recognition through specialized academic promotion to support its future commercialization promotion.

II. PROGRESS OF OTHER INVESTIGATIONAL PIPELINES

During the Reporting Period, the Group continuously carried out preliminary research and evaluation work for other investigational pipelines at various R&D stages.

Projects in clinical stage:

In terms of the clinical stage, we continuously carried out relevant clinical research preparations for certain candidate products in Phases I/II and other clinical research stages, including optimization of trial protocols and integration of research resources.

Preclinical projects:

In terms of the preclinical stage, the Group continuously carried out preliminary work such as candidate molecule screening, pharmacodynamic evaluation, and preliminary safety studies for certain investigational projects, and will advance subsequent preparations related to investigational new drug (IND) applications in due course based on R&D progress.

MANAGEMENT DISCUSSION & ANALYSIS

I. OVERVIEW

Founded in 2008, we are a biotechnology company focused on the in-house discovery and development of innovative therapies, primarily peptide and small molecule drugs, for chronic diseases with a particular emphasis on metabolic disorders. We have self-developed one Core Product and other five product candidates to capture the market potential in prevalent chronic and metabolic diseases, including type 2 diabetes mellitus (“**T2DM**”, also known as type 2 diabetes), obesity, non-alcoholic steatohepatitis (“**NASH**”), opioid-induced constipation (“**OIC**”, a gastrointestinal disorder induced by the usage of opioid drugs) and congenital hyperinsulinemia (a rare endocrine disease whose patients experience constant hypoglycemia).

II. BUSINESS REVIEW

Our Strategy, Long-term Objectives and Business Model

The Group focuses on the R&D and industrialization of innovative drugs in the fields of metabolic diseases and other chronic disease treatments, and is committed to continuously developing innovative products with clinical value and market potential through a combination of independent R&D and external cooperation. In November 2025, the Group’s Core Product, Visepegenatide, obtained marketing approval, marking the Group’s transition from a stage primarily focused on R&D advancement into a new development stage emphasizing both innovative R&D and commercialization transformation. The marketing of Visepegenatide represents not only an important transformation of the Group’s R&D achievement, but also a key milestone for the Group to establish commercialization capabilities, verify its industrialization path and move towards the enhancement of its continuous operating capabilities.

The Group’s development strategy is to maintain a focus on metabolic diseases as its core therapeutic area, while prudently expanding into cardiovascular diseases, aging-related diseases, gastrointestinal diseases, and other related chronic disease areas, taking into account clinical needs and technological scalability. With the commercialization of Visepegenatide as the current development priority, the Group utilizes its subsequent key product pipeline as medium-to-long-term growth reserves, supported by the construction of synergistic capabilities in R&D, registration, manufacturing transformation and commercialization, thus gradually establishing a business pattern of “Core Product driving revenue growth, subsequent pipelines supporting sustainable development, and platform capabilities safeguarding long-term competitiveness”. Centering on this strategy, the Group will remain focused on its areas of strength, prioritize key assets, optimize resource allocation, and balance short-term commercialization with medium – to long-term innovation reserves to drive the high-quality and sustainable development of the Company.

At the current stage, Visepegenatide serves as the core vehicle for the Group’s strategic execution and the implementation of its business model. As the Group’s first product approved for marketing, Visepegenatide bears the vital mission of transforming the Group from an R&D-oriented enterprise into a dual-engine company driven by both R&D and commercialization. In the future, the Group will continue to promote market access, academic promotion, end-user coverage, commercial cooperation, and supply chain synergy centered on Visepegenatide. By aligning with market conditions and product characteristics, the Group will continuously strengthen life cycle management to further improve product accessibility and market penetration, thereby accelerating the release of its commercial value. The continued progress in the commercialization of Visepegenatide will help the Group consolidate its revenue base, improve operating quality, and enhance cash flow capabilities, while providing stronger support for the Group’s subsequent R&D investment, pipeline expansion, and external cooperation.

MANAGEMENT DISCUSSION & ANALYSIS

While promoting commercialization with Visepegenatide as its core focus, the Group will also continue to implement a forward-looking and tiered strategic layout within the field of metabolic diseases. By taking into account changes in the disease spectrum, unmet clinical needs, and the Group's technology and product development capabilities, the Group will steadily extend into cardiovascular diseases, aging-related diseases, gastrointestinal diseases, and other related therapeutic areas, while continuously advancing the R&D of key subsequent pipeline candidates to support the Group's medium – to long-term growth. Relevant projects will be progressed in an orderly manner based on clinical needs, R&D progress, market potential, and resource allocation, including subsequent key candidate products set out in the Group's public disclosure materials. By promoting the synergistic development of marketed products and subsequent key projects, the Group will gradually establish a product portfolio with a more robust structure and clearly defined tiers, thereby enhancing its capacity for continuous innovation and risk resilience.

The Group's long-term objective is to develop into an innovative biopharmaceutical enterprise with robust capabilities in innovative R&D, clinical development, commercial operations, and industrial synergy within the field of metabolic diseases and related chronic diseases. To achieve these objectives, the Group will continue to enhance its capabilities in the following aspects: first, continuously strengthening its commercialization organizational structure and market execution capabilities to drive the sales growth and market value release of Visepegenatide, thereby solidifying its operational foundation; second, continuously enriching and optimizing its product pipeline to establish a product layout with distinct tiers and clear priorities, strengthening its long-term growth momentum; third, continuously improving the efficiency of its independent R&D, clinical development, registration filing, and project management to enhance resource allocation efficiency and overall execution capabilities; fourth, actively capitalizing on external cooperation opportunities to improve the efficiency of asset value realization and expand its development prospects through licensing, joint development, and commercialization partnerships; fifth, continuously refining corporate governance, organizational systems, supply chain management, and risk control mechanisms to ensure the long-term stable operation of the Group.

The Group's business model is centered on "creating value through independent R&D, realizing value through commercialization transformation, and scaling value through cooperative expansion". On the R&D front, guided by clearly defined clinical needs, the Group leverages its internal R&D team, technical expertise, and project management experience to continuously drive the discovery, screening, optimization, and development of drug candidates. The Group focuses on the strategic layout of innovative products with differentiated advantages and market potential, covering metabolic diseases while gradually expanding into cardiovascular diseases, aging-related diseases, gastrointestinal diseases, and other relevant chronic disease areas. On the commercialization front, starting with Visepegenatide, the Group is progressively building capabilities in market access, academic promotion, pipeline coverage, and commercial partnerships that align with the Company's development stage, promoting the transformation of R&D achievements into product sales revenue and operating returns. On the cooperation front, the Group will flexibly adopt a combination of independent advancement and external partnerships based on project characteristics and market opportunities. For marketed products and key assets, the Group may enhance market coverage and transformation efficiency by selecting partners with market competitiveness for external licensing cooperation or other commercial arrangements. For pipeline candidates with collaboration potential, the Group will seek domestic and overseas partners at appropriate times to maximize asset value through licensing, joint development, or other cooperation models. Therefore, the Group's future revenue sources are expected to primarily consist of product sales revenue, as well as upfront payments, milestone payments, licensing income, and other collaboration-related income generated based on cooperation arrangements.

MANAGEMENT DISCUSSION & ANALYSIS

The Group's foundation for sustained value creation stems from its experienced management team and R&D team, accumulated R&D and registration experience in the field of metabolic diseases and related chronic diseases, continuously strengthening industrialization and commercialization capabilities, synergistic relationships established with clinical experts, research institutions, manufacturing partners, and commercial partners, as well as the intellectual property, clinical data, and technical expertise accumulated around its Core Product and key pipelines. These resources and capabilities collectively support the sustained operation of the Group's business model and constitute a vital foundation for the Group's long-term development.

Our Products and Product Pipeline

We focus on leveraging our industry experience and established R&D capabilities for the in-house discovery and development of differentiated therapeutics primarily for chronic and metabolic diseases. As of December 31, 2025, we had developed a diverse pipeline of seven product candidates, among which three were undergoing clinical trials and one had received IND clearance. We have applied our polyethylene glycol ("PEG") technology to our product candidates to optimize their physiochemical properties to achieve features such as long-acting efficacy and selective targeting of receptors in the digestive tract but not in the brain.

The following chart summarizes the development status of our drug candidates as of December 31, 2025.

Drug candidates	Target	Development origin	Indications	Preclinical	Phase I	Phase II	Phase III	Rights	Commercialization region	Current status/Future milestones
Visepege notide (PB-119) ★	Long-acting GLP-1 receptor agonist	In-house	T2DM (Monotherapy) first-line	China (NMPA)				Global	China	Approved for marketing in China on 14 November 2025
			T2DM (+Metformin) first-line	China (NMPA)			U.S. (FDA)		China	
			Overweight or obesity first-line	China (NMPA)					U.S.	Phase I and II clinical trials completed in July 2016 and July 2019, respectively, in the United States. Phase III clinical trial plan is to be finalized ²
			T2DM (Cardiovascular benefits)	China (NMPA)					China	Phase Ib/IIa clinical trial is being initiated in China, participant enrollment completed in June 2024
			T2DM (+Basal insulin) first-line	China (NMPA)					China	IND approved by the NMPA in August 2021 and Phase III clinical trial to be initiated in 2026 in China ³
			T2DM (+SGLT-2 inhibitor) first-line	China (NMPA)					China	To prepare IND and commence a Phase III clinical trial in China in 2026
				China (NMPA)					China	To prepare IND and commence a Phase III clinical trial in China in 2026
PB-718 ⁴ ☆	Long-acting GLP-1/GCG dual receptor agonist	In-house	Overweight or obesity	China (NMPA)				China	Completed participant follow-up for a Phase Ib/IIa clinical trial in China and Phase IIb clinical trial is expected to commence in China following a communication with the NMPA to be conducted in 2026	
			MASH	China (NMPA)/U.S. FDA				China, U.S.	Phase I clinical trial completed in May 2022 in the United States, and IND for a Phase II clinical trial in China is expected to be submitted in 2026	
PB-1902 ⁵	Opioid receptor antagonist	In-house	OIC	China (NMPA)				China	Phase I clinical trials completed in January 2022 in China, and Phase II clinical trial is expected to commence in China in 2026	
PB-722 ⁶	GCG receptor agonist	In-house	Congenital hyperinsulinemia	China (NMPA)				China	IND approved by the NMPA in May 2023 and Phase I clinical trial to be initiated in China in 2026	
PB-2301	GLP-1/GIP dual receptor agonist	In-house	T2DM/Overweight or obesity/MASH	China (NMPA)				China	IND submission in China expected in 2026	
PB-2309	GLP-1/GIP/GCG triple receptor agonist	In-house	T2DM/Overweight or obesity/MASH	China (NMPA)				China	IND submission in China expected in 2026	
APGP6	Innovative undisclosed target in the metabolic field	In-house	Weight loss and muscle gain	China (NMPA)				China	IND submission in China expected in 2026	

★ Core Product ☆ Key Product ■ Metabolic diseases ■ Digestive disease

MANAGEMENT DISCUSSION & ANALYSIS

Core Product PB-119 (Visepegenatide Injection)

PB-119 is a long-acting GLP-1 receptor agonist independently developed by the Group primarily designed for the treatment of T2DM and obesity. During the Reporting Period, PB-119 obtained marketing approval from the NMPA in November 2025, marking the completion of the key registration and review procedures for this Core Product and its official entry from the R&D stage into the commercialization preparation stage.

Following the successful marketing approval of PB-119, during the Reporting Period, the Group continuously advanced various preliminary preparation tasks related to its commercialization, including the construction of the commercial production system, optimization of the quality management system, market access support efforts, and the overall preparation of the supply chain and operation system, to support the subsequent marketing and sales arrangements of the product. Relevant preparations aim to provide the necessary operational foundation for the official launch of sales of PB-119 and ensure stable supply capability of the product after its launch.

Meanwhile, the Group also carried out overall planning for post-launch marketing and channel distribution of PB-119, gradually improving the commercialization support system to enhance the market coverage and patient accessibility after the launch of the product. Relevant preparation efforts currently remain in a transitional phase and will be advanced in due course depending on the official commercialization process of the product.

Given that the marketing approval of PB-119 was obtained near the end of the Reporting Period, related commercialization efforts remain in the preparation and transitional stages. As of the date of this annual report, the Group has not generated revenue from the sales of PB-119. It is expected that commercial sales of PB-119 will be achieved in the first half of 2026, which is expected to gradually bring operating revenue contributions to the Group in future reporting periods.

The successful marketing approval of PB-119 marks a significant milestone for the transformation of the Group's core product pipeline from the R&D stage to the commercialization stage, laying the foundation for the Group's subsequent business development and diversification of revenue sources, and contributing to the enhancement of the long-term commercialization potential of the Group's overall product portfolio.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET PB-119 SUCCESSFULLY.

PB-718, a long-acting GLP-1/GCG dual receptor agonist

PB-718 is an investigational long-acting GLP-1/glucagon (GCG) dual receptor agonist of the Group, primarily designed for the treatment of obesity and metabolic dysfunction-associated steatohepatitis (MASH).

During the Reporting Period, PB-718 remained in the clinical research stage. The Group has completed a Phase I clinical trial of PB-718 on healthy participants in the United States, and has completed a Phase Ib/IIa randomized, double-blind, placebo-controlled clinical study (Clinical Trial Registration Number: CTR20231655) for PB-718 in obese participants in China to evaluate the safety, tolerability, pharmacokinetic profiles, and preliminary efficacy of PB-718.

MANAGEMENT DISCUSSION & ANALYSIS

The above Phase Ib/IIa study showed that PB-718 demonstrated good safety and tolerability in Chinese obese participants during the study period, with preliminary signals of efficacy observed, including an improvement trend in liver lipid content. Relevant study results provide support for the further clinical development of PB-718 in the indication of metabolic dysfunction-associated steatohepatitis (MASH).

During the Reporting Period, the Group continuously evaluated the subsequent clinical development strategy for PB-718, and will advance subsequent clinical trial plans in due course based on its R&D progress and resource allocation arrangements. Currently, PB-718 has not generated any sales revenue, and there are uncertainties regarding its R&D progress and final commercialization prospects.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET PB-718 SUCCESSFULLY.

PB-1902, a potential first-in-class oral selective opioid receptor antagonist for the treatment of OIC

PB-1902 is an investigational oral selective opioid receptor antagonist of the Group, intended for the treatment of opioid-induced constipation (OIC). OIC is one of the common adverse reactions in patients undergoing long-term opioid therapy for cancer pain and other chronic pain conditions, which may cause a continuous impact on the quality of life for patients.

PB-1902 is currently in the clinical development stage. The Group has completed two Phase I clinical trials of PB-1902 in healthy participants in China, results of which showed good safety and tolerability, as well as expected pharmacokinetic (PK) and pharmacodynamic (PD) profiles. In previous years, the NMPA approved the Group to conduct a Phase II clinical trial of PB-1902 for the treatment of OIC indication in China.

During the Reporting Period, the Group continuously conducted internal evaluations on the subsequent clinical development strategy for PB-1902, and carefully considered the timing of advancing its clinical development plan in combination with the overall R&D progress of the product pipeline and resource allocation arrangements. The related evaluation work aimed to support the Group's overall management of development priorities for its investigational projects, and to ensure the rational allocation and effective use of R&D resources.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET PB-1902 SUCCESSFULLY.

PB-722, a GCG receptor agonist being developed for the treatment of congenital hyperinsulinemia

PB-722 is a GCG receptor agonist being developed for the treatment of congenital hyperinsulinemia and has been granted the Orphan Drug Designation by the FDA in May 2021. PB-722 has demonstrated its safety in several animal models and its efficacy in raising and maintaining blood glucose levels in a hypoglycemic animal model. In May 2023, the NMPA approved our IND application to conduct clinical trial of PB-722 for the treatment of congenital hyperinsulinemia in China, rendering PB-722 the first drug candidate with IND approval for the treatment of congenital hyperinsulinemia in China. We plan to initiate a randomized, double-blind, placebo-controlled, dose-escalating Phase I clinical trial to test the safety, tolerability, PK and PD profiles of PB-722 single dose subcutaneous injection in 2026. We expect to initiate a Phase II clinical trial in 2027.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET PB-722 SUCCESSFULLY.

MANAGEMENT DISCUSSION & ANALYSIS

PB-2301, a candidate drug for the treatment of T2DM, NASH and obesity

PB-2301 is an investigational candidate drug of the Group for the treatment of type 2 diabetes mellitus (T2DM), non-alcoholic steatohepatitis (NASH) and obesity, which is currently in the preclinical research stage.

During the Reporting Period, the Group continuously advanced the early-stage R&D of PB-2301, optimized its candidate molecule design and mechanism of action, and carried out relevant preclinical research to evaluate its safety and potential efficacy. Relevant research activities included a comprehensive evaluation of the pharmacodynamic characteristics and preliminary safety performance of the candidate molecule, aiming to provide foundational support for its subsequent development.

Meanwhile, the Group continuously conducted internal evaluations on the development strategy of PB-2301, and carefully considered its subsequent development path and clinical application strategy in combination with the R&D progress of the overall investigational product pipeline and resource allocation arrangements. The related evaluation work aimed to support the Group's overall management of development priorities for its investigational projects, and to ensure the rational allocation and effective use of R&D resources.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET PB-2301 SUCCESSFULLY.

PB-2309, a GLP-1/GIP/GCG triple receptor agonist for the treatment of T2DM, NASH and obesity

PB-2309 is a GLP-1/GIP/GCG triple receptor agonist candidate under development by the Group for the treatment of type 2 diabetes mellitus (T2DM), non-alcoholic steatohepatitis (NASH) and obesity, which is currently at the preclinical research stage.

During the Reporting Period, the Group continued to advance the early-stage research and development of PB-2309, focusing on the exploration and optimization of key development elements, including candidate molecule design based on multi-receptor activation mechanisms, activity balance and safety profile. Given that triple receptor agonists involve varying combinations and ratios of receptor activities, which may affect efficacy and tolerability, the Group has adopted a stepwise design and validation pathway in its research and development approach. At the early research stage, candidate molecules were initially screened and validated for key characteristics based on single-receptor related mechanisms. Building on such foundation, multi-receptor activation features are progressively introduced, and different receptor combinations and their activity balance are iteratively optimized, with a view to supporting the development of candidate molecule solutions that better align with the requirements of the target indications.

MANAGEMENT DISCUSSION & ANALYSIS

Meanwhile, the Group continued to conduct preclinical research work related to PB-2309, including pharmacodynamic characteristic evaluation, preliminary safety studies and other supporting studies, to comprehensively evaluate its potential therapeutic value in the field of metabolic diseases and provide a research basis for subsequent clinical development strategies.

The Group will, based on the early research results of PB-2309 and taking into account the R&D progress of the overall product pipeline and resource allocation arrangements, further evaluate its subsequent clinical development pathway as well as the clinical application strategy and timing of advancement.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET PB-2309 SUCCESSFULLY.

APGP6

APGP6 is a drug candidate under development by the Group for weight management and muscle mass improvement, which aims to increase lean mass while reducing fat content, so as to meet the potential clinical needs for superior body composition management solutions in the field of treatment for obesity and related metabolic diseases. It is currently at the pre-clinical research stage.

During the Reporting Period, the Group continued to advance the early-stage research and development of APGP6, optimized its candidate molecule design and mechanism of action, and conducted relevant pre-clinical studies to evaluate its safety and potential efficacy. Relevant research work included a comprehensive evaluation of the pharmacodynamic characteristics and preliminary safety performance of the candidate molecule in terms of weight regulation and body composition improvement, aiming to provide foundational support for its subsequent development.

Meanwhile, the Group also continued to conduct internal evaluations on the development strategy of APGP6, and prudently considered its subsequent development path and clinical application strategy in combination with the research and development progress and resource allocation arrangements of the overall pipeline of products under development. Relevant evaluation work aimed to support the management of the overall development priority of the Group's projects under development, and to ensure the rational allocation and effective use of research and development resources.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET APGP6 SUCCESSFULLY.

MANAGEMENT DISCUSSION & ANALYSIS

Research and Development

During the Reporting Period, the Group continued to advance its R&D activities to support the development progress of its investigational product candidates.

The Group has established an R&D team focusing on the fields of chronic and metabolic diseases. The team members cover multiple functional areas including drug discovery, clinical development and regulatory affairs, and possess relevant product development experience.

Leveraging its in-house drug discovery platform, the Group continued to carry out design optimization and related research work for its product candidates. Relevant R&D activities cover stages such as molecular design, efficacy evaluation, safety studies and formulation development of potential drug candidates. During the drug discovery stage, the Group's R&D team continues to carry out synthesis and optimization for potential drug candidates to support the subsequent development of the product candidates. During the drug evaluation stage, our R&D team coordinates the conduct of preclinical research activities in relation to the pharmacological evaluation, pharmacokinetics studies and toxicology, in order to provide support for the further development of the product candidates.

As of December 31, 2025, the Group's clinical development team consisted of scientists and physicians with drug development experience, who are responsible for clinical development strategy development, clinical trial protocol design, clinical trial operation organization, drug safety monitoring, and clinical trial quality control, so as to support the clinical research activities of various investigational products.

The Group will continue to advance relevant R&D activities in combination with the R&D progress of the overall product pipeline and resource allocation arrangements, to support the subsequent development of the Core Product and other investigational product candidates.

For the year ended December 31, 2025 and 2024, our R&D expenses were RMB50.4 million and RMB95.4 million, respectively.

MANAGEMENT DISCUSSION & ANALYSIS

Chemistry, Manufacturing & Controls (“CMC”)

As of December 31, 2025, our CMC team consisted of professionals with extensive experience in process development, production and quality management from well-known biopharmaceutical and pharmaceutical companies. Many of the CMC team members had over a decade of relevant work experience. Our CMC team specialized in preclinical and clinical support throughout the drug development process. The CMC function in our Company plays a critical role in drug development. It is responsible for developing safe, robust, and economically sound production processes for our drug substances and drug products, and ensuring their quality meets regulatory requirements.

As of the date of this annual report, we did not have commercialization-scale manufacturing facility. Currently we do not have any plans to establish our own manufacturing facilities to support our preclinical and clinical studies or produce future commercial supplies. We collaborate with CDMOs (including CMOs) to conduct and support our preclinical and clinical studies in line with industry practice. We believe our major CDMO partners possess sufficient production capacity and commercial production experience in the key compounds for our R&D activities such as peptide compounds.

Commercialization

As of December 31, 2025, the Group did not have any commercialized product.

During the Reporting Period, following the NDA approval of the Core Product Paidakang® (派達康®) (PB-119) obtained in November 2025, the Group continued to advance various preparations related to its commercialization and gradually established a supporting commercialization support system to support the subsequent marketing and sales arrangements of the product. Relevant work includes pre-launch preparations such as formulation of commercialization strategies, establishment of market access support systems, planning of academic promotion systems, preparation of patient support programs and innovative payment arrangements.

The Group has established an in-house marketing team that is primarily responsible for the formulation of overall commercialization strategies, advancing the planning of pre-launch academic exchange campaigns, and collaboration discussions with potential business partners. Considering that the establishment of an internal sales team may involve higher operating costs, the Group currently intends to adopt a collaborative commercialization model by partnering with pharmaceutical enterprises who possess commercialization capability in the relevant therapeutical fields, to utilize their mature sales networks to support the marketing and sales activities of the product after its launch.

MANAGEMENT DISCUSSION & ANALYSIS

Meanwhile, the Group continued to carry out overall planning for the promotional support tools, patient support programs and relevant market access arrangements required before the launch of PB-119, and advanced the communication and coordination with potential partner institutions to enhance the market coverage capability and patient accessibility after the launch of the product.

For the overseas market, the Group intends to take a step-wise strategy. During the Reporting Period, the Group has initiated preliminary negotiations with potential partners regarding development and commercialization collaboration opportunities for PB-119 in certain overseas regions, and has entered into a non-binding term sheet, the scope of which covers product development, registration filing, technology transfer and commercialization arrangements.

The Group will continue to conduct further communication and evaluation with potential partners regarding the aforementioned collaboration opportunities. Relevant collaboration arrangements are currently still at an early discussion stage, and no binding agreement has been entered into, and there remains uncertainty as to their final terms and whether they will be implemented.

Collaboration arrangement for commercializing PB-119

We entered into a commercialization collaboration arrangement (the “**Collaboration Agreement**”) on September 13, 2024 with a commercialization partner (the “**Commercialization Partner**”) regarding the future marketing and commercialization activities of PB-119 in Mainland China. As disclosed in the Prospectus, according to the Collaboration Agreement, if we fail to obtain the drug registration certificate for PB-119 from the NMPA by March 31, 2025, our Commercialization Partner has the right to unilaterally terminate the agreement upon written notice, and if such termination notice is not provided by the Commercialization Partner by June 30, 2025, the Collaboration Agreement will remain in effect, in which case both parties may need to engage in further negotiations regarding potential adjustments to the milestone events and payments.

In view of the development status of PB-119, the Collaboration Agreement was terminated in June 2025, with the parties being in negotiation of potential new arrangement for marketing and commercialization of PB-119 taking into account of its latest development status. Meanwhile, we will also identify other potential collaboration partners and explore possible collaboration arrangements for commercializing PB-119.

Intellectual Property

Intellectual property rights are pivotal to the success of our business. Our commercial future will depend, in part, on our ability to acquire and protect our intellectual property rights for commercially significant technologies, inventions and know-how. This includes acquisition of new patents, defense of existing patents, and protection of our trade secrets. We will also have to operate without infringing, misappropriating, or otherwise violating third parties’ valid, enforceable intellectual property rights.

As of December 31, 2025, we held 83 patents and patent applications, including 14 patents and 14 patent applications in relation to our Core Product. As of December 31, 2025, all of our material patents and patent applications were self-owned and all of our clinical-stage drug candidates were derived out of our HECTOR® platform and PEGylation technologies.

MANAGEMENT DISCUSSION & ANALYSIS

Future and Prospects

Looking ahead, the Group will continue to focus on the field of chronic disease treatment, committing to advancing the commercialization process of the Core Product and deepening the development of the investigational product pipeline to support the long-term business development of the Group.

Following the NDA approval of the Core Product Paidakang® (PB-119) successfully obtained in November 2025, the Group will comprehensively advance its commercialization implementation in the PRC market. Going forward, the Group will continue to focus on post-launch market access initiatives, enhancement of its commercialization and operational systems, and improvement of patient accessibility, with a view to supporting market penetration and expansion of clinical application scenarios after the launch of the product, and progressively unlocking the product's value.

In terms of R&D, while promoting the commercialization of the Core Product, the Group will continue to deepen the development of the existing product pipeline, and prudently advance the subsequent development of potential investigational projects, taking into account the overall R&D progress and resource allocation arrangements. The Group will continue to carry out preclinical research and clinical research support work for product candidates to evaluate their safety and potential efficacy, and provide support for subsequent development strategies.

Meanwhile, the Group will also continue to optimize the development priority and resource investment arrangements of various investigational projects based on the R&D progress of the overall product pipeline, so as to support the long-term development process and potential commercialization opportunities of the investigational products, and reserve new development momentum for future business growth. The Group will also continue to improve the product life cycle management strategy and explore potential opportunities for indication expansion and long-term clinical value enhancement to further support the long-term development of the product portfolio.

In terms of international development, the Group will continue to pursue opportunities for the development and commercialization of PB-119 in overseas markets based on the existing preliminary cooperation. During the Reporting Period, the Group has entered into a non-binding term sheets with potential partners in respect of the development and commercialization collaboration opportunities for PB-119 in certain overseas regions, and will continue to conduct further communication and evaluation of relevant collaboration opportunities to support the registration and commercialization process of the product in target markets.

The Group maintains a cautiously optimistic outlook on future development and will continue to advance the commercialization of the Core Product and the development of the investigational pipeline to support its long-term business growth. Looking ahead, the Group will remain focused on the field of chronic disease treatment, committed to advancing the commercialization of the Core Product and deepening the development of the investigational product pipeline to support the long-term business growth of the Group.

MANAGEMENT DISCUSSION & ANALYSIS

III. FINANCIAL REVIEW

Overview

We currently have not generated any revenue from product sales. We had not been profitable and incurred operating losses during the Reporting Period. For the year ended December 31, 2025, we had a total loss of RMB208.5 million, compared to the total loss of RMB283.4 million for the year ended December 31, 2024. Our total loss mainly resulted from research and development expenses, as well as administrative expenses.

As the NDA for PB-119 have been approved by the NMPA, we expect to commercialize PB-119 in China in the near future. Subsequent to the Listing, we expect to incur costs associated with operating as a public company. We expect that our financial performance will fluctuate from period to period due to the development status of our drug candidates, timeline and terms of potential collaboration with our partners, regulatory approval timeline and commercialization of our drug candidates.

Loss for the Period

Net loss was RMB208.5 million for the year ended December 31, 2025, representing a decrease of RMB74.9 million from RMB283.4 million for the year ended December 31, 2024. The decrease was primarily due to the decrease in share-based compensation expenses and the reduction in R&D expenses as the launch of PB-119 was approved.

Non-HKFRS Measure

To supplement the Group's consolidated net loss which is presented in accordance with the HKFRS Accounting Standards, the Company has provided adjusted net loss as additional financial measure, which is not required by, or presented in accordance with, the HKFRS Accounting Standards.

Adjusted net loss for the period represents the net loss excluding the effect of a non-cash item, namely the share-based compensation expenses. The term adjusted net loss is not defined under the HKFRS Accounting Standards.

MANAGEMENT DISCUSSION & ANALYSIS

The table below sets forth a reconciliation of the loss to adjusted loss during the periods indicated:

	Year ended December 31,	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Loss for the year	(208,547)	(283,351)
Add:		
Share-based compensation expenses	82,421	145,468
Adjusted net loss	(126,126)	(137,883)

The Company believes that the adjusted non-HKFRS measure is useful for understanding and assessing the underlying business performance and operating trends, and that the Company's management and investors may benefit from referring to this adjusted financial measure in assessing the Group's financial performance by eliminating the impact of certain unusual, non-recurring, non-cash and/or non-operating items that the Group does not consider indicative of the performance of the Group's core business. This non-HKFRS measure, as the management of the Group believes, is widely accepted and adopted in the industry in which the Group is operating. However, the presentation of this non-HKFRS measure is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with the HKFRS Accounting Standards. Shareholders of the Company and potential investors should not view the adjusted results on a stand-alone basis or as a substitute for results under HKFRS Accounting Standards, and this non-HKFRS measure may not be comparable to similarly-titled measures represented by other companies.

MANAGEMENT DISCUSSION & ANALYSIS

Revenue

We currently have not generated any revenue from product sales.

R&D Expenses

	Year ended December 31,	
	2025	2024
	RMB'000	RMB'000
Third-party contracting expenses	26,667	35,913
Staff costs	15,578	19,524
Cost of materials and consumables	3,641	12,052
Share-based compensation expenses	2,049	24,855
Depreciation and amortization expenses	1,487	1,682
Others	965	1,401
Total	50,387	95,427

R&D expenses are RMB50.4 million for the year ended December 31, 2025, representing a decrease of RMB45.0 million from RMB95.4 million for year ended December 31, 2024, primarily due to (i) the decreased share-based compensation expenses by RMB22.8 million, mainly due to the one-off impacts of the cancellation and the modification of the vesting conditions of restricted share units ("RSUs") during the year ended December 31, 2024; and (ii) the reduction in R&D expenses as the launch of PB-119 was approved.

Administrative Expenses

	Year ended December 31,	
	2025	2024
	RMB'000	RMB'000
Share-based compensation expenses	80,372	120,613
Staff costs	35,950	14,334
Professional and consulting service fees	20,163	37,315
Depreciation and amortization expenses	2,204	733
Others	4,634	12,287
Total	143,323	185,282

MANAGEMENT DISCUSSION & ANALYSIS

Administrative expenses are RMB143.3 million for the year ended December 31, 2025, representing a decrease of RMB42.0 million from RMB185.3 million for the year ended December 31, 2024, primarily due to (i) the decreased share-based compensation expenses by RMB40.2 million, mainly due to the impacts of the above-mentioned cancellation and modification of RSUs during the year ended December 31, 2024; and (ii) the decrease in listing expenses as we completed the Listing in May 2025.

Liquidity and Capital Resources

We monitor and maintain a level of cash and cash equivalents deemed adequate to finance our operations and mitigate the effects of fluctuations in cash flows. In addition, we monitor the utilization of borrowings and, from time to time, evaluate the options to renew the borrowings upon expiry based on our actual business requirement. We relied on equity financing as the major sources of liquidity during the Reporting Period.

During the Reporting Period, we incurred negative cash flows from our operations and substantially all of our operating cash outflows resulted from our research and development and administrative activities. Our operating activities used RMB183.4 million and RMB151.9 million of cash for the year ended December 31, 2024 and 2025, respectively.

We expect to generate more cash flow from our operating activities, through launching and commercializing our products and enhancing our cost containment capacity and operating efficiency. In order to bring to fruition our research and development objectives, we will ultimately need additional funding sources and there can be no assurances that they will be made available.

The following table sets forth our cash flows for the periods indicated:

	Year ended December 31,	
	2025	2024
	RMB'000	RMB'000
Net cash used in operating activities	(151,906)	(183,442)
Net cash generated from investing activities	97,912	114,353
Net cash generated from financing activities	498,894	20,334
Net increase/(decrease) in cash and cash equivalents	444,900	(48,755)
Cash and cash equivalents at the beginning of the year	28,392	77,147
Effect of foreign exchange rate changes	(5,752)	–
Cash and cash equivalents at the end of the year	467,540	28,392

MANAGEMENT DISCUSSION & ANALYSIS

Net Cash Used in Operating Activities

For the year ended December 31, 2025, our net cash used in operating activities was RMB151.9 million, which was primarily attributable to the R&D and administrative expenses. For the year ended December 31, 2024, our net cash used in operating activities was RMB183.4 million, which was primarily attributable to the R&D and administrative expenses.

Net Cash Generated from Investing Activities

For the year ended December 31, 2025, our net cash generated from investing activities was RMB97.9 million, which was primarily attributable to the redemption of financial assets. For the year ended December 31, 2024, our net cash generated from investing activities was RMB114.4 million, which was primarily attributable to the redemption of financial assets.

Net Cash Generated from Financing Activities

For the year ended December 31, 2025, our net cash generated from financing activities was RMB498.9 million primarily attributable to the proceeds from the Listing and the Placing we conducted in December 2025. For the year ended December 31, 2024, our net cash generated from financing activities was RMB20.3 million primarily attributable to the increase in interest-bearing borrowings.

Cash and Cash Equivalents

The Group's cash and cash equivalents as at December 31, 2025 were RMB467.5 million, representing an increase of RMB439.1 million compared to RMB28.4 million as at December 31, 2024. As of December 31, 2025, 57.4% of the Group's cash and cash equivalents were denominated in Hong Kong dollars and 39.8% in U.S. dollars. The increase was mainly due to net proceeds from the Listing and the Placing we conducted in December 2025.

Borrowing and Gearing Ratio

The Group's total borrowings, including interest-bearing borrowings, as at December 31, 2025 were RMB85.0 million, representing a decrease of RMB15.0 million compared to RMB100.0 million as at December 31, 2024.

As at December 31, 2025 and December 31, 2024, all of the Group's interest-bearing borrowings are unsecured.

As at December 31, 2025, the Group's interest-bearing borrowings will mature within one year with the interest rate of 2.4%-3.0% (as at December 31, 2024: 2.6%-3.1%).

The gearing ratio (calculated by dividing the sum of interest-bearing borrowings and lease liabilities by total equity) of the Group as at December 31, 2025 was 20.9% (as at December 31, 2024: 176.6%).

Lease Liabilities

The lease liabilities of the Group were related to properties leased for our offices and R&D premises. The Group recognized lease liabilities for all leases except for short-term leases and leases of low-value assets.

Our lease liabilities increased to RMB8.6 million as at December 31, 2025 from RMB1.5 million as at December 31, 2024, mainly due to our lease of new office in Hangzhou during the Reporting Period.

MANAGEMENT DISCUSSION & ANALYSIS

Significant Investments

During the Reporting Period, we held the following negotiable certificate of deposits with banks, which accounts for 5% or more of the Group's total assets as of December 31, 2025: two deposits in the aggregate principal amount of RMB30 million with Evergrowing Bank Co., Ltd. Shanghai Branch Business Department (恒豐銀行股份有限公司上海分行營業部) deposited on September 21, 2023 and August 1, 2024. The maturity date for these two deposits is August 1, 2026, and the contractual yields are both 3.20%. The aggregate reported gain on changes in fair value from these deposits during the Reporting Period was approximately RMB2.1 million and the aggregate fair value amounted to approximately RMB32.3 million as at December 31, 2025, which account(s) for 5.4% of the Group's total asset as at December 31, 2025.

Saved as disclosed above, we did not hold any significant investments (including any investment in an investee company) with a value of 5% or more of the Group's total assets during the Reporting Period.

The Group has adopted an investment strategy with the aim of effectively managing and enhancing the return on its cash reserves. This strategy is being implemented while the Group contemplates its investments.

Material Acquisitions and Disposals

In October 2025, the shareholders of Shanghai Maiji Biotech Co., Ltd. (上海邁跡生物醫藥科技有限公司) ("Shanghai Maiji"), a non wholly-owned subsidiary of the Company, resolved to voluntarily dissolve Shanghai Maiji, as disclosed in the announcement of the Company dated November 3, 2025. Upon completion of the dissolution, the Group derecognised the assets and liabilities of Shanghai Maiji in accordance with the accounting policy, and recognised the distribution amounted to RMB4,993,000 to the non-controlling shareholders of Shanghai Maiji.

Save as disclosed above, during the year ended December 31, 2025, we did not have material acquisitions or disposals of subsidiaries, associates and joint ventures.

Foreign Exchange Risk

The Group has entities operating in the PRC. Certain of our bank balances are dominated in foreign currencies and are exposed to foreign currency risk.

As at December 31, 2025, the Group had no foreign exchange hedging instruments and foreign currency hedging policy. However, our management constantly monitors the economic situation and our Group's foreign exchange exposure and will consider appropriate hedging measures in the future should the need arise.

Capital Expenditure

For the year ended December 31, 2025, the Group's total capital expenditure amounted to approximately RMB3.7 million, which was mostly used in payment for fitting out of our offices.

MANAGEMENT DISCUSSION & ANALYSIS

Charge on Assets

As at December 31, 2025, the pledged bank deposits of the Group were RMB27,000 (2024: nil).

Contingent Liability

As at December 31, 2025, the Group did not have any material contingent liabilities. We confirm that as of the date of this annual report, there had been no material changes or arrangements to our contingent liabilities.

Employees and Remuneration Policies

As of December 31, 2025, we had a total of 58 employees, compared to 64 employees as at December 31, 2024.

In compliance with the applicable labor laws, we enter into individual employment contracts with our employees covering salaries, employee benefits, workplace safety, confidentiality and non-competition, work product assignment clause and grounds for termination. We normally enter into an employment contract and a non-competition agreement with our key management members and technical personnel, with a term of three years. The non-competition obligation is effective during the course of employment and within 12 months after the termination of the employment, unless written consent from the Company otherwise has been obtained. The agreements also typically include undertakings regarding assignment of inventions and discoveries made during the course of his or her employment.

During the Reporting Period and up to the date of this annual report, we did not experience any strikes, labor disputes or industrial action which had a material effect on our business. We believe we have not experienced any significant difficulty in recruiting staff for our operations.

Our employees' remuneration comprises salaries, bonuses, provident funds, social security contributions, and other welfare payments. We have made contributions to our employees' social security insurance funds (including pension plans, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance) and housing funds pursuant to applicable laws and regulations. We had complied with all statutory social security insurance fund and housing fund obligations applicable to us under the laws and regulations in China in all material aspects during the Reporting Period and as of the date of this annual report.

To maintain our workforce's quality, knowledge, and skill levels, we provide continuing education and training programs, including internal training, to improve their technical, professional or management skills. We also provide training programs to our employees from time to time to ensure their awareness and compliance with our policies and procedures in various aspects. Furthermore, we provide various incentives and benefits to our employees, including competitive salaries, bonuses and share-based payment, particularly our key employees.

MANAGEMENT DISCUSSION & ANALYSIS

Future Plans for Material Investments and Capital Asset

It is the Group's corporate mission to continue to explore ways to improve its financial performance and to broaden the sources of revenue within acceptable risk level. Hence, the Company does not rule out the possibility of investing in or changing to other business as long as it is in the interest of the Company and the shareholders as a whole. Also, as part of its routine exercise, the Company reviews the performance of its existing business portfolio and evaluates possible investment opportunities available to the Company from time to time.

Subject to the result of such review and the then market and economy situation, the Company may make suitable investment decisions which may involve the disposal of part of its existing business portfolio and/or change of the asset allocation of its business and investment portfolio and/or expanding its business portfolio with a view of realizing and/or optimizing the expected return and minimizing the risks. Meanwhile, the Company does not preclude the possibility that the Company may implement debt and/or equity fund raising plan(s) to satisfy the financing needs arising out of any business development of the Group as well as to improve its financial position in the event that suitable fund raising opportunities arise, as the Company has from time to time been approached by investors for potential investment projects. In these regards, the Company will publish announcement as and when appropriate according to applicable rules and regulations.

As at December 31, 2025, we did not have any concrete plans for material investments or capital assets.

IV. PRINCIPAL RISKS AND UNCERTAINTIES

We believe that there are certain risks involved in our operations, many of which are beyond our control. These risks are set out in the section headed "Risk Factors" in our Prospectus. Some of the major risks we face include:

- We may face intense competition and rapid technological change and the possibility that our competitors may develop therapies that are similar, more advanced, or more effective than ours, which may adversely affect our financial condition and our ability to successfully commercialize our drug candidates.
- We could be unsuccessful in obtaining or maintaining adequate patent protection for one or more of our drug candidates through intellectual property rights, or if the scope of such intellectual property rights obtained is not sufficiently broad, third parties may compete directly against us.
- Our business, financial condition, results of operations and prospects for the next couple of years are substantially dependent upon the successful sales of PB-119. If we are unable to successfully obtain regulatory approvals, achieve commercialization or complete clinical development to expand indications for PB-119 in our targeted markets, or if we experience significant delays or cost overruns in doing any of the foregoing, our business, financial condition, results of operations and prospects could be materially and adversely affected.

MANAGEMENT DISCUSSION & ANALYSIS

- Clinical drug development involves a lengthy and expensive process with uncertain outcomes, and we may need to deprioritize certain drug candidates, and may be unable to commercialize our drug candidates at all.
- If our drug candidates fail to demonstrate safety and efficacy to the satisfaction of regulatory authorities or do not otherwise produce positive results, we may incur additional costs or experience delays in completing, or may ultimately be unable to complete, the development and commercialization of our drug candidates.
- Our drug candidates may cause undesirable adverse events.
- Negative results from off-label drug use of our drug products could negatively impact our business, financial condition, results of operations and prospects and expose us to liability.
- We work with various third parties to develop our drug candidates. If these third parties fail to duly perform their contractual obligations or meet expected timelines, we may be unable to obtain regulatory approvals for, or commercialize, our drug candidates, and our business, financial condition and results of operations could be materially and adversely affected.
- We intend to work with third parties for the commercialization of our drug candidates. We may fail to identify competent third parties for such purposes, fail to achieve the expected synergies with the clinical development partners, and have little or no control over the marketing and sales efforts of the commercialization partners.
- We work with third parties to manufacture a portion of our drug candidates for clinical development and future commercialization. Our business could be harmed if those third parties fail to deliver sufficient quantities of products.
- The market size of our drug candidates might be smaller than we expected.
- We have incurred significant net losses since inception and we may continue to incur net losses and may fail to achieve or maintain profitability in the future. As a result, you may lose substantially all of your investment in us if our business fails.

For further details of the risk factors stated above, please see section headed "Risk Factors" in our Prospectus.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

DIRECTORS

Executive Directors

Dr. Michael Min XU, aged 61, is the chairman of the Board, an executive Director and the general manager of our Company, and is primarily responsible for overall strategic planning, business direction and operational management of our Group. Dr. XU founded our business when Pan-Asia was established in July 2001, and has been serving as the executive director and chairman of the board of directors of Pan-Asia from December 2001 to its de-registration in May 2023. Dr. XU has also been serving as the executive director of Shanghai Hanmai Biotech Co., Ltd. (上海瀚邁生物醫藥科技有限公司) and PegBio Xinrui Biotechnology Pharmaceutical (Suzhou) Co., Ltd. (派格欣銳生物醫藥科技(蘇州)有限公司) since February 2021 and January 2025, respectively, and as a director of InnoCure Biotech Limited (英諾克生物科技有限公司), a Hong Kong wholly-owned subsidiary of the Company, since December 2025.

Dr. XU has over 30 years of working and management experience in the healthcare sector. Prior to founding our Group, Dr. XU served as the ophthalmologist in the Second Affiliated Hospital of Xiangya Medical College (湘雅醫學院第二附屬醫院) from September 1986 to May 1988. From 1992 to 1996, he served as a researcher in the Center of Molecular Recognition and Departments of Physiology and Cellular Biophysics, College of Physicians and Surgeons, Columbia University. From August 2014 to July 2022, Dr. XU served as an executive director of Crossbay Life Science Technologies Inc.. Dr. XU has published a total of six articles in magazines, including Science. After founding our Group, Dr. XU has been engaged in drugs/biologics translational research and development, including but not limited to leading the R&D projects of PEGylated interferon alpha-2b product, PEGylated interferon tau product and PEGylated interleukin-2 product for pharmaceutical companies from 2002 to 2004. Dr. XU served as the executive director of Shanghai Maiji Biotech Co., Ltd. (上海邁跡生物醫藥科技有限公司) from February 2021 to November 2025.

Dr. XU has been serving as an independent non-executive director of Kintor Pharmaceutical Limited (開拓藥業有限公司) (a company listed on the Hong Kong Stock Exchange, stock code: 9939) since August 2019.

Dr. XU received his bachelor's degree in medicine in July 1986 from Hunan Medical University (湖南醫科大學) (currently known as Xiangya School of Medicine at Central South University (中南大學湘雅醫學院)) in the PRC, and his doctorate degree in biophysics in February 1996 from Columbia University in the City of New York in the United States.

Ms. Xiaojun WANG (王小軍), aged 58, is an executive Director and the chief financial officer of our Company, and is primarily responsible for overall strategic planning, financial management and financial reporting of our Group. Ms. WANG served as the financial manager of our Company from July 2008 to December 2020, a Supervisor from May 2008 to July 2019, and secretary to the Board from December 2020 to May 2023.

Prior to joining our Group, Ms. WANG was engaged in financial accounting works in the 1990s. Ms. WANG received her bachelor's degree in accounting in July 2003 from China Central Radio and TV University (中央廣播電視大學) in the PRC, and her master's degree in accounting in June 2018 from Shanghai National Accounting Institute (上海國家會計學院) in the PRC. Ms. WANG was granted with the qualification of accountant (會計師) by the Ministry of Personnel of the PRC (中華人民共和國人事部) (currently known as the Ministry of Human Resources and Social Security of the PRC (中華人民共和國人力資源和社會保障部)) in May 1998.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Non-executive Directors

Dr. Xiangjun ZHOU, aged 62, is a non-executive Director, and is primarily responsible for providing strategic advice and making recommendation on the operation and management of our Group. Dr. ZHOU joined our Group in August 2019 and served as a Supervisor from August 2019 to September 2020.

Prior to joining our Group, Dr. ZHOU was once affiliated with Stanford University in the United States in the late 1990s, where he was engaged in research work in the field of cell biology. Dr. ZHOU served as a professor of molecular pharmacology at the School of Pharmacy in the Shanghai Jiao Tong University (上海交通大學) from January 2003 to August 2005. From January 2009 to July 2015, he served as the vice president of R&D at Shenzhen Yuanxing Biomedical Technology Co., Ltd. (深圳市源興生物醫藥科技有限公司).

Dr. ZHOU has been serving as a director since July 2013 and subsequently an executive director and general manager since November 2022 in Shenzhen Yuanzheng Cell Medical Technology Co., Ltd. (深圳源正細胞醫療技術有限公司), a member of the board of directors of Hengrui Yuanzheng (Shanghai) Biotechnology Co., Ltd. (恒瑞源正(上海)生物科技股份有限公司) since July 2015, the chairman of the board of directors of Shenzhen Yuanxing Gene Technology Co., Ltd. (深圳源興基因技術有限公司) since August 2015, and an executive director and general manager of Junyi Highland Intelligent Technology (Shenzhen) Co., Ltd. (君宜高地智能技術(深圳)有限公司) since August 2019.

Dr. ZHOU received his doctorate degree in biomedical sciences in May 1997 from University of Hawaii at Manoa in the United States.

Dr. Yuhong XU (徐宇虹), aged 57, is a non-executive Director, and is primarily responsible for providing strategic advice and making recommendation on the operation and management of our Group. Dr. XU joined our Group in September 2020.

Dr. XU has over 25 years of experience in research and development of medical products. From January 2000 to December 2019, she served as a professor at the School of Pharmacy in the Shanghai Jiao Tong University (上海交通大學).

Dr. XU has been serving as the chairman of the board of directors of Shanghai Tarisa Biotechnology Co., Ltd. (上海塔瑞莎生物技術有限公司) since July 2013. She has been serving as the director and the general manager of Hangzhou HighField Biopharmaceuticals, Inc. (杭州高田生物醫藥有限公司) since April 2013, and has been serving as its chairlady of the board of directors since December 2017. She has also been serving as a professor at the School of Pharmacy in the Dali University (大理大學) since September 2019.

Dr. XU received her bachelor's degree in electronics and information systems in July 1990 from Peking University (北京大學) in the PRC, and her doctorate degree in biophysics in September 1997 from State University of New York at Buffalo in the United States.

Ms. Ting ZHAI (翟婷), aged 48, is a non-executive Director, and is primarily responsible for providing strategic advice and making recommendation on the operation and management of our Group. Ms. ZHAI joined our Group in March 2021.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Since October 2010, Ms. ZHAI has been serving as a finance manager and a vice president of Mingly China Growth Fund, L.P., and a finance manager and a vice president of Million Power Growth Venture Capital Co., Ltd. (高投名力成長創業投資有限公司). Since October 2012, she has been serving as a finance manager and a vice president of Mingxin China Growth Fund. Since February 2021, Ms. ZHAI has been serving as a director of Beijing Kejingyuan Technology Co., Ltd. (北京科淨源科技股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 301372), and has been serving as the person in charge of finance of Shanghai Mingxin Private Equity Fund Management Partnership (L.P.) (上海名信私募基金管理合夥企業(有限合夥)) since May 2024.

Ms. ZHAI received her college diploma (大專學歷) in accounting in January 2011 from Shanghai University of Finance and Economics (上海財經大學) in the PRC.

Mr. Hongkai LI (李宏凱), aged 44, is a non-executive Director, and is primarily responsible for providing strategic advice and making recommendation on the operation and management of our Group. Mr. LI joined our Group in September 2020.

Prior to joining our Group, Mr. LI worked in Tianjin Chunfa Biotechnology Group Co., Ltd. (天津春發生物科技集團有限公司) from September 2007 to April 2010. From May 2010 to March 2011, he worked in Tianjin Science and Technology Development and Investment Corporation (天津科技發展投資總公司). From April 2011 to December 2011, he worked in Tianjin Dacheng Equity Investment Fund Partnership (Limited Partnership) (天津大成股權投資基金合夥企業(有限合夥)). From January 2012 to July 2012, he worked in Tianjin Ebang Chuangzhan Equity Investment Fund Management Co., Ltd. (天津易邦創展股權投資基金管理有限公司). Subsequently, Mr. LI worked in Huajin (Tianjin) Investment Management Co., Ltd. (華金(天津)投資管理有限公司) from December 2012 to February 2016, in Tasly Pharmaceutical Group Co., Ltd. (天士力醫藥集團股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 600535) from March 2016 to May 2016, in Tianjin Tasly Health Industry Investment Management Partnership (Limited Partnership) (天津天士力健康產業投資管理合夥企業(有限合夥)) from June 2016 to March 2019, and in Tianjin Tasly Health Industry Investment Management Partnership (Limited Partnership) (天津天士力健康產業投資管理合夥企業(有限合夥)) from July 2019 to March 2022. From December 2019 to June 2022, Mr. LI served as a non-executive director of Pharnext SA (a company listed on Euronext, symbol: ALPHA.PA).

Since April 2022, Mr. LI has been serving as the head of the investment management department of Huajin (Tianjin) Investment Management Co., Ltd. (華金(天津)投資管理有限公司).

Mr. LI received his bachelor's degree in economics in June 2004 from Nankai University (南開大學) in the PRC, and his master's degree in marketing and management in December 2005 from Loughborough University in the United Kingdom.

Independent non-executive Directors

Dr. Jiancun ZHANG, aged 61, is an independent non-executive Director, and is primarily responsible for participating in the decision making for our Company's significant events, and advising on issues relating to corporate governance, audit and remuneration and assessment of our Directors, Supervisors and senior management. Dr. ZHANG joined our Group in December 2020.

Prior to joining our Group, Dr. ZHANG was once affiliated with Duke University and Gilead Sciences, Inc. in the United States in the 1990s, when he was engaged in research work in the field of chemistry and biotechnology. From January 2002 to December 2004, he served as the chief scientific officer and vice president of Shenzhen Tsinghua Yuanxing Biomedical Technology Co., Ltd. (深圳市清華源興生物醫藥科技有限公司) (currently known as Shenzhen Yuanxing Biomedical Technology Co., Ltd. (深圳市源興生物醫藥科技有限公司)). Dr. ZHANG served as the partner of Guangzhou Henghui Pharmaceutical Technology Partnership (Limited Partnership) (廣州恒惠醫藥科技合夥企業(有限合夥)) from April 2018 to May 2021.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

From 2005 to July 2025, Dr. ZHANG has been serving as a researcher at Guangzhou Institute of Biomedicine and Health, Chinese Academy of Sciences (中國科學院廣州生物醫藥與健康研究院). Since March 2013, he has been serving as the chairman of the board of directors and the general manager of Guangzhou Hengnokang Pharmaceutical Technology Co., Ltd. (廣州市恒諾康醫藥科技有限公司). Dr. ZHANG has also been serving as a director of Guangzhou Yixi Biotechnology Co., Ltd. (廣州億喜生物科技有限公司), and the general partner of Guangzhou Tongsheng Nuokang Investment Enterprise (Limited Partnership) (廣州市同盛諾康投資企業(有限合夥)) since December 2016.

Dr. ZHANG received his bachelor's degree in chemistry in July 1984 from Fudan University (復旦大學) in the PRC, and his doctorate degree in organic chemistry in August 1990 from University of Pittsburgh in the United States.

Dr. Yangyang CHEN (陳秧秧), aged 47, is an independent non-executive Director, and is primarily responsible for participating in the decision making for our Company's significant events, and advising on issues relating to corporate governance, audit and remuneration and assessment of our Directors, Supervisors and senior management. Dr. CHEN joined our Group in December 2020.

Prior to joining our Group, Dr. CHEN served as a lecturer in the School of Business from July 2007 to June 2010 and an associate professor in the School of International Finance and Law from July 2010 to December 2017 respectively in East China University of Political Science and Law (華東政法大學). Since January 2018, Dr. CHEN has been serving as an associate professor of the School of Business of East China University of Political Science and Law, served as the director of MPAcc Center in the School of Business until 30 April 2026, and has been serving as the director of the Forensic Accounting Research Center since October 2025.

Dr. CHEN has been serving an independent director of Fremont Micro Devices Corporation (輝芒微電子(深圳)股份有限公司) from March 2021 to February 2025, served as an independent director of Ningbo Jiayin Mechanical and Electrical Technology Co., Ltd. (寧波佳音機電科技股份有限公司) from September 2021 to August 2025, has been serving as an independent director of Shanghai XFH Technology Co., Ltd. (上海市翔豐華科技股份有限公司) since June 2025, and has been serving as an independent director of Shengang Securities Co., Ltd. since September 2025.

Dr. CHEN received her bachelor's degree in accounting in July 2001, her master's degree in accounting in July 2004, and her doctorate degree in accounting in June 2007 from Xiamen University (廈門大學) in the PRC.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Ms. Xinpeng FAN (范新鵬), aged 47, was appointed as an independent non-executive Director effective from February 14, 2024. She is primarily responsible for participating in the decision making for our Company's significant events, and advising on issues relating to corporate governance, audit and remuneration and assessment of our Directors, Supervisors and senior management.

Ms. FAN has professional experiences in global investment banking, capital market financing, mergers and acquisitions, as well as corporate finance management in the Chinese consumer industry. Prior to joining our Group, Ms. FAN worked in leading global investment banks and accounting firms, including as an auditor of Deloitte Touche Tohmatsu (德勤會計師事務所) from September 2004 to June 2007, an associate of Merrill Lynch (Asia Pacific) Limited (美林(亞太)有限公司) from January 2008 to February 2009, and a manager of PricewaterhouseCoopers (Hong Kong) (普華永道會計師事務所(香港)) from March 2009 to April 2010. From May 2010 to March 2022, she served as an executive director under the investment banking division of Morgan Stanley Asia Limited (摩根士丹利亞洲有限公司). From March 2022 to March 2023, Ms. Fan served as the chief financial officer and group vice president of EastGarden (HK) International Company Limited (宜格(香港)國際有限公司). From March 2023 to February 2024, Ms. Fan served as the chief financial officer of Dali Foods Group Company Limited (達利食品集團有限公司). From June 2024, Ms. FAN has been the managing director of HSBC Holdings plc, a company listed on the Hong Kong Stock Exchange (stock code: 0005) and London Stock Exchange (stock code: HSBA).

Ms. FAN has been serving as an independent non-executive director of Tongdao Liepin Group (同道獵聘集團), a company listed on the Hong Kong Stock Exchange (stock code: 6100), since September 2023; and has been serving as an independent non-executive director of Hangzhou Qiandaohu Xunlong Sci-tech Co., Ltd. (杭州千島湖鱘龍科技股份有限公司) since September 2025.

Ms. FAN obtained her bachelor's degree in economics in June 1999 from Beijing Technology and Business University (北京工商大學) in the PRC, and her master's degree in accounting in August 2004 from the University of Texas at Austin in the United States. Ms. FAN has been a member of the American Institute of Certified Public Accountants since March 2006.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

SUPERVISORS

Ms. Mengjiao WANG (王夢嬌), aged 33, is the chairlady of our Supervisory Committee and an employee representative Supervisor, and is primarily responsible for supervising the performance of our Directors and members of senior management, supervising the financial activities and business operations of the Company, and performing other supervisory duties. Ms. WANG has also been working in our Company since July 2013.

Ms. WANG received her college diploma (大專學歷) in accounting and auditing in June 2013 from Jiangsu Union Technical Institute (江蘇聯合職業技術學院) in the PRC.

Mr. Yongjun KONG (孔勇軍), aged 53, is a Supervisor, and is primarily responsible for supervising the performance of our Directors and members of senior management, supervising the financial activities and business operations of the Company, and performing other supervisory duties. Mr. KONG joined our Group in December 2020.

Prior to joining our Group, Mr. KONG worked in Suzhou Industrial Park Heyu Technology Financial Group Co., Ltd. (蘇州工業園區禾裕科技金融集團有限公司) from March 2008 to June 2010. From June 2010 to January 2014, he worked in Suzhou Jingfeng Zhengde Equity Investment Management Partnership (Limited Partnership) (蘇州景風正德股權投資管理合夥企業(有限合夥)). From March 2012 to May 2021, Mr. KONG served as a director of Suzhou Ailong Technology Co., Ltd. (蘇州艾隆科技股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 688329). From January 2014 to July 2018, he worked in Suzhou Industrial Park Yuanhe Chongyuan Equity Investment Fund Management Co., Ltd. (蘇州工業園區元禾重元股權投資基金管理有限公司). From July 2018 to June 2020, he worked in Suzhou Clover Tree Investment Management Co., Ltd. (蘇州三葉樹投資管理有限公司).

Mr. KONG has been serving as a director of Jiangsu Youlian Testing Technology Service Co., Ltd. (江蘇省優聯檢測技術服務有限公司) since April 2006, a director of Suzhou Jingfeng Zhengde Enterprise Management Co., Ltd. (蘇州景風正德企業管理有限公司) since May 2010, a director of Suzhou Ziyu Investment Consulting Co., Ltd. (蘇州孜玉投資諮詢有限公司) since August 2011, a supervisor of Urumqi Yinchuang Phase I Equity Investment Co., Ltd. (烏魯木齊銀創一期股權投資有限公司) since December 2011, a supervisor of Shenzhen Yuanhe Hengfeng Private Equity Investment Fund Management Co., Ltd. (深圳元核亨風私募股權投資基金管理有限責任公司) since October 2017, a supervisor of Suzhou Industrial Park Liwoshi Business Consulting Co., Ltd. (蘇州工業園區利沃實商務諮詢有限公司) since December 2017, and an investment director and a partner of Suzhou Zhongxin Innovation Investment Management Co., Ltd. (蘇州中鑫創新投資管理有限公司) (currently known as Suzhou Zhongxin Innovation Private Equity Fund Management Co., Ltd. (蘇州中鑫創新私募基金管理有限公司)) since July 2020.

Mr. KONG received his bachelor's degree in finance in July 1995 from Shanghai University of Finance and Economics (上海財經大學) in the PRC, and his master's degree in business administration in November 2011 from The University of Hong Kong in Hong Kong.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Dong LI (李東), aged 37, is a Supervisor, and is primarily responsible for supervising the performance of our Directors and members of senior management, supervising the financial activities and business operations of the Company, and performing other supervisory duties. Mr. LI joined our Group in February 2024.

Mr. LI served as the chief operating officer at Shanghai Caihui Investment Co., Ltd. (上海財薈投資有限公司) from September 2018 to September 2019. Mr. LI has also been serving as a senior manager of appreciation management department at Yingke Innovation Asset Management Co., Ltd. (盈科創新資產管理有限公司) since August 2020.

Mr. LI received his bachelor's degree in financial management through self-study from East China University of Political Science and Law (華東政法大學) in the PRC in July 2017.

SENIOR MANAGEMENT

Dr. Michael Min XU, aged 61, is the chairman of the Board, an executive Director and the general manager of our Company. See " – Executive Directors " above for details of his biography.

Ms. Xiaojun WANG (王小軍), aged 57, is an executive Director and the chief financial officer of our Company. See " – Executive Directors " above for details of her biography.

Mr. Yifeng HUANG (黃一峰), aged 37, is the secretary of the Board and our joint company secretary, and is primarily responsible for business operations, capital management, public relations, investor relations, and company secretarial matters of our Group. Mr. HUANG joined our Group in November 2022 as assistant of the Board, and has been serving as the secretary of the Board since May 27, 2023. He was appointed as our joint company secretary in January 2024.

Prior to joining our Group, Mr. HUANG served as a manager in Country Garden Holdings Company Limited (碧桂園控股有限公司) (a company listed on the Hong Kong Stock Exchange, stock code: 2007) from July 2015 to April 2016. From May 2016 to December 2017, he served as the general counsel and executive general manager in Shenzhen Qianhai Zhongke Lechuang Fund Management Co., Ltd. (深圳前海中科樂創基金管理有限公司). From January 2018 to February 2019, he served as the vice general manager of legal matters in Kaisa Group Holdings Ltd. (佳兆業集團控股有限公司) (a company listed on the Hong Kong Stock Exchange, stock code: 1638). From February 2019 to November 2020, he worked in Kaisa Health Group Holdings Limited (佳兆業健康集團控股有限公司) (a company listed on the Hong Kong Stock Exchange, stock code: 876) as the general counsel, the head of securities matters, and the fund general manager. From November 2019 to November 2020, Mr. HUANG served as the executive director and the general manager in Kaisa Health Equity Fund Management (Guangzhou) Co., Ltd. (佳兆業健康股權投資基金管理(廣州)有限公司). From November 2020 to April 2022, he served as the secretary to the board of directors in Qinghai Pharmaceutical Co., Ltd. (青海製藥有限公司).

Mr. HUANG received his bachelor's degree in law in June 2009 from Shenzhen University (深圳大學) in the PRC, and his master's degree in law in March 2012 from Hosei University in Japan. Mr. HUANG also completed his doctoral courses in law in March 2018 from Hosei University in Japan. Mr. HUANG was granted (i) the qualification of secretary to the board of directors by the Shenzhen Stock Exchange in September 2020, (ii) the legal professional qualification by the Ministry of Justice of the PRC (中華人民共和國司法部) in March 2013, and (iii) the fund practicing qualification by the Asset Management Association of China (中國證券投資基金業協會) in December 2015.

Other than working relationships in the Company, there was no other relationship between any of the Directors, the Supervisors or senior management of the Company in respect of finance, business and family or in other material aspects.

CORPORATE GOVERNANCE REPORT

FINAL DIVIDEND

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

CORPORATE PURPOSE, CULTURE AND STRATEGY

The Company's vision is to "become the leading expert of innovative drug development in the chronic disease areas", and we firmly believe that the Company is moving forward towards this goal. The management team has put our corporate culture into practice by working harder and more diligently to deliver excellent performance.

The Board consistently ensures that all members of the Group are guided by our purpose and strategy, align the corporate culture in their daily work, and work together as one to promote quality development led by an advanced culture. The Group's operating practices, internal policies and stakeholder relationships give us the opportunity to actively practice our corporate culture and values in a multi-dimensional and holistic manner, which may create stable and sustainable business development and growth and bring long-term value to shareholders. The Company will continue to bring innovative and effective treatment options to global patients with chronic diseases.

BOARD OF DIRECTORS

Responsibilities, Accountabilities and Contributions of the Board and Management

The Board is responsible for the leadership and control of the Company and is responsible for promoting the success of the Company by directing and supervising its affairs. The Board delegates certain responsibilities to various dedicated committees in accordance with relevant PRC laws, regulations, the Articles and the Listing Rules.

The Board has developed and regularly evaluates the Company's corporate culture system to ensure that it matches the pace of the Company's development. Directors and senior management lead by example and conduct regular training to enhance their ability to fulfill their own policies in order to uphold the Company's values and strategies. In addition, the Board has established an accountability system to take appropriate action in the event of misconduct in order to protect the interests of the Company. In terms of internal management, the Board actively promotes an open and effective internal questioning environment and provides effective communication channels for employees to express their views. The Board also provides rewards and punishments for the performance of employees at all levels, and actively promotes the cultivation of talents to drive the operation and research and development of the Company.

All Directors have carried out their duties in good faith and in compliance with the standards of applicable laws and regulations, and have acted in the best interests of the Company and its Shareholders at all times.

CORPORATE GOVERNANCE REPORT

Delegation of Management Function

The Board is responsible for making all major decisions of the Company including monitoring of all major policies of the Group and overall strategies, risk management and internal control systems, notifiable and connected transactions, nomination of directors and company secretary, and other significant financial and operational matters.

All Directors have full and timely access to all relevant information as well as the advice and services of the company secretaries, with a view to ensuring that Board procedures and all applicable rules and regulations are followed. Each Director is entitled to seek independent professional advice in appropriate circumstances at the Company's expense.

The day-to-day management, administration and operation of the Company are delegated to the management. Approval has to be obtained from the Board or general meeting prior to any significant transaction is entered into according to the Articles.

Board Composition

As at the date of this report, the Board currently consists of nine (9) Directors, including two (2) executive Directors, four (4) non-executive Directors and three (3) independent non-executive Directors as set out below:

Executive Directors

Dr. Michael Min XU (*Chairman*)

Ms. Xiaojun WANG

Non-executive Directors

Dr. Xiangjun ZHOU

Dr. Yuhong XU

Ms. Ting ZHAI

Mr. Hongkai LI

Independent Non-executive Directors

Dr. Jiancun ZHANG

Dr. Yangyang CHEN

Ms. Xinpeng FAN

Save as disclosed in this annual report, to the best knowledge of the Company, there are no financial, business, family, or other material relationships among members of the Board and senior management.

CORPORATE GOVERNANCE REPORT

Mechanism to Ensure Independent Views

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

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

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

CORPORATE GOVERNANCE REPORT

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

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

The Company has implementable and effective mechanisms to ensure independent views and input are available to the Board during the Reporting Period and up to the date of this report. The Board will review the implementation and effectiveness of the mechanisms annually. The Directors are entitled to seek independent professional advice in performing their duties at the Company's expense.

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

Appointment and Re-election of Directors

Each of our Directors has entered into a service contract with our Company. The principal particulars of these service contracts comprise (a) a term of three years which is equivalent to the term of the Board; and (b) termination provisions in accordance with their respective terms. Our Directors may be re-appointed subject to Shareholders' approval. The service contracts can be renewed pursuant to our Articles of Association and applicable rules.

Each of our Supervisors has entered into a contract with our Company. Each contract contains provisions relating to compliance with relevant laws and regulations, observation of our Articles of Association and resolution of disputes by means of arbitration.

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

CORPORATE GOVERNANCE REPORT

Induction and Continuing Development for Directors

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

Every newly appointed Director will obtain the legal advice referred to the Listing Rule 3.09D and such director will confirm he/she understand this obligations as a director and receive a formal and comprehensive induction on his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of a Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements. Such induction shall be supplemented by regular meetings with senior management of the Company to understand the Group's businesses, governance policies and regulatory environment.

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

The training records of the Directors during the year ended December 31, 2025 and up to the date of this report are summarized as follows:

Directors	Participated in continuous professional development*
Executive Directors	
Dr. Michael Min XU (<i>Chairman</i>)	✓
Ms. Xiaojun WANG	✓
Non-executive Directors	
Dr. Xiangjun ZHOU	✓
Dr. Yuhong XU	✓
Ms. Ting ZHAI	✓
Mr. Hongkai LI	✓
Independent Non-executive Directors	
Dr. Jiancun ZHANG	✓
Dr. Yangyang CHEN	✓
Ms. Xinpeng FAN	✓

* Attended training/seminar/conference arranged by the Company or other external parties or read relevant materials

CORPORATE GOVERNANCE REPORT

Board Meetings and General Meetings

Number of Meetings and Directors' Attendance

Code provision C.5.1 of the CG Code stipulates that the Board should meet regularly and Board meetings should be held at least four times a year at approximately quarterly intervals involving active participation, either in person or through electronic means of communication, of a majority of directors.

Eight Board meetings and two general meetings were held by the Company during the Reporting Period. The attendance records of each Director at the Board meetings and general meeting are set out below:

Directors	Attendance/Number of Board Meeting(s)	Attendance/Number of General Meeting(s)
Dr. Michael Min XU	8/8	2/2
Ms. Xiaojun WANG	8/8	2/2
Dr. Xiangjun ZHOU	8/8	2/2
Dr. Yuhong XU	8/8	2/2
Ms. Ting ZHAI	8/8	2/2
Mr. Hongkai LI	8/8	2/2
Dr. Jiancun ZHANG	8/8	2/2
Dr. Yangyang CHEN	8/8	2/2
Ms. Xinpeng FAN	8/8	2/2

Code provision C.2.7 of the CG Code requires that the chairman should at least annually hold meetings with independent non-executive directors without the presence of other directors. During the Reporting Period, the chairman held one meeting with independent non-executive Directors without presence of other Directors. All Directors have separate and independent access to the senior management and the joint company secretary of the Company at all times and may seek independent professional advice at the Company's expense. Where queries are raised by Directors, steps would be taken to respond as promptly and fully as possible.

During the Reporting Period, the Board considered the following corporate governance matters:

- approval of the corporate governance report of the Company;
- review of the results of the internal audit work on the Group's risk management and internal control systems; and
- approval of the new and revised versions of corporate governance documents of the Company.

Practices and Conduct of Board Meetings

A written notice of Board meetings shall be served 14 days before the date of a regular meeting and 5 days before the date of an extraordinary meeting. The notice of a Board meeting shall specify (i) the date and venue of the meeting; (ii) the duration of the meeting; (iii) the reasons for holding the meeting and the matters to be discussed; and (iv) the date of the notice.

The Board shall keep minutes of its decisions on the matters considered at its meetings. The Directors attending the meeting and the person taking the minutes shall sign the minutes of the meeting. The minutes of the Board meeting shall be kept as records of the Company for a period of not less than ten years.

CORPORATE GOVERNANCE REPORT

BOARD COMMITTEES

Our Board delegates certain responsibilities to various committees. In accordance with the relevant PRC laws and regulations and the Corporate Governance Code as set out in the Appendix C1 to the Listing Rules, our Company has formed four Board committees, namely the Audit Committee, the Remuneration and Appraisal Committee, the Nomination Committee and the Strategy and Development Committee.

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

Audit Committee

We have established an 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 Corporate Governance Code. The Audit Committee also met with the external auditors twice during the Reporting Period. The Audit Committee consists of two independent non-executive Directors, namely Ms. Xinpeng FAN (范新鹏) and Dr. Yangyang CHEN (陈秧秧), and one non-executive Director, namely Dr. Xiangjun ZHOU. Ms. Xinpeng FAN (范新鹏), who holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules, serves as the chairperson of the Audit Committee. The primary duties of the Audit Committee include but not limited to the following:

- reviewing the half-yearly and annual results of the Company;
- proposing the appointment or change of external auditors to our Board, and monitoring the independence of external auditors and evaluating their performance;
- guiding internal audit work and ensuring the effectiveness of our internal audit function;
- examining the financial information of our Company, reviewing financial reports and statements of our Company and giving comments on relevant matters;
- assessing the effectiveness of our risk management and internal control systems;
- coordinating the communication among management, internal audit department, related departments and external audit agency; and
- dealing with other matters that are authorized by the Board or involved in relevant laws and regulations.

During the Reporting Period, the Audit Committee held two (2) meetings. The attendance records of the Audit Committee are set out under “Attendance Record of Directors”. During the Reporting Period, the Audit Committee has reviewed the 2025 interim report, monitored the independence of external auditors and evaluated their performance, guided internal audit work and ensured the effectiveness of our risk management and internal control systems, and dealt with other authorized matters.

CORPORATE GOVERNANCE REPORT

Remuneration and Appraisal Committee

We have established a Remuneration and Appraisal Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and paragraph E.1 of Part 2 of the Corporate Governance Code. The Remuneration and Appraisal Committee consists of two independent non-executive Directors, namely Dr. Jiancun ZHANG and Ms. Xinpeng FAN (范新鹏), and one executive Director, namely Ms. Xiaojun WANG (王小军). Dr. Jiancun ZHANG serves as the chairperson of the Remuneration and Appraisal Committee. The primary duties of the Remuneration and Appraisal Committee include but not limited to the following:

- formulating individual remuneration plans for Directors and members of the senior management in accordance with the terms of reference of the job responsibilities, the importance of their positions as well as the remuneration benchmarks for the relevant positions in other comparable companies;
- approving the terms of executive Directors' service contracts;
- examining the criteria of performance evaluation of Directors and the senior management of our Company, and conducting annual performance evaluation;
- supervising the implementation of the remuneration plan of the Company; and
- reviewing and/or approving matters relating to our Pre-IPO Equity Incentive Plan;
- dealing with other matters that are authorized by the Board.

During the Reporting Period, the Remuneration and Appraisal Committee held one (1) meeting. The attendance records of the Remuneration and Appraisal Committee are set out under "Attendance Record of Directors". During the Reporting Period, the Remuneration and Appraisal Committee has formulated and supervised the implementation of the remuneration plan of the Company, evaluated the performance of our Directors and senior management, reviewed matters relating to our Pre-IPO Equity Incentive Plan and dealt with other authorized matters.

The remuneration of Directors and Supervisors consists of Directors' fee, salaries and other benefits, performance-based bonus, retirement benefit scheme contributions and share-based compensation, which are determined based on the evaluation of each Directors' and Supervisors' individual performance and market trends in 2025. Details of the Directors' and five highest paid individuals' remuneration are set out in Notes 7 and 8 to the consolidated financial statements.

The remuneration payable to the senior management of the Company (who are not the Directors) for the year ended December 31, 2025 is shown in the following table by band:

Remuneration Band (RMB)	Number of individuals
2,000,001 to 2,500,000	1

CORPORATE GOVERNANCE REPORT

Nomination Committee

We have established a 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 Corporate Governance Code. The Nomination Committee consists of two independent non-executive Directors, namely Dr. Jiansun ZHANG and Ms. Xinpeng FAN (范新鹏), and one executive Director, namely Dr. Michael Min XU. Dr. Jiansun ZHANG serves as the chairperson of the Nomination Committee. The primary duties of the Nomination Committee include but not limited to the following:

- making recommendations to our Board with regards to the size and composition of our Board based on our Company's business operation, asset scale and equity structure;
- making the assessment of each Director's time commitment and contribution to the Board, as well as the Director's ability to discharge his or her responsibilities effectively;
- researching and developing standards and procedures for the election of our Board members, general managers and members of the senior management, and making recommendations to our Board;
- conducting extensive search and providing to our Board suitable candidates for Directors, general managers and other members of the senior management;
- examining our Board candidates, general manager and members of the senior management and making recommendations to our Board;
- assessing and reviewing the independence of independent non-executive Directors; and
- dealing with other matters that are authorized by our Board.

During the Reporting Period, the Nomination Committee held one (1) meeting. The attendance records of the Nomination Committee are set out under "Attendance Record of Directors". During the Reporting Period, the Nomination Committee has developed standards and procedures for the election of our Board members and senior management, conducted extensive search and provided suitable candidates to the Board, assessed the independence of our independent non-executive Directors, and dealt with other authorized matters.

Nomination Policy

Selections procedures of directors including: (i) the Nomination Committee shall discuss with the relevant departments of the Company, study the requirement for new Directors and senior management and prepare written reports accordingly; (ii) the Nomination Committee may search for candidates of Directors and senior management within and outside the Company and its subsidiaries (and associated companies); (iii) the Nomination Committee shall collect all information about the occupation, academic qualifications, titles, detailed working experience and all part-time job experience of the selected candidates and prepare written reports accordingly; (iv) the Nomination Committee shall obtain consent from the nominees regarding the nomination of candidates for directors and senior management; (v) the Nomination Committee shall convene a meeting to review the qualification of selected candidates according to the employment requirements for Directors and senior management; (vi) the Nomination Committee shall submit to the Board its proposals and information on the candidates prior to the election of new directors and the appointment of new senior management; and the Nomination Committee shall carry out follow-up work according to the decision and feedback of the Board.

CORPORATE GOVERNANCE REPORT

The structure, size and composition of the Board and the independence of the independent non-executive Directors have been reviewed by the Nomination Committee and the Nomination Committee considered that an appropriate balance of diversity perspectives of the Board was maintained for 2025.

During the Reporting Period, the Nomination Committee has conducted its primary duty including a review of the structure, size and composition of the Board, the Board Diversity Policy, nomination policy of the Board, and assess the independence of independent non-executive Directors and time commitment of the Directors.

Strategy and Development Committee

We have established a Strategy and Development Committee with written terms of reference in compliance with the Corporate Governance Code. The Strategy and Development Committee consists of one executive Director, namely Dr. Michael Min XU and two non-executive Directors, namely Dr. Xiangjun ZHOU and Dr. Yuhong XU (徐宇虹). Dr. Michael Min XU serves as the chairperson of the Strategy and Development Committee. The primary duties of the Strategy and Development Committee include but not limited to the following:

- researching and making recommendations on the Company's long-term development strategic planning;
- researching and making recommendations on major investment and financing programs that are required to be approved by the Board under the Articles of Association;
- researching and making recommendations on major capital operation and asset management projects which are required to be approved by the Board under the Articles of Association;
- researching and making recommendations on other major matters affecting the development of the Company;
- examining the implementation of the above matters; and
- dealing with other matters that are authorized by our Board.

During the Reporting Period, the Strategy and Development Committee held four (4) meetings. The attendance records of the Strategy and Development Committee are set out under "Attendance Record of Directors". During the Reporting Period, the Strategy and Development Committee has researched and made recommendations on the long-term development strategy, major investment and financing programs and other major matters affecting the development of the Company.

CORPORATE GOVERNANCE REPORT

Attendance Record of Directors

The attendance records of each Director at the committees' meetings during the Reporting Period are set out below:

Directors	Attendees/Number of Meetings			
	Strategy and Development Committee	Audit Committee	Remuneration and Appraisal Committee	Nomination Committee
Executive Directors				
Dr. Michael Min XU (<i>Chairman</i>)	4/4	N/A	N/A	1/1
Ms. Xiaojun WANG	N/A	N/A	1/1	N/A
Non-executive Directors				
Dr. Xiangjun ZHOU	4/4	2/2	N/A	N/A
Dr. Yuhong XU	4/4	N/A	N/A	N/A
Ms. Ting ZHAI	N/A	N/A	N/A	N/A
Mr. Hongkai LI	N/A	N/A	N/A	N/A
Independent Non-executive Directors				
Dr. Jiancun ZHANG	N/A	N/A	1/1	1/1
Dr. Yangyang CHEN	N/A	2/2	N/A	N/A
Ms. Xinpeng FAN	N/A	2/2	1/1	1/1

Corporate Governance Functions

The Board is responsible for performing the functions set out in Provision A.2.1 of the Corporate Governance Code. For the year ended December 31, 2025 and up to the date of this report, the Board had reviewed the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code, and the Company's compliance with the Corporate Governance Code and the disclosure in this Corporate Governance Report.

BOARD DIVERSITY POLICY

In order to enhance the effectiveness of our Board, to maintain the high standard of corporate governance and to achieve the goal of a sustainable and balanced development of the Company, we have adopted the board diversity policy which sets out the objective and approach to achieve and maintain diversity of our Board. Pursuant to the board diversity policy, we seek to achieve board diversity through the consideration of a number of factors when selecting the candidates to our Board, including but not limited to gender, skills, age, professional experience, knowledge, cultural background, and length of service. The ultimate decision of the appointment will be based on merit and the contribution which the selected candidates will bring to our Board.

CORPORATE GOVERNANCE REPORT

Our Directors have a balanced mix of knowledge and skills, including overall management and strategic development, medicine, biophysics, biology, biomedicine, accounting, economics, marketing, and chemistry. We have three independent non-executive Directors with different industry backgrounds, representing one-third of the members of our Board. Our Company has evaluated the structure, size and composition of our Board, and is of the opinion that the structure of our Board is reasonable, and the experience and skills of the Directors in various aspects and fields can enable our Company to maintain a high standard of operations.

Besides, we particularly recognize the importance of gender diversity. Our Board currently consists of five female Directors and four male Directors. As of December 31, 2025, we also have witnessed a balanced gender ratio in both the senior management and the overall workforce, with a male to female ratio of approximately 2:1 and 1:1, respectively. We have taken, and will continue to take, steps to promote gender diversity at all levels of our Company, including but without limitation to our Board and senior management levels. Going forward, we will continue to work to enhance gender diversity of our Board when selecting and recommending suitable candidates for Board appointments, and will at least have one female Director and will ensure that our female management members will get equal opportunities to develop and perform so as to eventually be equipped to step up as a member of our Board. Our Company also intends to promote gender diversity at the mid to senior level so that our Company can maintain a balanced gender ratio at different levels. Taking into account our existing business model and specific needs as well as the different background of our Directors, the composition of our Board satisfies our board diversity policy and it is currently not necessary to set any measurable objectives.

Our Nomination Committee is responsible for ensuring the diversity of our Board members. After the Listing, our Nomination Committee will examine the board diversity policy from time to time to ensure its continued effectiveness and in particular use their efforts to identify and recommend suitable female candidates for the Board's consideration in the future, and we will disclose in our corporate governance report about the implementation of the board diversity policy on an annual basis.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code to regulate all dealings by the Directors, the Supervisors and relevant employees of securities in the Company and other matters covered by the Model Code since the Listing Date. Specific enquiries have been made to all Directors and Supervisors, all of the Directors and Supervisors have confirmed that they have complied with the Model Code during the Reporting Period.

The Company's employees, who are likely to be in possession of inside information of the Company, have also been subject to the Model Code for securities transactions. No incident of non-compliance of the Model Code by the employees was noted by the Company during the Reporting Period.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company recognizes the importance of good corporate governance for enhancing the management of the Company as well as preserving the interests of the Shareholders as a whole. The Company has adopted and applied the principles and code provisions as set out in the Part 2 of Corporate Governance Code as its own code of corporate governance practices.

During the Reporting Period, the Company has complied with all the applicable code provisions as set out in the Corporate Governance Code, except for code provision C.2.1 described in the paragraph below. The Board will continue to review and monitor the code of corporate governance practices of the Company with an aim to maintaining a high standard of corporate governance.

CORPORATE GOVERNANCE REPORT

Pursuant to paragraph C.2.1 of Part 2 of the Corporate Governance Code, companies listed on the Stock Exchange are expected to comply with, but may choose to deviate from the requirement that the responsibilities between chairman and chief executive should be segregated and should not be performed by the same individual. We do not have a separate chairman and chief executive and Dr. Michael Min XU (“**Dr. XU**”) currently performs the roles of the chairman of our Board and the general manager of our Company. Dr. XU has assumed the role of general manager of our Company since May 2008. He has extensive experience in the business operations and management of our Group. Our Board believes that, in view of his experience, personal profile and his roles in our Company, Dr. XU is the Director best suited to identify strategic opportunities and focus of the Board due to his extensive understanding of our business as our general manager. The Board also believes that vesting the roles of both chairman and general manager in the same person has the benefit of (i) ensuring consistent leadership within the Group, (ii) enabling more effective and efficient overall strategic planning and execution of strategic initiatives of the Board, and (iii) facilitating the flow of information between the management and the Board for the Group.

The Board considers that the balance of power and authority for the present arrangement will not be impaired, and this arrangement will enable the Company to make and implement decisions promptly and effectively. In addition, all major decisions are made in consultation with members of the Board, including the relevant Board committees, and three independent non-executive Directors. The Board will continue to review and consider splitting the roles of chairman of the Board and general manager of the Company at a time when it is appropriate by taking into account the circumstances of the Group as a whole.

DIRECTORS’ RESPONSIBILITIES FOR FINANCIAL REPORTING

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

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, inside information announcements and other financial disclosures required by the Listing Rules and other regulatory requirements.

The management of the Company has provided sufficient explanation and information to the Board as necessary to enable the Board to carry out an informed assessment of the financial information and position of the Company in order to put forward such information to the Board for approval.

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

EXTERNAL AUDITOR AND AUDITOR’S REMUNERATION

The statement of the external auditor of the Company about their responsibilities for the audit of the consolidated financial statements is set out in the “Independent Auditor’s Report” on pages 106 to 110 of this report.

The external auditor of the Company will be invited to attend the annual general meeting to answer questions about the conduct of the audit, the preparation and content of the auditor’s report and auditor’s independence.

The remuneration which should be paid to the external auditor of the Company in respect of audit services and non-audit services including tax consulting service, for the year ended December 31, 2025 amounted to RMB1.85 million and RMB1.28 million respectively.

CORPORATE GOVERNANCE REPORT

RISK MANAGEMENT AND INTERNAL CONTROL

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

Risk Management

We are exposed to various risks in our business operations, and we believe that risk management is important to our success. Our Directors oversee and manage the overall risks associated with our operations. We have prepared written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code and Corporate Governance Report as set out in Appendix C1 to the Listing Rules.

To monitor the ongoing implementation of our risk management policies and corporate governance measures after the Listing, we have adopted or will continue to adopt, among other things, the following risk management measures to identify, evaluate and manage significant risks:

- establish an Audit Committee to review and supervise our financial reporting process and internal control system;
- adopt various policies to ensure compliance with the Listing Rules, including but not limited to aspects related to risk management, connected transactions and information disclosure;
- provide anti-corruption and anti-bribery compliance training periodically to our senior management and employees to enhance their knowledge and compliance with applicable laws and regulations; and
- attend training sessions by our Directors and senior management in respect of the relevant requirements of the Listing Rules and duties of directors of companies listed in Hong Kong.

Internal Control

We have employed an independent internal control consultant to assess our internal control system in connection with the Listing. The internal control consultant has conducted a review procedure on our internal control system in certain aspects, including financial reporting and disclosure controls, corporate level controls, information system control management and other procedures for our operations. We had improved our internal control system by adopting and implementing the corresponding enhanced internal control measures. Going forward, we will continue to regularly review and improve these internal control policies, measures and procedures.

We have also appointed external legal counsel to advise us on compliance matters, such as compliance with the regulatory requirements on clinical R&D, which is also monitored by our legal compliance team. Under our whistle blowing policy, we make our internal reporting channel open and available for our employees to report, on an anonymous basis, any non-compliance incidents and acts, including bribery and corruption. Reported incidents and persons will be investigated and appropriate measures will be taken in response to the findings. We have also established anti-bribery guidelines and compliance requirements.

CORPORATE GOVERNANCE REPORT

Inside Information Policy

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

The Company has regularly reviewed and enhanced its risk management and internal control systems and such review will be conducted at least annually. We provide our Directors, senior management, and relevant employees with continuous training programs and updates regarding the relevant laws and regulations regularly to proactively identify any concerns and issues relating to any potential non-compliance. We believe that our Directors and members of our senior management possess the necessary knowledge and experience in providing good corporate governance oversight in connection with risk management and internal control.

During the Reporting Period, the Board has conducted a review of the implementation and effectiveness of the risk management, internal control systems and inside information disclosure policy and considers these systems effective and adequate.

CHANGE IN INFORMATION OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVES UNDER RULE 13.51B(1) OF THE LISTING RULES

Save as disclosed above in this report, there was no other change in the information of Directors, Supervisors and chief executive of the Company which shall be subject to disclosure according to Rule 13.51B(1) of the Listing Rules.

CORPORATE GOVERNANCE REPORT

SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

We have entered into a contract with each of our Directors and Supervisors in respect of, among other things, compliance with the relevant laws and regulations, the Articles of Association and applicable provisions on arbitration.

For more information about the service contracts entered into by the Company, please refer to section headed "Appointment and Re-election of Directors" in this annual report.

REMUNERATION OF DIRECTORS, SUPERVISORS AND FIVE HIGHEST-PAID INDIVIDUALS

The Directors, Supervisors and senior management of the Company receive their remuneration in the form of Directors or Supervisors' fee, salary, allowances and benefits in kind, discretionary bonus, retirement scheme contributions and equity-settled share-based payments.

The remuneration of Directors, Supervisors and senior management of the Company is determined based on the evaluation of each Directors' and Supervisors' individual performance and market trends in 2025, with reference to factors including the salaries paid by comparable companies, time commitment and responsibilities of the Directors, Supervisors and senior management of the Company, employment conditions of other positions in our Company and the desirability of performance-based remuneration.

Details of remuneration of the Directors, Supervisors and five highest paid individuals (excluding Directors and Supervisors) are set out in Notes 7 and 8 to the consolidated financial statements of this 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 or agreed to waive any emoluments for the year ended December 31, 2025.

RETIREMENT BENEFITS

The employees of the Group's subsidiaries in the PRC are required to contribute a certain percentage of their payroll to the retirement contribution schemes to fund the benefits. The only obligation of the Group with respect to these retirement contribution schemes is to make the specified contributions. During the Reporting Period, there was no forfeiture of contributions under the defined contribution schemes. As at December 31, 2025, there were no forfeited contributions available for the Group to reduce its existing level of contributions to the defined contribution schemes.

CORPORATE GOVERNANCE REPORT

CONSIDERATION PROVIDED TO THIRD PARTIES FOR MAKING AVAILABLE DIRECTORS' SERVICES

During the year ended December 31, 2025, the Group did not pay consideration to any third parties for making available directors' services.

INFORMATION ABOUT LOANS, QUASI-LOANS AND OTHER DEALINGS IN FAVOR OF DIRECTORS, BODIES CORPORATE CONTROLLED BY OR ENTITIES CONNECTED WITH DIRECTORS

There were no loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors during the year ended December 31, 2025.

EMPLOYEES AND REMUNERATION POLICIES

The Group's remuneration policies are formulated based on the performance of individual employees and are reviewed regularly. A review of the employees and remuneration policies of the Group during the year is set out in "Management Discussion and Analysis – II. Financial Review – Employees and Remuneration Policies" of this report.

CONFIRMATION OF INDEPENDENCE FROM THE INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received the annual confirmations of independence from all independent non-executive Directors, namely, Dr. Zhang Jiancun, Dr. Chen Yangyang and Ms. Fan Xinpeng, pursuant to Rule 3.13 of the Listing Rules. The Company has duly reviewed their respective confirmations of independence, and considers that all independent non-executive Directors have been independent for the year ended December 31, 2025 and remain so as of the date of this report.

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investors' understanding of the Group's business performance and strategies. For this purpose, the Company has set up a website (<http://www.pegbio.com>), where relevant latest information, the up-to-date state of the Company's business operation and development, the Company's financial information and corporate governance practices and other data are available to the public. The Board reviewed the Shareholder's communication policy and considers it is effective.

The Company endeavours to maintain an on-going dialogue with Shareholders and in particular, through annual general meetings and other general meetings. At the annual general meetings, Directors (or their delegates as appropriate) are available to meet Shareholders and answer their enquiries.

The forthcoming annual general meeting will be held in June 2026. The notice of the annual general meeting will be published and dispatched in due course in the manner as required by the Listing Rules.

CORPORATE GOVERNANCE REPORT

CONSTITUTIONAL DOCUMENTS

The Company's existing Articles of Association has been approved by the first extraordinary general meeting of the Company on February 14, 2024. The Articles of Association is available on the Company's website and the Stock Exchange's website.

Upon completion of the Listing on May 27, 2025, the Company was required to complete the relevant industrial and commercial registration and make amendments to the Articles of Association. To reflect changes as proposed by the relevant regulatory authority, amendments were made to the Articles of Association on June 20, 2025 with authorisation in accordance with resolutions passed at the shareholders' general meeting held on February 14, 2024 and the meeting of the Board held on May 6, 2025. For details, please refer to the announcement of the Company dated June 20, 2025.

Save as disclosed above, the Articles of Association did not have any change from the Listing Date to December 31, 2025.

COMMUNICATION POLICIES RELATING TO SHAREHOLDERS

The Company has in place a shareholders' communication policy to ensure that Shareholders' views and concerns are appropriately addressed. The policy has regularly been reviewed by the Board during the Reporting Period and confirmed its effectiveness.

SHAREHOLDERS' RIGHTS

The Company engages with the Shareholders through various communication channels. Information of the Company is disseminated to the Shareholders in the manners including (i) delivery of annual and interim results and reports to all Shareholders; (ii) publication of announcements on the annual and interim results and issue of other announcements and Shareholders' circulars on the websites of the Stock Exchange and the Company in accordance with the continuing disclosure obligations under the Listing Rules; and (iii) the general meeting of the Company is also an effective communication channel between the Board and the Shareholders.

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

CONVENING SHAREHOLDERS' GENERAL MEETINGS

The general meetings shall be divided into the annual general meetings and the extraordinary general meetings. The annual general meeting shall be convened once a year, and shall be held within six months after the prior accounting year ends.

Extraordinary general meetings shall be held whenever necessary. The Board shall hold the extraordinary general meeting in two months upon the occurrence of the following events:

- The number of directors falls short of the number required by the Company Law or is less than two-thirds of the number required by these Articles of Association;

CORPORATE GOVERNANCE REPORT

- The uncovered loss of the Company reaches one-third of the total paid-in share capital of the Company;
- Upon request(s) by shareholder(s) individually or collectively holding more than 10% (inclusive of 10%) of the Company's shares;
- As deemed necessary by the Board or proposed by the Supervisory Committee;
- Other circumstances required by the laws, regulations and these Articles of Association.

Shareholders' general meetings shall be convened by the Board in accordance with the laws. When the Board is unable or fails to perform its duty to convene the Shareholders' general meeting, the Supervisory Committee shall convene and preside over the meeting promptly. In the case of failure to convene and preside over the Shareholders' general meeting by the Supervisory Committee, Shareholders holding 10% or more of the shares of the Company separately or in aggregate for more than 90 consecutive days shall have the right to convene and preside over the meeting on their own.

A notice of the general meeting stating the date and venue of the meeting and the matters to be considered at the meeting shall be given to all shareholders 21 days before the meeting. A notice of extraordinary general meeting shall be given to all shareholders 15 days prior to the meeting.

General meeting shall be presided over by the chairman of the Board. If the chairman is unable or fails to discharge his/her duties, half or more of the directors shall designate a director to preside over the meeting. If no chairman of the meeting has been designated, the Shareholders present shall elect one person to be the chairman of the meeting. If for any reason the Shareholders fail to elect a chairman, then the Shareholder (including his proxy) present in person or by proxy who holds the largest number of shares carrying the right to vote thereat shall be the chairman of the meeting.

The chairman of the Supervisory Committee shall preside over the general meeting convened by the Supervisory Committee. If the chairman of the Supervisory Committee is unable or fails to fulfill his/her duties, one supervisor jointly elected by more than half of the supervisors shall preside over the general meeting.

A representative elected by the convener(s) shall preside over the general meeting convened by the shareholders.

PUTTING FORWARD PROPOSALS AT GENERAL MEETINGS

Unless otherwise provided in these Articles of Association, Shareholders holding, individually or jointly, 3% or more of the Company's shares may submit a temporary motion and present a written proposal to the conveners 10 days before the date of the general meeting. The convener of the general meeting shall, within two days after receiving the proposal, send a supplementary notice detailing the temporary motion in accordance with the relevant rules of the Stock Exchange where the Company's shares are listed to notify other shareholders, and include in the agenda of the proposed meeting matters that fall within the terms of reference of the general meeting and submit them to the general meeting for consideration.

Save as specified above, the convener shall not change the proposal set out in the notice of general meeting or add any new proposal after the said notice is served.

CORPORATE GOVERNANCE REPORT

PUTTING FORWARD ENQUIRIES TO THE BOARD

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

CONTACT DETAILS

Address: Room 606, Building 1, Haozhang Tower, Gongshu District, Hangzhou, Zhejiang Province the PRC

Email: ir@pegbio.com

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

JOINT COMPANY SECRETARIES

Mr. Yifeng HUANG (黃一峰), is the secretary of the Board and our joint company secretary. See "Directors, Supervisor and Senior Management" above for details of his biography.

In order to uphold good corporate governance and ensure compliance with the Listing Rules and applicable laws of Hong Kong Special Administrative Region, the Company has also engaged **Ms. Yuen Mui CHAN (陳婉梅)**, who was appointed as our joint company secretary in January 2024 with effect from the Listing Date and resigned on August 26, 2025, and **Mr. Shing Lung CHOW (鄒醒龍)**, who was appointed on August 26, 2025 and resigned with effect from April 1, 2026. During their respective terms of office, Ms. Yuen Mui CHAN and Mr. Shing Lung CHOW assisted Mr. Yifeng HUANG in the discharge of the duties of the Company's company secretary. Following Mr. Shing Lung CHOW's resignation, **Ms. Yan Ting Jennis KWOK (郭恩廷)** of Computershare Hong Kong Investor Services Limited was appointed as another joint company secretary of the Company with effect from April 1, 2026, to assist Mr. Yifeng HUANG in the discharge of the duties of the Company's company secretary.

The Company has applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules with respect to the eligibility of Mr. Yifeng Huang to act as a Joint Company Secretary. For further details, please refer to section headed "Events after the Reporting Period" in this annual report, the announcements of the Company dated August 26, 2025 and April 1, 2026, and the Prospectus of the Company dated May 19, 2025.

Mr. Yifeng HUANG is the primary corporate contact person at the Company of Ms. Yan Ting Jennis KWOK.

During the year ended December 31, 2025, each of Mr. Yifeng HUANG, Ms. Yuen Mui CHAN and Mr. Shing Lung CHOW has undertaken over 15 hours of professional training to update their skills and knowledge.

DIRECTORS' REPORT

PRINCIPAL ACTIVITIES

Founded in 2008, we are a biotechnology company focused on the in-house discovery and development of innovative therapies, primarily peptide and small molecule drugs, for chronic diseases with a particular emphasis on metabolic disorders. We have self-developed one Core Product and other five product candidates to capture the market potential in prevalent chronic and metabolic diseases, including type 2 diabetes mellitus ("**T2DM**", also known as type 2 diabetes), obesity, non-alcoholic steatohepatitis ("**NASH**"), opioid-induced constipation ("**OIC**", a gastrointestinal disorder induced by the usage of opioid drugs) and congenital hyperinsulinemia (a rare endocrine disease whose patients experience constant hypoglycemia).

There were no significant changes in the nature of the Group's principle activities during the ended December 31, 2025. The principal activities of the subsidiaries of the Group are set out in Note 14 to the consolidated financial statements. None of our subsidiaries had issued any debt securities for the years ended December 31, 2024 and 2025.

RESULTS

The results of the Group for the year ended December 31, 2025 are set out in the consolidated financial statements on pages 111 to 164 of the report.

FINAL DIVIDEND

As at December 31, 2025, there was no Shareholder has waived or agreed to waive any dividends.

No dividend has been declared and paid by the Group for the year ended December 31, 2025 (2024: Nil).

SHARE CAPITAL

Details of the issued shares of the Company for the year ended December 31, 2025 are set out in Note 23(c) to the consolidated financial statements.

RESERVES

Details of the movements in reserves of the Group for the year ended December 31, 2025 are set out in Note 23(d) to the consolidated financial statements.

DISTRIBUTABLE RESERVES

As of December 31, 2025, the Company had no distributable reserves.

FINANCIAL SUMMARY

The H Shares of the Company were listed on the Stock Exchange on May 27, 2025. A summary of the published results and of the assets, liabilities and equity of the Group for the last five financial years ended December 31, 2025, as extracted from the published audited financial information and financial statements, is set out on page 172 of this report.

BANK LOANS AND OTHER BORROWINGS

Details of bank loans and other borrowings of the Group for the year ended December 31, 2025 are set out in Note 19 to the consolidated financial statements. During the year ended December 31, 2025, the Company had not breached any terms of its loan agreements that are significant to the Group's operations.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group for the year ended December 31, 2025 are set out in Note 10 to the consolidated financial statements.

SUFFICIENCY OF PUBLIC FLOAT

The Stock Exchange has granted the Company a waiver from strict compliance with the requirements of Rule 8.08(1) of the Listing Rules to reduce the minimum public float of our Company to the higher of (a) 16.42%; (b) such percentage of H Shares to be held by the public immediately after completion of the Global Offering and before the over-allotment option is exercised; and (c) such percentage of H Shares to be held by the public upon any exercise of the over-allotment option, of the enlarged issued share capital of the Company. Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Directors confirm that the Company has maintained the aforesaid minimum public float required by the Stock Exchange from the Listing Date and up to the date of this report.

PRE-EMPTIVE RIGHTS

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

TAX RELIEF AND EXEMPTION INFORMATION FOR SHAREHOLDERS

Shareholders of the Company are taxed in accordance with the following tax regulations and the amendments thereof from time to time. They shall enjoy possible tax relief according to the actual situation. The following cited laws, regulations and normative documents are extracted from relevant provisions issued and effective as at December 31, 2025. Shareholders should seek professional advice from their tax and legal advisors on specific tax payment or impact thereof if necessary.

Holders of H Shares:

According to the Individual Income Tax Law of the People's Republic of China (《中華人民共和國個人所得稅法》) and its implementation rules, dividends paid to individuals by the PRC companies are generally subject to an individual income tax levied at a flat rate of 20%. For an individual who has no domicile in the PRC and is not resident in the territory of the PRC or who has no domicile in the PRC and has been resident in the territory of the PRC for less than 183 days cumulatively within a tax year, his/her receipt of dividends from a PRC company is normally subject to a PRC withholding tax of 20% unless specifically exempted or reduced by an applicable tax treaty and other tax laws and regulations.

Pursuant to the Notice of the State Administration of Taxation on Issues Concerning Withholding the Enterprise Income Tax on Dividends Paid by Chinese Resident Enterprises to Holders of H Shares who are Overseas Non-resident Enterprises (Guo Shui Han [2008] No. 897) (《關於中國居民企業向境外 H 股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》(國稅函[2008]897 號)), a PRC resident enterprise, when distributing dividends for 2008 and for the years afterwards to holders of H Shares who are overseas non-resident enterprises, shall withhold the enterprise income tax at a flat rate of 10%. A non-PRC resident enterprise which is entitled to a preferential tax rate under an applicable tax treaty or arrangement may, directly or through its agent or withholding agent, apply to the competent tax authorities for a refund of the excess amount of tax withheld.

DIRECTORS' REPORT

Investors of Shanghai-Hong Kong Stock Connect Program:

Pursuant to the "Notice on Taxation Policies concerning the Pilot Program of an Interconnection Mechanism for Transactions in the Shanghai and Hong Kong Stock Markets" (Cai Shui [2014] No. 81) (《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2014]81號)) and the "Notice on Taxation Policies concerning the Pilot Program of an Interconnection Mechanism for Transactions in the Shenzhen and Hong Kong Stock Markets" (Cai Shui [2016] No. 127) (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2016]127號)) jointly promulgated by the Ministry of Finance, the State Administration of Taxation and the CSRC, for dividends derived by Mainland individual investors from investing in H Shares listed on the Hong Kong Stock Exchange through Shanghai Hong Kong Stock Connect or Shenzhen Hong Kong Stock Connect, H-share companies shall withhold individual income tax at a tax rate of 20% for the investors. For Mainland securities investment funds investing in shares listed on the Hong Kong Stock Exchange through Shanghai Hong Kong Stock Connect or Shenzhen Hong Kong Stock Connect, the above rules shall also apply and individual income tax shall be levied on dividends derived therefrom. Dividends derived by Mainland enterprise investors from investing in shares listed on Hong Kong Stock Exchange through Shanghai Hong Kong Stock Connect or Shenzhen Hong Kong Stock Connect shall be reported and paid by the enterprise investors themselves. H-share companies will not withhold or pay enterprise income tax on their behalf in the distribution of dividends. For dividends derived by mainland resident enterprises where the relevant H shares have been continuously held for more than 12 months, the enterprise income tax thereon may be exempt according to the tax law.

BUSINESS REVIEW

Overview and performance of the Year

A review of the business of the Group during the year, a discussion and analysis on the Group's future business development and the financial and operational key performance indicators employed by the Directors in measuring the performance of the Group's business are set out in "Management Discussion and Analysis" of this report, and form part of this directors' report.

Principal Risks and Uncertainties

A description of the principal risks and uncertainties facing the Company is provided in "Management Discussion and Analysis" on pages 4 to 24 of this report.

Environmental Policies and Performance

We actively integrate Environmental, Social and Governance ("ESG") into our business management. Our Board takes ESG risks and opportunities that may arise as one of the key considerations when making strategies or decisions in relation to major transactions, and also considers mitigation measures in advance for potential risks identified.

We have taken the lead in setting up a three-member ESG working group to take charge of our ESG-related matters, and formulated the ESG Policy of the Company. The objective of the working group is to improve our ESG performance under the supervision and management of the Board of Directors, enhance our core competitiveness and sustainable development ability, enhance the capital market's recognition of our ESG work, build the Company into a sustainable development enterprise and become a leader in ESG in the biopharmaceutical industry. Our ESG working group comprises Ms. Xiaojun WANG, our executive Director and chief financial officer, Mr. Yifeng HUANG, our Board secretary and Mr. Yiming QIAN, our head of production, so that all our departments are actively involved in the disclosure of information and actions related to our sustainability initiatives, under the supervision and management of the Board.

DIRECTORS' REPORT

The ESG working group is responsible to the Board of Directors. The ESG working group shall report to the Board of Directors on ESG-related matters of the Company no less than once a quarter. The proposals passed at the working group meeting and the voting results shall be reported to the Board of Directors in writing. The ESG working group's responsibilities include, among others, any matters relating to the Company's ESG endeavors:

- formulate the Company's ESG related strategies, objectives, key issues and risks, and provide recommendations and approvals to the Board;
- communicate with various stakeholders to identify, evaluate and monitor ESG issues in a timely manner, and follow up and make recommendations to the Board in a timely manner when any changes occur or potential risks exist;
- formulate policies, systems and work plans related to ESG matters of the Company, and to report regularly to the Board on the progress and effectiveness;
- check and supervise the practice and implementation of ESG related matters in the Company, review the content of ESG related information disclosure, and provide suggestions and approval to the Board of Directors; and
- provide ESG related training and materials to the board.

For more details, please refer to our "Environmental, Social and Governance Report" for our work in respect of environmental protection, social and governance during the year.

Compliance with Relevant Laws and Regulations

We may be involved in legal proceedings in the ordinary course of business from time to time. During the Reporting Period and up to the date of this report, the Group had complied with the laws, regulations and regulatory requirements of the places where the Group operates in all material respects, including the requirements under the Companies Ordinance, the Listing Rules, the SFO and the Corporate Governance Code for, among other things, the disclosure of information and corporate governance. During the Reporting Period and up to the date of the report, none of the Group and the Directors, Supervisors and senior management of the Company were subject to any investigation initiated or administrative penalties imposed by the CSRC, banned from entering the market, identified as inappropriate candidates, publicly condemned by stock exchanges, subject to mandatory measures, transferred to judicial organs or held criminally responsible, and none of them were involved in any other litigation, arbitration or administrative proceedings which would have a material adverse impact on our business, financial condition or results of operations.

Key Relationships with Stakeholders

We recognize that various stakeholders, including our employees, customers, suppliers and other business associates, are key to Group's success. The Group strives to achieve corporate sustainability through engaging, collaborating and cultivating strong relationship with them.

The details of an account of the Company's key relationships with its employees, customers and suppliers and others that have a significant impact on the Company are set out in the "Environmental, Social and Governance Report" of the Company on pages 71 to 105 of this report.

DIRECTORS' REPORT

BOARD OF DIRECTORS

The Directors who held office during the year ended December 31, 2025 and up to the date of this report were:

Executive Director

Dr. Michael Min XU (*Chairman*)

Ms. Xiaojun WANG

Non-executive Director

Dr. Xiangjun ZHOU

Dr. Yuhong XU

Ms. Ting ZHAI

Mr. Hongkai LI

Independent Non-executive Directors

Dr. Jiancun ZHANG

Dr. Yangyang CHEN

Ms. Xinpeng FAN

The biographical details of the Directors, Supervisors and senior management of the Company are set out in "Directors, Supervisors and Senior Management" of this report.

DIRECTORS', SUPERVISORS' AND SINGLE LARGEST GROUP OF SHAREHOLDERS' INTERESTS IN COMPETING BUSINESS

As of the Latest Practicable Date, Dr. Yuhong XU (徐宇虹) ("**Dr. Xu**"), our non-executive Director, also serves as the chairlady of the board of directors and the general manager of Hangzhou HighField Biopharmaceuticals, Inc. (杭州高田生物醫藥有限公司) ("**HighField**"), a limited liability company established in the PRC and principally engaged in the research and development of lipid-based therapeutics for cancer treatment. As of the Latest Practicable Date, Dr. Xu controlled approximately 49% voting rights of HighField through her direct shareholding and controlled entities.

As of the Latest Practicable Date, our Directors believe that we are capable of performing our business independently of, and at arm's length from HighField. For further details, please refer to "Directors, Supervisors and Senior Management – Confirmation from Our Directors" in the Prospectus.

Save as disclosed above, during the Reporting Period, none of the Directors, Supervisors and the Single Largest Group of Shareholders or their respective close associates (as defined in the Listing Rules) had any interest in a business that competed or was likely to compete, either directly or indirectly, with the business of the Group, other than being a director or supervisor of the Company and/or its subsidiaries.

CONFLICT OF INTERESTS BETWEEN THE GROUP AND OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

The Company has received the annual confirmation from the Single Largest Group of Shareholders in respect of the conflict of interests between the Group and our Single Largest Group of Shareholders, and they confirmed that there was no conflict of interests between them and the Group during the Reporting Period and up to the date of this report.

The independent non-executive Directors also reviewed whether there was any conflict of interests between the Group and the Single Largest Group of Shareholders, and confirmed that there was no conflict of interests during the Reporting Period and up to the date of this report.

DIRECTORS', SUPERVISORS' AND SINGLE LARGEST GROUP OF SHAREHOLDERS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

No transactions, arrangements or contracts of significance (including for the provision of services) to which the Company or its subsidiaries was a party and in which a Director or Supervisor or the Single Largest Group of Shareholders or their connected entity (within the meaning of section 486 of the Companies Ordinance) had a material interest, whether directly or indirectly, has been entered into or was subsisting during the Reporting Period.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Reporting Period and up to the date of this report between the Company and a person other than a Director or any person engaged in the full-time employment of the Company.

CONNECTED TRANSACTION

During the Reporting Period, the Group did not conduct any non-exempt connected transactions or continuing connected transactions which should be disclosed pursuant to Rules 14A.49 and 14A.71 of the Listing Rules. During the Reporting Period, the Company has complied with all the disclosure requirements under Chapter 14A of the Listing Rules.

For the year ended December 31, 2025, no related party transactions as set out in Note 26(b) to the consolidated financial statements constitute connected transactions or continuing connected transactions required to be disclosed under the Listing Rules.

DIRECTORS' REPORT

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

As of December 31, 2025, as far as the Company is aware, the interests or short positions of the Directors, Supervisors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be recorded in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Name	Capacity/Nature of Interest	Number of Shares ⁽¹⁾	Approximate percentage of shareholding in the Unlisted Shares/H Shares	Approximate percentage of shareholding in the total Share capital
			as of December 31, 2025 ⁽²⁾	as of December 31, 2025 ⁽²⁾
Dr. Michael Min XU ⁽³⁾	Beneficial owner	40,657,312	38.07%	10.40%
		Unlisted Shares (L)		
	17,424,562	6.13%	4.46%	
	H Shares (L)			
Interest in controlled corporations	29,175,230	10.26%	7.46%	
	H Shares (L)			
Ms. Xiaojun WANG ⁽³⁾	Interest in controlled corporations	29,175,230	10.26%	7.46%
		H Shares (L)		
Dr. Xiangjun ZHOU	Beneficial owner	6,268,463	2.20%	1.60%
		H Shares (L)		
Dr. Yuhong XU	Beneficial owner	6,810,871	2.40%	1.74%
		H Shares (L)		

Notes:

- (1) The letter "L" denotes the person's long position in the Shares.
- (2) The calculation is based on the total number of 106,791,193 Unlisted Shares and 284,300,339 H Shares in issue as of December 31, 2025.
- (3) Shanghai Sujie was established in the PRC as a limited partnership, of which Ms. Xiaojun WANG is acting as the sole general partner, and Dr. Michael Min XU owns approximately 93.26% interest as a limited partner as of December 31, 2025. As such, Ms. Xiaojun WANG and Dr. Michael Min XU are deemed to be interested in the Shares held by Shanghai Sujie under the SFO.

DIRECTORS' REPORT

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

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS

As of December 31, 2025, to the knowledge of our Company and the Directors after making reasonable inquiries, the Directors are not aware of any other person (other than the Directors, the Supervisors and chief executives of our Company as disclosed above) have interests or short positions in Shares or underlying Shares which would be required to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and recorded in the register required to be maintained by our Company under Section 336 of Part XV of the SFO.

EQUITY-LINKED AGREEMENT

During the Reporting Period, the Company has not entered into any and there subsisted no equity-linked agreement.

PERMITTED INDEMNITY PROVISION

The Company has maintained appropriate liability insurance policies for its Directors, Supervisors and senior management of the Company during the year ended December 31, 2025. Such permitted indemnity provision was in force throughout the Reporting Period and as of the date of this annual report.

MAJOR CUSTOMERS AND SUPPLIERS

During the Reporting Period, the Group had no commercialized product and therefore had no customers.

DIRECTORS' REPORT

During the Reporting Period, the Group's largest supplier accounted for 10.1% of the Group's total purchase. The Group's five largest suppliers accounted for 34.8% of the Group's total purchase.

None of the Directors or any of their close associates (as defined under the Listing Rules) or any shareholders (which, to the best knowledge of the Directors, owns more than 5% of the Company's issued shares (excluding treasury shares)) has any beneficial interest in the Group's five largest customers or the Group's five largest suppliers.

RIGHTS OF DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this report, as of December 31, 2025 or any time during the Reporting Period, none of the Directors or their respective spouses or minor children under the age of 18 years were granted with rights, or had exercised any such rights, to acquire benefits by means of purchasing Shares or debentures of the Company. Neither the Company nor any of its subsidiaries was a party to any arrangements to enable the Directors or their respective spouses or minor children under the age of 18 years to acquire such rights from any other body corporates.

LEGAL PROCEEDINGS

As of December 31, 2025, as far as the Company is aware, the Company and its subsidiaries were not involved in any material litigation or arbitration and no material litigation or claim of material importance was pending or threatened against or by the Company.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including sale of treasury Shares (as defined under the Listing Rules)).

As of December 31, 2025, there were no treasury Shares (as defined under the Listing Rules) held by the Company and no Shares repurchased but pending cancellation.

USE OF PROCEEDS

Global Offering

The Company's H Shares, each with nominal value of RMB1.00, were listed on the Stock Exchange on May 19, 2025 with a total of 19,283,500 offer shares issued at an issued price of HK\$15.6 and the net proceeds raised from the Global Offering were approximately HK\$231.8 million (equivalent to RMB212.6 million) after the deduction of underwriting fees, and related expenses in connection with the Global Offering. The aggregate nominal value of the H Shares issued under the Global Offering is RMB19,283,500. The net price, after the deduction of underwriting fees and related expenses in connection with the Global Offering, is approximately HK\$12.02 per H Share.

The net proceeds from the Global Offering have been and will be utilized in accordance with the purposes set out in the Prospectus. As of December 31, 2025, the Group had used the net proceeds from the Global Offering for the following purposes:

Use of proceeds	Approximate % of total net proceeds (%)	Planned allocation of net proceeds (RMB million)	Utilized Net Proceeds during the Reporting Period (RMB million)	Unutilized Net Proceeds December 31, 2025) (RMB million)	Expected timeline for application of unutilized net proceeds
Commercialization and indication expansion of our Core Product PB-119	50.2	106.7	1	105.7	Expected to be fully utilized by the end of 2027
Further development of our key product PB-718	34.5	73.3	1.2	72.1	Expected to be fully utilized by the end of 2027
Ongoing and planned research and development of our other pipeline product candidates	5.3	11.3	5.2	6.1	Expected to be fully utilized by the end of 2026
Business development activities and enhancing our overseas presence	1.0	2.1	0.1	2	Expected to be fully utilized by the end of 2026
Working capital and other general corporate purposes	9.0	19.2 ^(Note)	19.2 ^(Note)	–	NA
Total	100	212.6	26.7	185.9	

Note:

Among the RMB19.2 million, (i) RMB18 million has been utilized to repay loans from banks; and (ii) RMB1.2 million has been utilized to pay professional services fees.

DIRECTORS' REPORT

The December 2025 Placing

On December 12, 2025 (after trading hours), the Company entered into a placing agreement (the "Placing Agreement") for the placing of an aggregate of 5,136,000 H Shares to not less than six placees at a price of HK\$58.41 per H Share (the "Placing"). The placing price of HK\$58.41 per H Share represents: (i) a discount of 10% to the closing price of HK\$64.90 per H Share as quoted on the Stock Exchange on December 12, 2025 (Hong Kong time), being the date of the Placing Agreement; and (ii) a discount of approximately 7.11% to the average closing price of HK\$62.88 per H Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to the date of the Placing Agreement. The gross proceeds and net proceeds (after deducting related costs and expenses to be borne by the Company) from the Placing amounted to approximately HK\$299,993,760 and approximately HK\$295,699,826, respectively. The aggregate nominal value of the H Shares issued under the Placing is RMB5,136,000. The net placing price, after deducting related costs and expenses to be borne by the Company, is approximately HK\$57.57 per H Share. The placees and their respective ultimate beneficial owners are professional, institutional, or other investors who are independent third parties of the Company and any of its connected persons.

Completion of the Placing took place on December 22, 2025. The table below sets out the intended uses of the net proceeds of the Placing:

Expected use of net proceeds	Approximate percentage of total net proceeds	Allocation of net proceeds (HK\$ million)	Net proceeds utilized during the year December 31, 2025 (HK\$ million)	Unutilized net proceeds (as of December 31, 2025) (HK\$ million)	Expected timeline for utilization of the net proceeds ^(Note 1)
Construction of a new-generation intelligent R&D and data platform	40	118.28	–	118.28	Expected to be fully utilized by the end of 2026
Repayment of loans and strengthening of the Company's capital structure	28	82.80	–	82.80	Expected to be fully utilized by the end of 2026
Ongoing and planned R&D of PB-2301 and PB-2309	12	35.48	–	35.48	Expected to be fully utilized by the end of 2026
Establishment of a HK subsidiary and acceleration of the Groups' overseas presence	10	29.57	–	29.57	Expected to be fully utilized by the end of 2026
General corporate purposes and working capital	10	29.57 ^(Note 2)	–	29.57 ^(Note 2)	Expected to be fully utilized by the end of 2026
Total	100	295.69	–	295.69	

Notes:

- (1) The expected timeline is based on the best estimation of future market conditions and business operations made by the Company currently and remains subject to change based on future development of market conditions and actual business needs.
- (2) Among the HK\$29.57 million, it is expected that (i) HK\$12.59 million will be used as employee salary expense; and (ii) HK\$16.98 million will be used to pay professional services fees.

For further details of the Placing, please refer to the announcements of the Company dated December 14, 2025 and December 22, 2025.

PROSPECTS

A description of the future development in the Company's business is provided in "Management Discussion and Analysis" on pages 4 to 24 of this report.

EVENTS AFTER THE REPORTING PERIOD

Change in Board Lot Size

The board lot size of the H shares of RMB1.00 each in the capital of the Company for trading on the Stock Exchange will be changed from 500 H Shares to 50 H Shares with effect from 9:00 a.m. on Tuesday, March 31, 2026. For further details, please refer to the announcements of the Company dated March 10, 2026.

Change of Joint Company Secretary

After the Reporting Period, Mr. Shing Lung CHOW resigned as and Ms. Yan Ting Jennis KWOK was appointed as (i) the joint company secretary of the Company; (ii) the authorised representative of the Company under the Rule 3.05 of the Listing Rules on the Stock Exchange; and (iii) the representative for acceptance of service of process and notices on behalf of the Company in Hong Kong under Part 16 of the Companies Ordinance, with effect from April 1, 2026.

The Company has applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules with respect to the eligibility of Mr. Yifeng HUANG to act as a joint company secretary. For further details, please refer to announcements of the Company dated August 26, 2025 and April 1, 2026, and the Prospectus of the Company dated May 19, 2025.

Issuance of Filing Notice by the CSRC

After the Reporting Period, the Company has received a filing notice dated March 26, 2026 (the "Filing Notice") issued by the CSRC in respect of the implementation of the H Share full circulation. According to the Filing Notice, the filing made by the Company with the CSRC in respect of the implementation of the H Share full circulation for an aggregate of 101,702,051 Unlisted Shares has been completed. For further details, please refer to announcements of the Company dated November 28, 2025 and April 9, 2026.

Save as disclosed, the Group has no significant event occurred after the Reporting Period which require additional disclosures or adjustments as at the date of this annual report.

DIRECTORS' REPORT

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

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

PRE-IPO EQUITY INCENTIVE PLAN

The following is a summary of the principal terms of the Pre-IPO Equity Incentive Plan, which was adopted by the Company on March 27, 2021 and took effect on the adoption date, as amended from time to time. No awards are to be granted by the Company under the Pre-IPO Equity Incentive Plan after the Listing. The Pre-IPO Equity Incentive Plan also does not involve the grant of new Shares or awards by the Company after the Listing. The Pre-IPO Equity Incentive Plans are not subject to Chapter 17 of the Listing Rules.

As such, no new Shares or awards were available for grant at the beginning of the Reporting Period (i.e. January 1, 2025), and no new Shares or awards remain available for grant under the Pre-IPO Equity Incentive Plan as of December 31, 2025.

Purpose

The main purpose of the Pre-IPO Equity Incentive Plan is to improve the incentive mechanism of the Group, further enhance the work enthusiasm and creativity of the participants thereto (the "**Eligible Participants**"), promote the continued growth of the performance of the Group, and bring economic benefits to the Eligible Participants while enhancing the value of the Group, so as to realize the common development of the Eligible Participants and the Group.

Eligible Participants

The Eligible Participants include employees of the Group who have contributed to the development of the Group, and other participants recommended by the chairman of the Board and determined by the Board in compliance with laws, regulations, regulatory rules, the Articles of Association and the rules of the Pre-IPO Equity Incentive Plan.

Administration

The Board shall act as the scheme administrator of the Pre-IPO Equity Incentive Plan, and shall be responsible for, among others,

- setting and adjusting the conditions for granting awards;
- obtaining the list of proposed grantees recommended by the chairman of the Board and proposed number of awards, and conducting assessment for the proposed grantees;
- determining the identities of the grantees and the corresponding amount of awards to be granted;
- arranging execution of the grant agreements, the partnership agreements of the Equity Incentive Platform and other relevant documents;
- maintaining a grantee list for internal record;
- determining the transferees, methods and prices for the transfer of or withdrawal from holding the partnership interests of the Equity Incentive Platform held by the grantees in accordance with the laws and regulations and the Pre-IPO Equity Incentive Plan;
- interpreting and amending the Pre-IPO Equity Incentive Plan; and
- other matters that the Board shall be responsible for under the Pre-IPO Equity Incentive Plan.

The voting rights attached to the Shares in the Company held by the Equity Incentive Platform underlying the awards, all of which have been granted and vested, reside with the general partner of the Equity Incentive Platform.

Form of Awards under the Pre-IPO Equity Incentive Plan

The grantees shall subscribe for partnership interests of the Equity Incentive Platform as partners according to the amount of awards granted under the Pre-IPO Equity Incentive Plan as approved by the Board, and make the corresponding capital contributions in accordance with the arrangements of the Board, thereby holding indirect interests in the Shares.

Total Number of the Shares underlying the Awards

As of December 31, 2025, grantees are indirectly interested in a total of 29,175,230 Shares, representing approximately 7.46% of the share capital of our Company, through holding partnership interests in our Equity Incentive Platform.

As of the Latest Practicable Date, all awards, corresponding to a total of 29,175,230 Shares, have been granted and vested under the Pre-IPO Equity Incentive Plan, and no further awards will be granted thereunder after the Listing.

DIRECTORS' REPORT

Term

The Pre-IPO Equity Incentive Plan shall take effective from the date of being approved at the Shareholders' general meeting. The Board is authorized to review and approve the implementation, amendment and termination of the Pre-IPO Equity Incentive Plan.

Grant of Awards

The Board shall determine the grantees and the allocation of awards after considering, among others, the Company's operating conditions, and the Eligible Participant's performance appraisal, position, time in office, length of service, remuneration in the particular position, the value of services provided and the contribution to the Group. The chairman of the Board is responsible for informing the grantees and the Company to execute the grant agreements. Grantees must subscribe for the partnership interests of our Equity Incentive Platform in cash, and should ensure that their source of funds is genuine and lawful. All contribution payments shall be made fully and timely. For the avoidance of doubt, no awards are to be granted by the Company under the Pre-IPO Equity Incentive Plan after the Listing.

Transfer Restrictions

Save as otherwise allowed in the Pre-IPO Equity Incentive Plan, the grantees shall not dispose any of the partnership interests held in our Equity Incentive Platform within 12 months following the date of Listing, and shall not directly or indirectly transfer any of the partnership interests held in our Equity Incentive Platform without the prior written consent of the chairman of the Board (the "**Awards Lock-up Period**").

In addition, save as otherwise allowed in the Pre-IPO Equity Incentive Plan and with the written consent of the chairman of the Board, the grantees shall not reduce or transfer any of the partnership interests held in our Equity Incentive Platform, or directly or indirectly dispose any of the partnership interests held in our Equity Incentive Platform, until his awards are released. The dividend distribution by our Equity Incentive Platform to the grantees shall be decided by the general partner of our Equity Incentive Platform, and the grantees have no right to distributions of our Equity Incentive Platform for their unreleased awards. The awards granted under the Pre-IPO Equity Incentive Plan shall be released as follows upon the confirmation of the chairman of the Board:

- 100% of the total number of awards granted to a grantee who has served or been employed by the Group for more than 5 years (inclusive) shall be released on the grant date;
- 80% of the total number of awards granted to a grantee who has served or been employed by the Group for more than 4 years (inclusive) but less than 5 years shall be released on the grant date, and the remaining awards shall be released on the date when the performance targets set to such grantee (the "**Performance Targets**") are appraised and deemed as being satisfied in the second year;

DIRECTORS' REPORT

- 60% of the total number of awards granted to a grantee who has served or been employed by the Group for more than 3 years (inclusive) but less than 4 years shall be released on the grant date, and the remaining awards shall be released on the dates when the Performance Targets are appraised and deemed as being satisfied in the subsequent years (with 20% released each year);
- 40% of the total number of awards granted to a grantee who has served or been employed by the Group for more than 2 years (inclusive) but less than 3 years shall be released on the grant date, and the remaining awards shall be released on the dates when the Performance Targets are appraised and deemed as being satisfied in the subsequent years (with 20% released each year);
- 20% of the total number of awards granted to a grantee who has served or been employed by the Group for more than 1 year (inclusive) but less than 2 years shall be released on the grant date, and the remaining awards shall be released on the dates when the Performance Targets are appraised and deemed as being satisfied in the subsequent years (with 20% released each year);
- the awards granted to a grantee who has served or been employed by the Group for less than 1 year shall be released on the dates when the Performance Targets are appraised and deemed as being satisfied in the subsequent years (with 20% released each year); and
- if the Performance Targets are not satisfied in certain year, the corresponding proportion of the awards may be released on the date when the Performance Targets are appraised and deemed as being satisfied in the next year.

The Performance Targets shall be determined by the Board in consultation with the employees of the Company at the beginning of each assessment period taking into account among others: (i) work progress, satisfaction of business counterparts and other targets which ought to be reached by the respective grantee during the relevant period, (ii) accuracy and timeliness with which the grantee ought to complete his work and the sufficiency of his use of resources during the relevant period, (iii) the grantee's protectiveness, team work, and contribution to team goals during the relevant period, and (iv) the grantee's growth during the relevant period, taking into account of the training participated in, self-improvement efforts made, and improvements in skills achieved.

Clawback Mechanism

If the Performance Targets are not satisfied in the consequent two years, the partnership interests in our Equity Incentive Platform underlying the unreleased awards shall be transferred to the chairman of the Board or the party designated by the chairman of the Board, or repurchased by the Equity Incentive Platform, at the price that the grantee paid for subscription of such partnership interests ("**Clawed Back**").

DIRECTORS' REPORT

In case of the termination of the grantee's employment or service with the Group due to the grantee's unilateral termination of employment or service with the Group or refusal to renewal such employment or service relationship with adverse impact on the company, incompetency for work, seriously violation of the relevant rules and regulations of the Group, unsatisfactory performance during the probation period, violation of the agreements with the Group, causation of direct or indirect, material and reputational losses to the Group or the Equity Incentive Platform due to intentional or gross negligence, being suspected of a crime and investigated or held criminally responsible by the judicial authorities, establishing labor relations with other employers without the Group's consent or other behaviors that conflict with interests of the Group, or fault entitling the Group to terminate his labor relationship in accordance with the Labor Contract Law and other laws and regulations (the "**Causes**"): (i) the awards of the grantee shall be Clawed Back in case of any Cause before the listing of the Company or during the Awards Lock-up Period, (ii) the unreleased awards of the grantee shall be Clawed Back, whereas the released awards shall be sold ("**Disposed**") to the chairman of the Board or the party designated by the chairman of the Board or our Equity Incentive Platform at the average closing price of the Shares in the twenty (20) trading days before the signing of the transfer agreement in case of any Cause after the Awards Lock-up Period.

In case of termination of employment or service with the Group due to the grantee's retirement, death or declared death or missing according to law, being unable to perform his duty due to incapability, injury or sickness, becoming a person without capacity for civil conduct or with limited capacity for civil conduct, consensus with the Group on such termination, being terminated of the labor/service relationship with the Group which is not attributable to the grantee, or other circumstances determined by the Board: (i) the awards of the grantee shall be Clawed Back in case of any Incident before the listing of the Company, (ii) the unreleased awards shall be Clawed Back, whereas the released awards could be kept with the approval of the chairman of the Board, in case of any Incident after the listing of the Company but during the Awards Lock-up Period, (iii) the unreleased awards shall be Clawed Back, whereas the released awards shall be Disposed, in case of any Incident after the Awards Lock-up Period.

Details of the Grantees

As of December 31, 2025, all awards, corresponding to a total of 29,175,230 Shares, have been granted and vested under the Pre-IPO Equity Incentive Plan, and no further awards will be granted thereunder after the Listing.

As of December 31, 2025, the awards corresponding to a total of 29,175,230 Shares, representing approximately 7.46% of our total issued Shares, have been granted to a total of 21 Eligible Participants under the Pre-IPO Equity Incentive Plan. All partnership interests in the Equity Incentive Platform have been subscribed by and fully paid up by the grantees, and the relevant registrations had been completed.

DIRECTORS' REPORT

The details of the awards are set out below:

Name	Position	Approximate partnership interests in Shanghai Sujie as of December 31, 2025	Approximate number of Shares corresponding to awards granted to the grantees ⁽¹⁾	Approximate shareholding percentage corresponding to awards in the total number of Shares as of December 31, 2025 ⁽²⁾
Directors				
Dr. Michael Min XU	Chairman of the Board, executive Director and general manager	93.26%	27,209,520	6.957%
Ms. Xiaojun WANG	Executive Director and chief financial officer	3.11%	907,262	0.232%
Subtotal of Directors		96.37%	28,116,782	7.189%
Supervisor				
Ms. Mengjiao WANG	Chairlady of the Supervisory Committee, and the employee representative Supervisor	0.06%	16,046	0.004%
Senior Management (other than Director)				
Mr. Yifeng HUANG	Secretary of Board and joint company secretary	0.41%	119,998	0.031%
Other Grantees				
17 employees	–	3.16%	922,404	0.236%
Total		100.00%	29,175,230	7.460%

Notes:

- (1) For illustrating the indirect interests of grantees in the Shares, the number of Shares are presented and calculated by multiplying their respective percentage of partnership interests in Shanghai Sujie by the total number of Shares held by Shanghai Sujie.
- (2) All the Unlisted Shares held by Shanghai Sujie were fully converted into H Shares.

DIRECTORS' REPORT

MATERIAL CONTRACTS AND EXECUTION

During the Reporting Period, the Group did not have any material custody, contractual or lease arrangements, nor were there such arrangements carried forward to the Reporting Period from the previous period.

CORPORATE GOVERNANCE

The Company has been committed to achieving high standards of corporate governance with a view to safeguarding the interests of the Shareholders.

The Company has adopted the principles and code provisions as set out in the CG Code to the Listing Rules. The CG Code has been applicable to the Company during the Reporting Period.

The Board is of the view that the Company has complied with all applicable code provisions of the CG Code during the Reporting Period and up to the date of this report, except for the deviation from the code provision C.2.1 of the CG Code. Details are set out in "Corporate Governance Report" in this report.

AUDITOR

The consolidated financial statements of the Group for the year ended December 31, 2025 have been audited by KPMG, certified public accountants. As of the date of this report, there has not been any change of the auditor since the Listing Date.

A resolution for the appointment of KPMG as the auditors of the Company for the 2026 financial statements will be proposed at the forthcoming AGM.

PUBLICATION OF ANNUAL RESULTS AND 2025 ANNUAL REPORT

This annual results announcement is published on the website of the Company (www.pegbio.com) and the website of the Stock Exchange (www.hkexnews.hk). The annual report of the Company for the year ended December 31, 2025 containing all the information required by the Listing Rules will be despatched to the Shareholders who have requested corporate communications in printed copy and published on the respective websites of the Company and the Stock Exchange within the prescribed time and in accordance with the requirements under the Listing Rules.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THIS REPORT

This report is the first Environmental, Social and Governance (ESG) report of PegBio Co., Ltd. It aims to disclose, in a transparent and open manner, the Company's management approach and specific practices in relation to ESG issues, as well as the relevant achievements made in 2025, in response to stakeholders' concerns and expectations regarding the Company's sustainable development.

Reporting Scope

This report focuses on disclosing the specific performance and related information of PegBio Co., Ltd. and its subsidiaries in ESG aspects for the period from 1 January 2025 to 31 December 2025.

Basis of Preparation

This report has been prepared in compliance with the disclosure requirements of the Hong Kong Stock Exchange's Environmental, Social and Governance Reporting Code (hereinafter referred to as the "Code").

Reporting Principles

Principle of Materiality: During the reporting process, material issues closely related to the Company's operations and those of its primary stakeholders are identified, and the management approaches and performance outcomes in respect of such material ESG issues are disclosed in this report.

Quantitative Disclosure Principle: Key performance indicators (KPIs) are established for environmental, social and governance aspects, and quantitative disclosures are made with reference to Appendix II, "Environmental KPI Reporting Guidance", and Appendix III, "Social KPI Reporting Guidance", of the Stock Exchange of Hong Kong's "How to Prepare an ESG Report", so as to monitor and evaluate the progress of the Company's environmental and social responsibility measures.

Consistency Principle: This report applies consistent statistical methodologies to enable effective and meaningful comparisons of data across reporting periods.

Balanced Principle: This report adheres to the principle of balance, disclosing both favourable and unfavourable information about the Company in an impartial manner so as to objectively reflect its ESG management approaches and practices.

This report complies with the "comply or explain" provisions set out in the ESG Reporting Code, and explanations are provided for certain metrics that are not applicable to the Company.

Data Sources and Disclaimer

All data and case studies in this report are sourced from statistical reports and relevant documents of PegBio Co., Ltd. The Company hereby confirms that this report contains no false records or misleading statements and assumes full responsibility for the authenticity, accuracy, and completeness of its content. The report is published in both Chinese and English versions. In case of any ambiguity between the two language versions, the Chinese version shall prevail. Unless otherwise specified, all monetary amounts referenced in this report are denominated in Renminbi (RMB).

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Defined Terms

For clarity and readability, "PegBio Co., Ltd." may occasionally be referred to as "PegBio," "the Company," or "we" in this report.

Report Approval

This report was approved by the Board of Directors on 23 March 2026 and is hereby published.

Report Access

This report is available in both Chinese and English versions for readers' reference. The electronic version can be accessed on the HKEXnews website (<https://www.hkexnews.hk>) and the Company's official website (<https://www.pegbio.com>).

BOARD STATEMENT

The Board of Directors is responsible for coordinating, leading, and overseeing the Company's sustainable development management and ESG information disclosure. The Company integrates ESG factors into strategic decision-making and daily operational management. The Board identifies industry-wide sustainable development trends, formulates sustainable development strategies, and defines key ESG management priorities.

The Company has established an ESG Task Force as the dedicated executive body for ESG affairs, accountable to the Board of Directors. The task force comprises Board members and heads of core departments including R&D, production, and support to ensure effective implementation of ESG initiatives across all business units. The task force submits quarterly reports to the Board on ESG progress, conducts timely identification, evaluation, and monitoring of ESG-related matters, and provides recommendations covering ESG strategy, objectives, key issues, and risks.

The Board regularly receives reports from the ESG Task Force. Based on a systematic review of the Company's ESG management status, it identifies relevant risks, monitors and reviews progress against ESG targets, and approves the annual ESG report to ensure that the Company's sustainability principles and practices are fully and accurately disclosed.

To ensure that the Board of Directors and all employees have sufficient ESG knowledge, the ESG Task Force has systematically studied the Stock Exchange of Hong Kong's "Environmental, Social and Governance Reporting Code" and other relevant disclosure guidance such as ISSB IFRS S2, and regularly organises ESG training for the Board of Directors and employees. During the Reporting Period, the Board participated in the assessment and determination of the materiality of ESG issues, provided views and recommendations on key issues that may affect the Company's long-term sustainable development, and reviewed the prioritisation of such issues. The Board has also progressively incorporated climate-related risks and opportunities into the overall risk management system to ensure that the Company can identify potential impacts and take appropriate response measures.

The Company will continue to deepen ESG practices at all levels, collaborating with various sectors of society to jointly promote sustainable development and advance towards a more sustainable future. This report sets out the progress and achievements of PegBio in its ESG initiatives during 2025 and has been approved by the Board of Directors on 23 March 2026.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT PEGBIO

PegBio Co., Ltd., established in 2008, is a biotechnology company focused on the independent research and development of innovative therapies for chronic diseases, with a particular focus on endocrine and metabolic diseases. PegBio addresses unmet clinical treatment needs in the chronic disease field by utilising its independently developed HECTOR™ technology system to design and screen innovative molecular entities with “new targets, new sites and new mechanisms”, thereby building a product pipeline featuring complementary strengths and multiple benefits. Leveraging an efficient and experienced R&D team, the Company has developed a range of strong products, including peptide drugs, protein drugs and small molecule drugs, through in-house research and development.

PegBio has built an R&D pipeline centred on metabolic diseases and covering a wide range of chronic diseases. The Company has independently developed one core product and five other products under development in order to capture the significant market opportunities in common chronic and metabolic diseases, including type 2 diabetes mellitus (T2DM), obesity, metabolic dysfunction-associated steatohepatitis (MASH), opioid-induced constipation (OIC) and congenital hyperinsulinemia.

ESG MANAGEMENT

ESG Governance

In accordance with the HKEX ESG Reporting Code and related regulations, the Company has established and continuously improved its ESG governance structure. The Board, as the highest decision-making body for ESG matters, bears ultimate responsibility for ESG strategy and disclosure. An ESG Task Force established under the Board coordinates and advances ESG initiatives, while functional departments are responsible for implementation, forming a top-down ESG management structure.

Board of Directors

- Approve ESG strategy, targets, material topics and risk management systems
- Monitor ESG progress and regularly receive reports from the ESG Task Force
- Approve the annual ESG report to ensure that disclosures are true, accurate and complete
- Assume ultimate responsibility for the effectiveness of ESG management

ESG Task Force

- Develop the Company’s ESG strategy, targets and material topics
- Maintain communication with stakeholders and identify, assess and monitor ESG matters in a timely manner
- Develop ESG-related policies, systems and work plans, and report progress to the Board on a regular basis
- Monitor and follow up on the implementation of ESG initiatives, and review ESG disclosure content
- Provide ESG training and reference materials to the Board

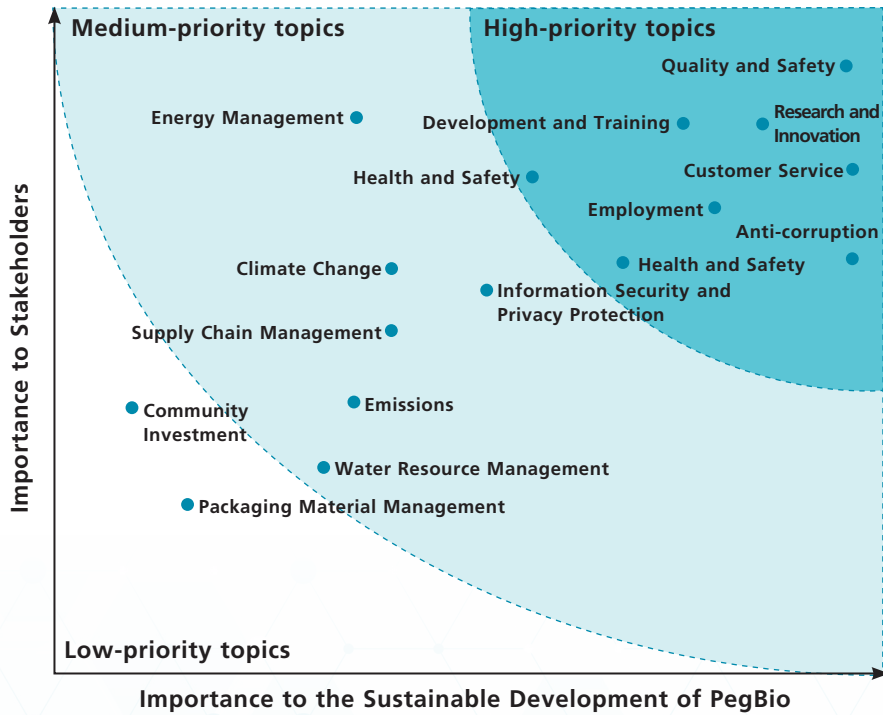
Functional Departments

- Integrate ESG requirements into daily operations
- Collect and submit ESG-related data
- Support the preparation of the annual ESG report and related disclosures

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Materiality Assessment

Materiality assessment is an important component of sustainable development management. To better identify and evaluate ESG issues that may have a material impact on the Company and its stakeholders, PegBio conducted a comprehensive review of potential material topics, taking into account stakeholder feedback, operational conditions, relevant HKEX regulatory trends, international standards and material topics considered by peers, and then prioritized the topics for the Reporting Period.



2025 PegBio Key Issues Materiality Matrix

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

High Priority	Quality and Safety	Research and Innovation	Development and Training
	Customer Service	Anti-corruption	Health and Safety
	Employment	Labour Standards	
Medium Priority	Information Security and Privacy Protection	Climate Change	Supply Chain Management
	Energy Management	Emissions	Water Resource Management
Lower Priority	Community Investment	Packaging Material Management	

Stakeholder Engagement

The Company is committed to building transparent and mutually trusting relationships with stakeholders. Through diversified communication channels, including regular meetings, public reports and various exchange activities, the Company maintains positive interaction with governments and regulatory authorities, shareholders and investors, employees, customers, suppliers, communities and the media, promptly understands their concerns, and incorporates their feedback into business decision-making.

Key Stakeholders	Expectations and Concerns	Communication Channels
Government and regulatory authorities	Regulatory Compliance Anti-Corruption Product Quality and Safety Environmental Protection	Regulatory inspections and supervision Regular disclosures Ad hoc Reporting Participation in relevant meetings
Shareholders and Investors	Return on Investment Corporate governance Risk Management Information Disclosure	Regular and ad hoc disclosures General Meeting of Shareholders Investor communication activities Telephone and email communication
Employees	Compensation and Benefits Career Development and Promotion A safe and healthy workplace	WeCom Internal Mail System Regular meetings and training
Customers	R&D Innovation Product Quality and Safety After-sales Service Responsible Marketing	Routine service communication Customer complaint channels Social Media Customer communication and visits

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Key Stakeholders	Expectations and Concerns	Communication Channels
Suppliers	Product Quality and Safety Mutually beneficial cooperation Anti-Corruption Supply Chain Management	Supplier due diligence Supplier Assessment and Audit Supplier communication
Communities	Community engagement Environmental Awareness Participation in public welfare	Company Website Community welfare activities Media Platforms Information Disclosure
Media	Environmental Protection Community participation Information Transparency	Media interviews Information Disclosure Telephone and email communication

ENVIRONMENT

PegBio strictly complies with laws and regulations such as the Environmental Protection Law of the People's Republic of China. The Company has established an Environmental Protection Responsibility System to clarify environmental responsibilities from the General Manager down to all departments. Environmental concepts are integrated into daily operations including R&D, production, procurement, and warehousing. Specialized management policies and measures have been implemented to prevent and reduce environmental pollution and energy consumption. The following targets are set to continuously improve the Company's environmental performance:

Environmental Topic	Target	Completion status for 2025
Energy Management	Maintain greenhouse gas emission intensity at or below the 2024 level	Completed successfully
Water Resources Management	Maintain water consumption intensity at or below the 2024 level	Completed successfully
Waste Management	100% compliant disposal of hazardous waste	Completed successfully
Wastewater Management	100% compliant wastewater discharge	Completed successfully
Air Emissions Management	100% compliant air emissions	Completed successfully

Emissions

In compliance with applicable national and local laws and regulations, the Company has formulated and implemented relevant systems and operational measures to manage the generation, collection, storage and disposal of exhaust gases, wastewater and waste materials, ensuring that all emissions meet environmental protection requirements and that negative impacts on the environment are minimised.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Air Emissions Management

The Company strictly complies with the Air Pollution Prevention and Control Law of the People's Republic of China and other applicable laws and regulations. It has established the Environmental Protection Facilities Operation Management System and the Environmental Governance Management System, and has installed exhaust gas treatment facilities to collect and treat exhaust gases generated from solvent volatilization during R&D and from pilot production activities. Relevant departments are responsible for daily maintenance and operation records, while the EHS department conducts regular inspections and supervision to ensure the stable and effective operation of the exhaust gas treatment facilities. In the event of equipment shutdown or maintenance, the relevant departments must complete the required filing procedures in advance so as to mitigate potential environmental risks during the shutdown period.

Wastewater Management

The Company strictly complies with the Water Pollution Prevention and Control Law of the People's Republic of China and other relevant regulations, continuously enhancing wastewater management practices. Given its business nature and operational realities, the Company does not discharge industrial wastewater. The wastewater generated during operations primarily consists of domestic sewage, which is all discharged through municipal sewage networks into local wastewater treatment plants for centralized treatment, resulting in minimal environmental impact. During the Reporting Period, the Company maintained a 100% compliance rate for wastewater discharge standards. The total wastewater discharge volume during this period amounted to 785 tons.

Waste Management

The Company strictly complies with laws, regulations, and normative documents such as the "Solid Waste Pollution Prevention and Control Law of the People's Republic of China" and the "National Catalogue of Hazardous Wastes," and has established the "Hazardous Waste Storage Facility Management System" and the "Hazardous Materials Management System." It implements waste classification collection, standardized storage, and entrusted disposal.

For hazardous waste such as laboratory waste generated during R&D processes – including waste liquids, solid residues, spent adsorbent materials, discarded reagent packaging, and spent activated carbon – the Company has established a dedicated hazardous waste temporary storage area. Standardized containers are used for classified collection, with inventory records maintained for all inbound and outbound materials. Strict storage management protocols are enforced, and professional disposal services are entrusted to qualified third-party hazardous waste treatment facilities to ensure end-to-end regulatory compliance and traceability.

For non-hazardous waste such as office paper and household garbage, the Company implements centralized storage and entrusts it to the park's waste management station for unified collection and disposal. Additionally, the Company prioritizes green office practices by installing waste sorting bins in work areas, encouraging employees to adhere to the "reduce, reuse, recycle" principle when sorting materials like paper, cardboard, aluminum cans, and glass. It actively promotes source reduction measures, including advocating email distribution for documents to minimize paper consumption, promoting the use of ceramic or glass utensils instead of disposable paper cups and plastic cups, and encouraging the use of reusable cloths and towels to reduce tissue usage. These measures collectively contribute to waste reduction at source and enhance overall resource efficiency.

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Metric	2025	Unit
Total amount of non-hazardous waste	2.13	tonnes
Non-hazardous waste generation intensity	0.04	tonnes/employee
Domestic waste (including plastic wrappers, food waste, discarded office electronics and waste batteries)	2	tonnes
General packaging waste (wooden crates, cardboard)	0.1	tonnes
Waste paper disposed of	0.03	tonnes
Total hazardous waste generated	1.66	tonnes
Hazardous waste generation intensity	0.03	tonnes/employee
Spent activated carbon	0.57	tonnes
R&D/production waste (glass bottles, plastic bottles, experimental vessels, gloves, masks, filter paper)	0.11	tonnes
Waste organic solvents	0.98	tonnes

Resource Utilisation

The Company's principal resource consumption includes gasoline used by vehicles, purchased electricity, water, and paper and packaging materials consumed in daily office operations. To this end, the Company has established relevant management systems for energy, water resources and packaging materials, with a view to continuously enhancing resource-use efficiency.

Energy Management

The Company's energy consumption mainly comprises purchased electricity for daily office and R&D activities, as well as gasoline. To reduce energy consumption and improve energy efficiency, the Company has established the Environmental Protection System and green office requirements in accordance with the Energy Conservation Law of the People's Republic of China and other applicable regulations, and manages energy use in its operations on a standardized basis. The Company strengthens the management of power consumption for lighting, air conditioning and office equipment, gives priority to energy-efficient products, encourages the use of natural light, reasonable temperature settings and switching off power when not in use, and continues to reduce energy consumption and its operational carbon footprint through measures such as optimizing business vehicle arrangements, strengthening vehicle maintenance and encouraging green travel for short distances.

Metric	2025	Unit
Direct energy consumption Gasoline	10,342.42	litres
Indirect energy consumption Purchased electricity	274,739	kWh
Total energy consumption	161.78	tce
Total energy consumption intensity	2.79	tce/employee

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Water Resources Management

The Company's water supply for production and operations is primarily sourced from municipal water systems. During the Reporting Period, the local water supply remained generally stable, with reliable and controllable access channels. No material issues or risks related to the fit-for-purpose sourcing of water that could significantly impact the Company's operations were identified. To minimize water consumption during operations, the Company strictly complies with the Water Law of the People's Republic of China and related regulations. Daily management emphasizes water conservation through initiatives such as encouraging employees to adopt good habits like turning off taps promptly and controlling water usage. Priority is given to using phosphorus-free detergents and biodegradable cleaning products to reduce environmental impact at source. Additionally, the Company conducts regular inspections of water supply facilities to promptly identify and prevent water leaks, drips, or spills. Continuous updates and adoption of water-efficient equipment further enhance water resource utilization efficiency.

Metric	2025 Unit
Total water consumption	785 tonnes
Water consumption intensity	13.53 tonnes/employee

Raw Materials and Packaging Materials Management

The Company strictly complies with the Circular Economy Promotion Law of the People's Republic of China and other relevant laws and regulations. Taking into account its actual needs in research and development, registration applications and production preparation, the Company continues to improve its management of raw and auxiliary materials and packaging materials, and strengthens controls over supplier admission, quality agreements, material usage and the selection of packaging materials, so as to promote the orderly implementation of the relevant management practices.

In supplier management, the Company conducts admission reviews and ongoing assessments of suppliers, and enters into supply agreements and quality agreements with them, clearly specifying notification responsibilities in the event of changes or deviations relating to raw and auxiliary materials or packaging materials, or major quality issues identified during regulatory inspections, so as to ensure timely information sharing and prompt response to issues. For suppliers that fail to meet the required standards, the Company takes measures such as rectification, suspension of cooperation or disqualification, as appropriate, to ensure compliant sourcing, controllable quality and traceable accountability for raw and auxiliary materials and packaging materials.

In material management, based on actual business needs, the Company standardises the requisition, use, recording and exception handling of raw and auxiliary materials and packaging materials, and, where appropriate, carries out material verification, deviation investigations and rectification, so as to continuously enhance the standardisation and traceability of material management.

In terms of material selection, subject to product quality, safety and compliance requirements, the Company gives priority to packaging materials that are fit for purpose and have a relatively lower environmental impact. At present, certain packaging materials used by the Company are primarily paper-based, including paper labels, paper box inserts and paper cartons, thereby reducing environmental impact at the material selection stage.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environment and Natural Resources

The Company strictly complies with laws and regulations such as the Environmental Protection Law of the People's Republic of China, the Environmental Impact Assessment Law of the People's Republic of China, and the Regulations on Environmental Protection Management for Construction Projects. The Company conducts environmental impact assessments for all new and expansion projects in accordance with the law, prepares Environmental Impact Statement Forms for construction projects, and completes the required approval procedures before implementation. The environmental impact assessments cover potential environmental impacts during project construction and operation, including natural environmental factors such as topography, geomorphology, meteorology, hydrology, ecological vegetation and biodiversity, and analyse and evaluate the environmental quality of the project location with reference to relevant standards, including Surface Water Environmental Quality Standards, Ambient Air Quality Standards and Acoustic Environmental Quality Standards.

Meanwhile, the Company closely monitors potential impacts of projects on surrounding social environments, conducting comprehensive assessments in areas such as transportation capacity, resource supply, and regional economic development to ensure that construction and operations do not cause significant adverse effects on local ecosystems or social operations. In compliance with environmental impact assessment requirements, the Company has prioritized the management of exhaust gases, wastewater, and solid waste as key environmental control measures, consistently implementing all environmental protection standards. Specific emission control measures and resource utilization strategies are detailed in the "Emissions" and "Resource Utilization" sections of this report. Going forward, the Company will further enhance environmental risk identification and process management to maintain environmental impacts from operational activities within controllable limits.

Climate Change

The Company attaches great importance to the risks and opportunities presented by climate change and integrates climate considerations into strategic decision-making and day-to-day operational management. It has established a climate governance framework covering governance, strategy, risk management, metrics and targets, and is continuously strengthening its climate resilience and advancing its green and low-carbon transition.

Governance

In response to national initiatives, the Company closely monitors the impact of domestic and overseas energy – and carbon-related policies, laws and regulations on the pharmaceutical industry and its business operations. In accordance with the climate-related disclosure requirements of the HKEX, the Board oversees and manages climate change and other ESG issues and systematically incorporates climate-related matters into the Company's ESG governance framework. During the Reporting Period, with reference to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), the Company identified and analysed climate-related risks and opportunities and adopted positive measures to respond to climate change effectively.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Strategy

PegBio continues to pay close attention to the risks and opportunities arising from climate change. Leveraging a climate scenario analysis system, the Company evaluates their potential impact on its business, strategy and finance, and incorporates relevant factors into strategic decision-making and overall planning to strengthen forward-looking planning and resilience management.

The Company conducted climate scenario analysis using a low-emission scenario (SSP1-2.6) and a high-emission scenario (SSP5-8.5), with reference to the IPCC Shared Socioeconomic Pathways (SSPs) and taking into account the operating characteristics and development stage of an innovative pharmaceutical R&D company. In respect of transition risks, the Company focused on trends such as stricter environmental regulation, changes in the energy mix, higher requirements for green operations and increasing capital market attention to ESG performance, and assessed their potential impacts on R&D operations, supply chain coordination and future commercialization readiness. In respect of physical risks, the Company focused on the potential impact of extreme weather events, such as high temperatures, heavy rainfall and typhoons, on office operations, clinical trial progress, sample transportation and supply chain stability. Based on the likelihood and severity of such risks, the Company analyzed and prioritized identified climate-related risks and opportunities, thereby supporting the refinement of response measures and resource allocation.

At the same time, the Company pays attention to potential development opportunities arising from climate change. As green and low-carbon development concepts continue to deepen, the Company can reduce resource consumption and operating costs by promoting green office practices, energy-saving management, improving equipment and operational efficiency, and strengthening supply chain coordination. At the same time, as regulators, investors and partners pay increasing attention to sustainable development performance, the Company can continuously enhance its brand image, financing attractiveness and long-term competitiveness by improving ESG governance and information disclosure and strengthening environmental and climate-related management. Going forward, PegBio will continue to improve its mechanisms for identifying, assessing and responding to climate risks in light of its stage of business development, and continuously enhance its operational resilience and sustainable development capabilities.

Risk Management

The Company has integrated climate risk management into its daily operational framework, maintaining regular communication with stakeholders to stay updated on climate policy developments and industry best practices. In terms of resource conservation and emission reduction, the Company actively implements energy efficiency initiatives and emission control measures to drive low-carbon transformation across operational processes. Additionally, climate risk identification has been incorporated into existing risk management protocols, with continuous monitoring of production operations vulnerable to extreme weather events to ensure prompt response measures are implemented.

Metrics and Targets

The Company's greenhouse gas emissions primarily originate from direct emissions (Scope 1) generated by gasoline consumption during operations and indirect emissions (Scope 2) resulting from purchased electricity. In accordance with commonly adopted greenhouse gas accounting methodologies, the Company closely monitors its greenhouse gas emissions. During the Reporting Period, the Company identified greenhouse gas emission sources within its operational control boundary and calculated its 2025 greenhouse gas emissions data, laying the groundwork for climate change mitigation and adaptation, as well as for the formulation of climate response strategies and emission reduction pathways.

In addition, the Company has not yet established quantitative assessment methodologies or statistical approaches for climate-related transition risks, physical risks and related opportunities, nor has it separately quantified or disclosed the amount or proportion of assets or business activities exposed to such risks and opportunities. The Company currently focuses on qualitative identification and assessment of such risks and opportunities. Going forward, the Company will gradually improve relevant data collection and analysis mechanisms in line with business development, and conduct quantitative assessments and disclosures when appropriate.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

	Target	Completion status for 2025
2025 Target	Maintain greenhouse gas emission intensity at or below the 2024 level	Completed successfully
Medium-term Target	The Company aims to achieve carbon peak at the operational level by 2030.	In Progress
Long-term Target	Achieve carbon neutrality at the operational level of the Company by 2060	In Progress

Metric	2025	Unit
Scope 1 GHG emissions	28.01	tCO ₂ e
Scope 2 GHG emissions	145.78	tCO ₂ e
Scope 3 GHG emissions (Only covers: Business flights and waste paper disposal)	40.59	tCO ₂ e
Total GHG emissions (Scope 1 + Scope 2 + Scope 3)	214.38	tCO ₂ e
GHG emission intensity	3.70	tCO ₂ e per employee

SOCIAL

PegBio consistently adheres to the “people-oriented” development philosophy, legally safeguarding employees’ fundamental rights and interests. The Company focuses on building a diversified, equitable, and inclusive career development platform to continuously stimulate team vitality and organizational intrinsic motivation. Simultaneously, PegBio collaborates with supply chain partners, prioritizing quality and patient needs as core principles. By persistently advancing pharmaceutical innovation and value creation, the Company is committed to providing patients with superior and more accessible treatment options. Through joint efforts with all stakeholders, PegBio drives high-quality and sustainable corporate development.

Employment

PegBio upholds the principles of fairness and impartiality in recruitment and employment. The Company continuously refines its employee hiring and termination management procedures, offers competitive remuneration and benefits packages as well as comprehensive working hours and leave arrangements, and is committed to building harmonious and stable labour relations that effectively safeguard the legitimate rights and interests of its employees.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Equal Employment and Diversity

PegBio strictly complies with applicable PRC labor laws and regulations and makes reference to the principles of the International Labour Organization conventions. The Company upholds equal employment and is committed to fostering a diverse, equal, open and inclusive workplace, providing employees with fair, just and reasonable employment opportunities. The Employee Handbook sets out anti-discrimination requirements. Throughout recruitment, compensation and benefits, training and development, promotion, termination of employment and retirement, the Company prohibits discrimination on the grounds of race, social status, religious belief, disability, gender, sexual orientation, age, marital status, pregnancy, union membership or political affiliation. At the same time, the Company respects employees' lawful rights to freedom of religious belief and to observe reasonable beliefs and customs, and protects normal religious activities. The Company also expressly prohibits any form of sexual harassment and continues to maintain a safe, respectful and harmonious workplace.

The employee composition during the Reporting Period is shown in the table below:

Metric		2025
Total employees		58
By gender	Male	30
	Female	28
By education level	Master's degree or above	18
	Bachelor's degree	33
	Associate degree or below	7
By position	Senior management	4
	Middle management	11
	General staff	43
By employment type	Full-time employee	58
	Part-time employee	0
By age	30 years of age or younger (including 30 years of age)	6
	31-50 years old	49
	50 years of age and above (including 50 years)	3
By work location	Within Zhejiang Province	23
	China except for Zhejiang Province	35
	Overseas regions (including Hong Kong, Macao, and Taiwan)	0

Employee Compensation and Benefits

The Company has established the "Salary, Benefits and Incentive System", under which remuneration comprises base salary, short-term incentives and long-term incentives, and upholds gender equality and equal pay for equal work. Full-time employees participate in the social insurance schemes and housing provident fund required by the PRC, as applicable, and the Company provides competitive remuneration and benefits.

In addition to basic salary and position-based pay, the Company provides meal allowances, communication allowances, travel subsidies, benefits for employees and their children, activity funds, health check-ups and other welfare benefits. The Company also operates a range of incentive programmes, including the PegBio President Award, PegBio Outstanding Manager Award, PegBio Outstanding Employee Award, PegBio Special Award, PegBio Monthly Star Award and PegBio Cheque Award.

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Working Hours and Leave

The Company implements a five-day workweek in accordance with the Labor Law of the People's Republic of China and has established the "Employee Attendance and Timekeeping Management System" to safeguard employees' leave entitlements in a lawful and compliant manner.

Employee Recruitment and Separation

The Company and its employees enter into labor contracts on a voluntary basis, which serve as an important basis for formal employment. In the event of resignation by an employee or termination initiated by the Company, the Company strictly follows the procedures set out in the relevant labor contract and applicable labor laws and regulations. In addition, the Company has established the "Separation Management System" to standardize employee exit procedures and safeguard employees' fundamental rights and interests in accordance with the law. During the Reporting Period, the Company recorded 17 employee departures, representing a turnover rate of 29.31%.

The employee turnover rate during the Reporting Period is shown in the table below:

Metric		Unit	2025
By gender	Male	%	33.33
	Female	%	25.00
By position	Senior management	%	50.00
	Middle management	%	45.45
	General staff	%	23.26
By age	30 years of age or younger (including 30 years of age)	%	0.00
	30-50 years old	%	30.61
	50 years of age and above (including 50 years)	%	66.67
By work location	Within Zhejiang Province	%	13.04
	China except for Zhejiang Province	%	40.00
	Overseas regions (including Hong Kong, Macao, and Taiwan)	%	0.00

Health and Safety

To prevent occupational diseases, PegBio complies with the Occupational Disease Prevention and Control Law of the People's Republic of China, GBZ 188-2014 Technical Specifications for Occupational Health Surveillance and the Classification Catalogue of Occupational Hazard Factors. The Company has established the "Occupational Health Management System" to standardize operational procedures, conduct regular monitoring of occupational hazard factors in the workplace, develop health examination plans, arrange periodic occupational health examinations for employees in relevant positions, and maintain occupational health monitoring records, in order to help provide a safe working environment and protect employees from occupational hazards. The Company also conducts publicity and education on occupational disease prevention to enhance employees' awareness of self-protection. During the Reporting Period, the number of lost days due to work-related injury was zero.

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The Company attaches great importance to employee health and safety. To enhance safety awareness and equip employees with essential safety knowledge and self-protection skills, it has established the "Safety Training and Education Management System". Training covers safety standards and regulations, general environmental management, office safety practices and relevant incident cases. The Company conducts one fire safety briefing and one practical fire drill each year.

During the Reporting Period, the Company conducted occupational health training, an emergency drill for hazardous chemical leakage and the 2025 annual fire drill as part of its occupational health and safety education programme, thereby enhancing employees' occupational health and safety awareness. The Company recorded no work-related accidents or fatalities in the past three years (including the Reporting Period).

Development and Training

PegBio has established a comprehensive career development and training system for employees, providing them with growth platforms.

Career Development

The Company has established a systematic job grading system and formulated the "Promotion Management System" to clarify employees' career development paths, ensuring the standardization, fairness, and rationality of promotion mechanisms. Employees are provided with dual career advancement pathways: continuous promotion within the existing professional technical grading system, or progression from professional roles to managerial positions. Promotion evaluations are conducted annually in April and October, with results taking effect upon approval.

During the Reporting Period, the Company had 4 senior management members, including 3 males and 1 female; and 11 middle management members, comprising 6 males and 5 females. The proportion of female senior management was 25.00%, while that of female middle management was 45.45%.

Staff Training

The Company attaches great importance to enhancing employees' professional capabilities. Based on job requirements, it provides tailored training programmes and formulates an annual Training Plan, under which employee training is divided into mandatory and elective courses. Induction training for new hires is a compulsory course for all new employees. For other mandatory courses, the Human Resources Department designates the relevant training participants through the annual Training Plan or on an ad hoc basis so as to enhance the professional capabilities of employees in different positions in a targeted manner.

During the Reporting Period, the total number of trained employees was 15, and the total training hours amounted to 45. The breakdown by gender and employee category is set out in the table below:

Metric		Employee training coverage (%)	Average training hours per employee (hours)
By gender	Male	53.33	3
	Female	46.67	3
By employee category	Senior management	6.67	3
	Middle management	6.67	3
	General staff	86.67	3

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Labour Standards

PegBio strictly observes labor standards and complies with internationally recognized labor standards, including the core labor standards of the International Labour Organization (ILO), as well as applicable PRC laws and regulations, including the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China, the Provisions on the Prohibition of Child Labour and the Special Provisions on Labour Protection for Female Employees. The Company strictly prohibits child labor, forced labor and any other form of compulsory labor, and safeguards employees' fundamental human rights and lawful labor rights.

The Company has established a comprehensive labor management system. Age verification, identity verification and compliance checks are carried out throughout recruitment, onboarding and employment management to prevent non-compliant labor practices. The Company respects the principle of voluntary employment and strictly regulates working hours, rest periods, leave and wage payment to ensure that employees enjoy reasonable working conditions and statutory rights. Where any non-compliant use of child labour or forced labour is identified, the Company will immediately cease the relevant employment arrangement and take necessary remedial and support measures, including terminating the improper employment arrangement, notifying the guardian or assisting the employee in removing themselves from a coercive situation, and properly handling matters such as wage settlement and the return of identity documents. At the same time, the Company will promptly initiate investigation and rectification procedures, deal with the responsible parties in accordance with applicable laws and regulations, and prevent the recurrence of similar incidents.

During the Reporting Period, the Company reported no incidents involving child labor or forced labor, and maintained no significant records of labor compliance violations.

Supply Chain Management

To standardize procurement management and ensure orderly implementation of procurement activities under the principles of fairness, impartiality, and transparency, PegBio has established regulatory documents including the "Procurement Management/Operational Procedures," "Supplier Management Procedures," and "Material Supplier Management Procedures." The Company continuously improves its supplier management system, implements a supplier performance evaluation mechanism, and focuses on building a sustainable and resilient supply chain system.

The Company has established sound supplier admission, assessment and exit management mechanisms and continuously strengthens compliance management throughout the supplier lifecycle. At the supplier admission stage, the Company comprehensively assesses suppliers' qualifications, quality assurance capabilities and compliant business performance. During the course of cooperation, the Company conducts annual performance assessments on long-term suppliers and implements graded management based on the assessment results, promoting continuous improvement through communication and guidance, supervision of rectification and follow-up assessment. During the Reporting Period, the Company conducted audits and on-site assessments of 11 key suppliers, covering core material and critical service suppliers, to further strengthen the review of suppliers' fulfillment capability, quality management standards and compliance performance.

In terms of supplier management and monitoring, the Company conducts ongoing monitoring of supplier performance and compliance risks through annual evaluations, on-site audits and corrective action tracking mechanisms. Suppliers that fail to meet requirements are subject to graded management or exit mechanisms. Suppliers involved in commercial bribery or document falsification, or those that still fail to meet requirements after rectification and present significant risk exposures, are included in the list of prohibited suppliers in accordance with relevant policies.

Regarding environmental and social risk management in the supply chain, the Company integrates ESG principles throughout its supply chain management processes. Environmental and social risks are identified during supplier admission assessment, including environmental management systems, occupational health and safety practices and compliance performance, and are continuously monitored during the cooperation period. The Company prioritizes suppliers holding certifications such as ISO 14001 Environmental Management System and ISO 45001 Occupational Health and Safety Management System, and actively procures green products and services to encourage suppliers to fulfill environmental and social responsibilities.

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During the Reporting Period, the Company's supplier distribution by region is shown in the table below:

Metric		Unit	2025
Total suppliers		No.	947
By region	Within Zhejiang Province	No.	36
	China except for Zhejiang Province	No.	863
	Overseas regions (including Hong Kong, Macao, and Taiwan)	No.	48
	Procurement ratio from local suppliers	%	31.94

Product Responsibility

PegBio places great importance on product responsibility, focusing on product quality and safety management, pharmaceutical ethics, quality complaint management and drug recall management, and has established a full life-cycle management system covering product development and market application. On 14 November 2025, the official website of the National Medical Products Administration (NMPA) announced that the Company's independently developed Class 1 innovative drug, Visepegenatide injection (Paidakang®), had officially obtained marketing approval for the treatment of type 2 diabetes mellitus (T2DM).

Product Quality and Safety Management

PegBio has established clear quality policies and objectives, strictly adhering to national laws and regulations such as the Good Manufacturing Practice for Drugs (2010 Revision), the Regulations on the Supervision and Management of Drug Quality and Safety Responsibilities¹ by Marketing Authorization Holders, and the Announcement of the National Medical Products Administration on Strengthening the Supervision and Management of Contract Manufacturing by Marketing Authorization Holders. Additionally, it complies with global industry standards including ICH Q7 Good Manufacturing Practice for Active Pharmaceutical Ingredients, ICH Q8 Drug Development, ICH Q9 Quality Risk Management, and ICH Q10 Pharmaceutical Quality System. The Company has formulated a Quality Manual to standardize its quality management practices, providing a basis and guidance for establishing quality policies and implementing quality management procedures.

Quality policy

Develop innovative, professional, and high-quality products to benefit patients with chronic diseases worldwide.

Quality objectives

Pursue pragmatic innovation and operational excellence. Deliver high-quality products that meet the needs of our customers, and improve the quality of life for patients through safe and efficacious treatments.

¹ ICH stands for International Council for Harmonisation of Technical Requirements for Pharmaceuticals for Human Use.

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The Company also places great emphasis on product quality management. Through a combination of online and offline training, followed by immediate post-training assessments, the Company operates a closed-loop management mechanism of training and assessment to reinforce and evaluate training outcomes and continuously enhance employees' quality management capabilities. During the Reporting Period, the Company formulated an annual training plan and conducted refresher training on common control weaknesses and new regulations to further enhance quality awareness.

Medical Ethics

The Company has established a comprehensive framework for medical ethics, covering compliance, protection of trial participants' rights, research integrity and data authenticity, and compliant management of biological samples, and has set clear standards to ensure the rigorous implementation of these requirements. The Company has established standardized procedures covering protocol design, project initiation and ethical review, trial execution and process control, data management and analysis, and study close-out, so as to ensure that all research activities are conducted in a standardized, compliant and well-controlled manner.

PegBio Medical Ethics Framework

Compliance with laws and regulations

- All clinical trials are conducted in strict compliance with domestic and international regulations and ethical guidelines, including the Drug Administration Law of the People's Republic of China, Good Clinical Practice (GCP), the Regulations on the Administration of Human Genetic Resources of the People's Republic of China, the Helsinki Declaration, and ICH-GCP. All trials are initiated only after obtaining approval from qualified ethics committees.

Protection of Trial Participants' Rights

- Strictly implement informed consent and protect privacy;
- The safety, health, and rights of subjects must take precedence over scientific research and societal interests.

Research Integrity and Data Authenticity

- Forgery or tampering with data is strictly prohibited to ensure traceability of results and eliminate academic misconduct.

Compliance in Biological Sample Management

- Biological sample management complies with the Regulations on the Administration of Genetic Resources, ensuring compliance throughout the entire process of collection, storage, and destruction.

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The Company has established a robust supervision mechanism, forming an organizational oversight system composed of experts from multiple disciplines, free from R&D interference. A QC team is established under the clinical department to oversee trial compliance inspections and data traceability. The Company implements a closed-loop supervision system throughout the entire process: conducting rigorous pre-trial reviews of protocols and informed consent forms; performing regular in-process audits and verifications with a focus on participant rights and data authenticity; conducting post-trial reviews and specialized audits to eliminate violations and fraud. Additionally, the Company regularly conducts training on GCP regulations and continuously optimizes procedural systems. It actively accepts external supervision, willingly undergoes inspections by drug regulatory authorities, and discloses trial information as required to ensure transparency in pharmaceutical ethics practices and traceability of processes at all stages.

Information Security and Privacy Protection

The Company continuously enhances its information security management system by establishing standardized protocols covering IT operations, system access controls, data backup, cybersecurity, emergency response, and disaster recovery, while clearly defining management responsibilities and operational requirements. Through reinforced measures including data center and server management, account permission controls, system change approvals, endpoint antivirus management, access log reviews, and anomaly tracking, the Company consistently elevates information system security safeguards. Additionally, it has formulated the "Information System Business Continuity Management Regulations," "Business Continuity Emergency Response Plan," and "Disaster Recovery Plan," conducting regular inspections, reviews, and drills to ensure stable system operations and minimize disruptions to business activities during emergencies.

The Company places high importance on the protection of personal information and privacy of trial participants, strictly complying with applicable laws and regulations such as the Personal Information Protection Law of the People's Republic of China. It has established data confidentiality and privacy protection mechanisms commensurate with clinical research and development operations. The Company requires all internal employees, CROs, and other partners involved in clinical trials to rigorously fulfill confidentiality obligations and implement information confidentiality responsibilities as stipulated in contracts. In accordance with Good Clinical Practice (GCP) and relevant requirements, the Company implements strict access control for clinical trial data to ensure that only authorized personnel can access and utilize relevant data within compliant scopes. For subject data, the Company collects, processes, and utilizes information strictly within the authorization scope specified in informed consent forms (ICFs). In cases involving purposes beyond authorized scopes, the Company will legally follow necessary procedures and obtain relevant consent to effectively safeguard the privacy rights and legitimate interests of participants.

Quality Complaint Management

PegBio treats any written, electronic or verbal information from customers or users regarding the safety, efficacy or quality of any released product, including stability, product performance and uniformity, or regarding services, as a complaint. The Company follows standardized complaint-handling procedures to address issues in a timely and effective manner and to provide quality service.

The Company has established a comprehensive quality complaint management framework with clearly defined responsibilities for each department. For example, QA is responsible for tracking and supervising complaint handling and follow-up actions, while suppliers, such as entrusted manufacturers, entrusted distributors and entrusted testing service providers, are responsible for relevant investigations. The Company has established the "Quality Complaint Management Procedure" to standardize complaint handling, including prompt judgment and response to complaints, investigation and analysis of the affected batch and related batches, return or recall of products confirmed to have quality issues, and the timely implementation of corrective and preventive measures. The Company also provides timely and appropriate responses to customers or users so as to safeguard its reputation.

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The Company has established a “Quality Complaint Registration Ledger.” Based on the nature of complaints and their assessment of patient safety risks, complaints are classified into three categories: Class I, Class II, and Class III. Corresponding handling procedures are followed to ensure proper and timely responses to customers or users. An annual review report is prepared each year. In the first quarter of each year, the QA department completes the annual product complaint review report for the previous calendar year (unless no complaints regarding marketed products occurred during the previous calendar year). This report undergoes review by the production manager, CMC, commercial operations center, pharmacovigilance lead, and quality authorized person, and is approved by the quality manager.

During the Reporting Period, the Company received no complaints regarding its products or services.

Drug Recall Management

Drug recall refers to the process by which a marketing authorization holder recalls from the market, in accordance with the prescribed procedures, pharmaceutical products with quality defects or other safety risks and takes corresponding measures to promptly control risks and eliminate potential hazards. Defective drugs refer to pharmaceutical products that fail to meet statutory requirements due to reasons such as R&D, production, storage and transportation, or labelling, or that may otherwise pose an unreasonable risk to human health and safety.

PegBio has established the “Drug Recall Management Procedures” and a clear recall process to ensure that, where necessary, any batch of defective products can be promptly and effectively recalled from the market.

Product Recall Classification

Based on product safety hazards and the severity of potential risks, product recalls are classified into the following three levels:

- Class I Recall: The use of this product may have or has already caused serious health hazards;
- Class II Recall: The use of this product may cause or has already caused temporary or reversible health hazards;
- Class III Recall: The use of this product generally does not pose health hazards, but it is recalled due to other reasons.

Recall Process

Recall policy initiation → Formation of recall task team → Development of recall plan → Recall execution → Receipt of recalled products → Disposition of recalled products → Recall summary report → Corrective and preventive actions (CAPA) → Recall closure → Annual review → Simulated recall drill

As the Company did not have any commercialized product during the Reporting Period, no products sold or shipped were subject to recalls for safety and health reasons.

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Innovation and Intellectual Property Protection

Based on its deep understanding of metabolic diseases, the Company has established HECTOR® (Highly Effective Target Screening & Molecule Modifier Platform). Leveraging its experience in rational molecular design and an efficient screening system, the Company has identified promising lead compounds for further drug development. Through HECTOR®, the Company has developed innovative peptide, small-molecule and protein product candidates covering various metabolic diseases and advanced them to different stages of clinical development. By remaining at the forefront of science and technology and continuing to innovate, the Company continues to design, screen and develop novel compounds to provide differentiated treatment options for patients with metabolic diseases.

To strengthen intellectual property protection, the Company has formulated the “Management and Incentive Measures for Service Inventions” in accordance with the Patent Law of the People’s Republic of China, its Implementing Regulations, and relevant national policies on rewarding scientific and technological achievements. Tailored to its operational realities, this policy aims to fully motivate technical staff and encourage sustained innovation output.

To protect the trade secrets and legitimate rights and interests of PegBio and its controlled subsidiaries, the Company has established the “Confidentiality Management System” to ensure that the commercial or technical secrets of affiliated companies, including technological development, innovation, intellectual property, and marketing resources, are not compromised or infringed upon.

During the Reporting Period, the Company employed 28 R&D personnel. As of the end of the Reporting Period, it held 61 valid patents.

Anti-Corruption

PegBio complies with relevant laws and regulations such as the Criminal Law of the People’s Republic of China, the Anti-Unfair Competition Law of the People’s Republic of China, the Company Law of the People’s Republic of China, the Anti-Monopoly Law of the People’s Republic of China, and the Anti-Money Laundering Law of the People’s Republic of China. The Company has established policies and systems including the Anti-Corruption Policy, the Confidential Reporting of Concerns Policy and the Anti-Money Laundering and Anti-Terrorist Financing Management System. These require employees to uphold integrity and the highest ethical standards in all activities. The Company has also established whistleblower protection measures and standardized anti-money laundering, anti-terrorist financing and anti-tax evasion management for PegBio and its subsidiaries, so as to prevent money laundering and related illegal or criminal activities and foster a clean and upright business environment. At the same time, the Company actively carries out anti-corruption training covering all employees and provides annual anti-corruption training to Directors and employees to enhance integrity awareness.

All employees are required to sign an “Integrity and Self-discipline Undertaking”, under which they undertake to strictly comply with laws and regulations and with the Company’s policies on integrity and self-discipline during their employment. Employees shall not solicit bribes from relevant entities or persons or engage in any other improper conduct, nor shall they directly or indirectly offer bribes to, or solicit bribes from, the Company’s employees or related persons.

The Company has established stringent procurement procedures for materials and services, and all procurement activities must comply with the Procurement Management Regulations to ensure that such activities are carried out in an orderly and compliant manner. To strengthen anti-corruption management in the procurement process, contracts with suppliers expressly provide that neither party may solicit, accept, offer or provide any benefit beyond the contractual arrangements to the other party or its management, staff or other relevant persons, including but not limited to express or implied rebates, cash, gift cards, goods in kind, securities, travel or other non-cash benefits. Any breach constitutes a material breach of contract. If any such benefit is an industry practice or customary arrangement, it must be expressly stated in the contract; otherwise, it will also constitute a material breach.

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During the Reporting Period, the Company did not have any pending or concluded corruption lawsuits filed against the enterprise or its employees, nor did it involve any unfair competition activities or legal proceedings related to anti-monopoly.

The Company has established a whistle-blowing and complaint handling mechanism. Employees who have concerns regarding accounting and auditing matters, breaches of the Code of Ethics or other misconduct may report such concerns to their immediate supervisors for escalation to the Internal Control Officer. Employees and external whistle-blowers may also raise concerns through mail, email or other designated channels on a confidential or anonymous basis. Upon receipt of a complaint, the Internal Control Officer will acknowledge, classify and conduct a preliminary review of the case according to its nature, and may refer the matter to the internal audit department or other appropriate personnel for investigation where necessary. Cases involving material issues, or matters relating to accounting and auditing, will be handled under the guidance and supervision of the Audit Committee, and investigation findings and recommended remedial actions will be reported in a timely manner. The Company strictly protects the identity of whistle-blowers, prohibits any form of retaliation, and seeks to maintain confidentiality to the fullest extent practicable, subject to legal requirements and the needs of any investigation.

Reporting Channels

Email: huipeng.yin@pegbio.com

Address: Internal Control Project Team, PegBio, Unit 601, Building B7, BioBAY, No. 218 Xinghu Street, Suzhou Industrial Park, Jiangsu Province

The Company's anti-corruption training progress during the Reporting Period is shown in the table below:

Metric	Unit	2025
Number of anti-corruption training sessions provided to directors	sessions	1
Number of directors participating in anti-corruption training	persons	9
Number of anti-corruption training sessions provided to employees	sessions	1
Number of employees participating in anti-corruption training	persons	58

Community Investment

On 14 November 2025, Visepegenatide Injection (Paidakang®), the Company's self-developed Class 1 innovative drug, obtained marketing approval from the National Medical Products Administration (NMPA) for the treatment of type 2 diabetes mellitus (T2DM).

The Company recognizes that marketing approval is only the first step. PegBio will continue to advance the commercialization of Paidakang® in China and work with global partners to explore innovative commercialization models. The Company will continue to deepen its presence in metabolic diseases, promote the launch of additional innovative therapies and contribute to the Healthy China 2030 initiative.

As the Company is currently at the stage of advancing the commercialisation of innovative therapies, its community engagement during the Reporting Period was primarily reflected in the continued promotion of the implementation of innovative therapies in response to public health needs. The Company did not carry out any dedicated external community donations or company-wide organised volunteer service activities during the Reporting Period, and therefore did not record any external monetary contributions or volunteer service hours under community investment. Looking ahead, the Company plans to further expand into regional development, product registration and potentially localized production through technology transfer, so that innovative therapies originating in China can benefit a broader patient population. While serving the large number of patients with type 2 diabetes in China, the Company also intends to explore opportunities for development, distribution and commercialization collaboration for this product in Belt and Road markets, including Southeast Asia, the Middle East and Africa.

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ESG INDEX

HKEX ESG Reporting Code Content Index

Aspect	Indicator	Indicator Description	Section
A1 Emissions	General Disclosure	Policies on air emissions, discharges into water and land, and the generation of hazardous and non-hazardous waste, and information on compliance with relevant laws and regulations that have a significant impact on the issuer	Emissions
	A1.1	Types of emissions and related emissions data	Emissions
	A1.3	Total hazardous waste generated (in tonnes) and, where appropriate, intensity (e.g. per unit of output, per facility)	Emissions
	A1.4	Total non-hazardous waste generated (in tonnes) and, where appropriate, intensity (e.g. per unit of output, per facility)	Emissions
	A1.5	Description of emissions targets set and steps taken to achieve them	Emissions
	A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction targets set and steps taken to achieve them	Emissions

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Aspect	Indicator	Indicator Description	Section
A2 Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials	Resource Utilisation
	A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility)	Resource Utilisation
	A2.2	Total water consumption and intensity (e.g. per unit of output, per facility)	Resource Utilisation
	A2.3	Description of energy-use efficiency targets set and steps taken to achieve them	Resource Utilisation
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water-use efficiency targets set and steps taken to achieve them	Resource Utilisation
	A2.5	Total packaging material used for finished products (in tonnes) and, where appropriate, per unit produced	As the Company's products have not yet commenced commercial sales, no packaging materials were used for finished products.
A3 The Environment and Natural Resources	General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources	Environment and Natural Resources
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	Environment and Natural Resources
A4 Climate Change	General Disclosure	[Deleted on January 1, 2025]	/
	A4.1	[Deleted on January 1, 2025]	/

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Aspect	Indicator	Indicator Description	Section
B1 Employment	General Disclosure	Policies on compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare; and information on compliance with relevant laws and regulations that have a significant impact on the issuer	Employment
	B1.1	Total workforce by gender, employment type (for example, full – or part-time), age group and geographical region	Employment
	B1.2	Employee turnover rate by gender, age group and geographical region	Employment
B2 Health and Safety	General Disclosure	Policies on providing a safe working environment and protecting employees from occupational hazards; and information on compliance with relevant laws and regulations that have a significant impact on the issuer	Health and Safety
	B2.1	Number and rate of work-related fatalities in each of the past three years, including the reporting year	Health and Safety
	B2.2	Lost days due to work injury	Health and Safety
	B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored	Health and Safety

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Aspect	Indicator	Indicator Description	Section
B3 Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work; description of training activities	Development and Training
	B3.1	Percentage of employees trained by gender and employee category (e.g. senior management, middle management)	Development and Training
	B3.2	Average training hours completed per employee by gender and employee category	Development and Training
B4 Labour Standards	General Disclosure	Policies on preventing child labour and forced labour; and information on compliance with relevant laws and regulations that have a significant impact on the issuer	Labour Standards
	B4.1	Description of measures to review employment practices to avoid child labour and forced labour	Labour Standards
	B4.2	Description of steps taken to eliminate such practices when discovered	Labour Standards

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Aspect	Indicator	Indicator Description	Section
B5 Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain	Supply Chain Management
	B5.1	Number of suppliers by geographical region	Supply Chain Management
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how such practices are implemented and monitored	Supply Chain Management
	B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored	Supply Chain Management
	B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored	Supply Chain Management

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Aspect	Indicator	Indicator Description	Section
B6 Product Responsibility	General Disclosure	Policies on health and safety, advertising, labelling and privacy matters relating to products and services provided, and methods of redress; and information on compliance with relevant laws and regulations that have a significant impact on the issuer	Product Responsibility
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	Product Responsibility
	B6.2	Number of products and service-related complaints received and how they are dealt with	Product Responsibility
	B6.3	Description of practices relating to observing and protecting intellectual property rights	Product Responsibility
	B6.4	Description of quality assurance process and recall procedures	Product Responsibility
	B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored	Not applicable, as the Company's products had not yet been launched for sale during the Reporting Period.

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Aspect	Indicator	Indicator Description	Section
B7 Anti-Corruption	General Disclosure	Policies on the prevention of bribery, extortion, fraud and money laundering; and information on compliance with relevant laws and regulations that have a significant impact on the issuer	Anti-Corruption
	B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases	Anti-Corruption
	B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored	Anti-Corruption
	B7.3	Description of anti-corruption training provided to directors and staff	Anti-Corruption
B8 Community Investment	General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take those needs into consideration	Community Investment
	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport)	Community Investment
	B8.2	Resources contributed to the focus areas (e.g. money or time)	Community Investment

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspect	Indicator	Indicator Description	Section
D: Climate-related Disclosures	Governance	Governance	Climate Change
	Strategy	Climate-related risks and opportunities	Climate Change
		Business model and value chain	Climate Change
		Strategy and decision-making	Climate Change
		Financial position, financial performance and cash flows	Capabilities Relief. The Company currently does not have the capability to track and record the relevant financial data in a manner that would enable separate, accurate and complete disclosure.
		Climate resilience	Capabilities Relief. The Company has not yet conducted climate-related scenario analysis and, accordingly, did not make specific disclosure on climate resilience for the Reporting Period. Going forward, the Company will progressively enhance the relevant work, taking into account regulatory requirements and actual circumstances.
Risk management	Risk management	Climate Change	

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspect	Indicator	Indicator Description	Section
	Metrics and target	GHG emissions	Climate Change
		Climate-related transition risk	Climate Change
		Climate-related physical risk	Climate Change
		Climate-related opportunities	Climate Change
		Capital deployment	Capabilities Relief. As the Company has not yet established clear classification definitions, data collection procedures and accounting standards for the amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities, the relevant information is not currently available for separate, accurate and complete disclosure. Accordingly, such information was not disclosed in this Report.
		Internal carbon prices	The Company does not apply a carbon price in decision-making during the Reporting Period.
		Remuneration	Climate-related considerations have not been factored into the Company's remuneration policy during the Reporting Period.
		Industry-based metrics	Not yet applied.
		Climate-related targets	Climate Change

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

KEY PERFORMANCE INDICATOR TABLE

Environmental

Metric		Unit	2025
A1.1 Emissions	Wastewater discharge volume	tonnes	785
	Air emissions volume	tonnes	0
A1.3 Hazardous Waste	Total hazardous waste volume	tonnes	1.66
	Hazardous waste generation intensity	tonnes/ employee	0.03
	Spent activated carbon	tonnes	0.57
	R&D/production waste (glass bottles, plastic bottles, experimental vessels, gloves, masks, filter paper)	tonnes	0.11
	Waste organic solvents	tonnes	0.98
A1.4 Non-hazardous Waste	Total amount of non-hazardous waste	tonnes	2.13
	Non-hazardous waste generation intensity	tonnes/ employee	0.04
	Domestic waste	tonnes	2
	General packaging waste (wooden crates, cardboard)	tonnes	0.1
	Waste paper disposed of	tonnes	0.03
A2.1 Energy Use	Gasoline	litres	10,342.42
	Purchased electricity	kWh	274,739.00
	Total energy consumption	tce	161.78
	Total energy consumption intensity	tce/ employee	2.79
A2.2 Water Use	Total water consumption	tonnes	785
	Water consumption intensity	tonnes/ employee	13.53

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Climate Change

Metric		Unit	2025
Greenhouse Gas Emissions	GHG emissions (Scope 1)	tCO ₂ e	28.01
	GHG emissions (Scope 2)	tCO ₂ e	145.78
	GHG emissions (Scope 3)	tCO ₂ e	40.59
	(Only covers: Business flights and waste paper disposal)		
	Total GHG emissions	tCO ₂ e	214.38
	GHG emission intensity	tCO ₂ e per employee	3.70

Social

B1.1 Proportion of employees by gender, employment type, age group, and region

Metric		Headcount	Proportion
By gender	Male	30	51.72%
	Female	28	48.28%
By age	30 years of age or younger	6	10.34%
	31-50 years old	49	84.48%
	50 years of age and above	3	5.17%
By employment type	Full-time employee	58	100%
	Part-time employees	0	0.00%
By region	Within Zhejiang Province	23	39.66%
	China except for Zhejiang Province	35	60.34%
	Overseas regions (including Hong Kong, Macao, and Taiwan)	0	0.00%
By position	Senior management	4	6.90%
	Middle management	11	18.97%
	General staff	43	74.14%
By education level	Master's degree or above	18	31.03%
	Bachelor's degree	33	56.90%
	Associate degree or below	7	12.07%

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

B1.2 Employee turnover rate by gender, age group, and region

Metric		2025
By gender	Male	33.33%
	Female	25.00%
By age	30 years of age or younger	0.00%
	30-50 years old	30.61%
	50 years of age and above	66.67%
By region	Within Zhejiang Province	13.04%
	China except for Zhejiang Province	40.00%
	Overseas regions (including Hong Kong, Macao, and Taiwan)	0.00%

B2 Health and Safety

Metric	Unit	2025	2024	2023
Number of deaths due to work-related causes	persons	0	0	0
Proportion of deaths due to work-related causes	%	0	0	0
Number of lost working days due to work-related injury	days	0	/	/

B3 Percentage of Trained Employees and Average Training Hours by Gender and Employee Category

Metric		Percentage of trained employees	Average training hours per person
By gender	Male	53.33%	3
	Female	46.67%	3
By employee category	Senior management	6.67%	3
	Middle management	6.67%	3
	General staff	86.67%	3

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

B5.1 Number of suppliers by region

Metric		Unit	2025
By region	Within Zhejiang Province	No.	36
	China except for Zhejiang Province	No.	863
	Overseas regions (including Hong Kong, Macao, and Taiwan)	No.	48

B7 Anti-Corruption

Metric	Unit	2025
Number of anti-corruption training sessions provided to directors	sessions	1
Number of directors participating in anti-corruption training	persons	9
Number of anti-corruption training sessions provided to employees	sessions	1
Number of employees participating in anti-corruption training	persons	58

INDEPENDENT AUDITOR'S REPORT



Independent auditor's report to the shareholders of PegBio Co., Ltd.

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

OPINION

We have audited the consolidated financial statements of 派格生物醫藥(杭州)股份有限公司(PegBio Co., Ltd.) ("the Company") and its subsidiaries (the "Group") set out on pages 111 to 164, which comprise the consolidated statement of financial position as at 31 December 2025, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and notes, comprising material accounting policy information and other explanatory 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 HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") 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 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 MATTER

Key audit matter is the matter that, in our professional judgement, was of most significance in our audit of the consolidated financial statements of the current period. This matter was 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 this matter.

KEY AUDIT MATTER (continued)

Recognition and measurements of research and development expenses	
<i>Refer to note 5(c) to the consolidated financial statements and the accounting policies set out in note 1(g)</i>	
The Key Audit Matter	How the matter was addressed in our audit
<p>The Group is principally engaged in the research and development of therapies in chronic disease.</p> <p>The Group incurred research and development ("R&D") expenses of RMB51 million for the year ended 31 December 2025, mainly consisting of third-party contracting expenses, cost of materials and consumables and staff costs.</p> <p>We identified the recognition and measurement of R&D expenses as a key audit matter due to its significance and risk of R&D related to third-party contracting expenses, cost of materials and consumables and staff costs not completely and accurately recognised.</p>	<p>Our audit procedures to assess the recognition and measurement of R&D expenses included the following:</p> <ul style="list-style-type: none"> • Evaluating the design, implementation and operating effectiveness of key internal controls related to the Group's R&D expenses recognition and measurement process; • Evaluating the allocation of R&D related staff costs by checking to the working time records maintained by the R&D project management department on a sample basis; • Evaluating the R&D related costs of materials and consumables by inspecting, on a sample basis, the relevant underlying documents such as purchase orders, payment slips, invoices and good receipt notes; • Inspecting, on a sample basis, the key terms set out in the R&D related contracts with the third-party contractors and completion status reports to assess whether the third-party contracting costs were recorded based on the respective contract term or completion status; • Obtaining external confirmations from the third-party contractors, on a sample basis, to confirm the R&D expenses incurred for the year ended 31 December 2025; and • Evaluating whether R&D expenses were recorded in the appropriate financial reporting period by comparing, R&D expenses, on a sample basis, that took place before and after the year end date to relevant underlying documents such as good receipt notes, invoice and completion status reports.

INDEPENDENT AUDITOR'S REPORT

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors are responsible for the other information. The other information comprises all 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 are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRS Accounting Standards as issued by the HKICPA 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 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 either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors 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. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Lai, Chi Yin, Frankie (practising certificate number: P05676).

KPMG

Certified Public Accountants

8th Floor, Prince's Building

10 Chater Road

Central, Hong Kong

23 March 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2025

(Expressed in Renminbi)

	Note	Year ended 31 December	
		2025 RMB'000	2024 RMB'000
Revenue	3	–	–
Cost of sales		–	–
Gross profit		–	–
Other net income	4	189	7,007
Selling and marketing expenses		(12,247)	(7,150)
Research and development expenses		(50,387)	(95,427)
Administrative expenses		(143,323)	(185,282)
Loss from operations		(205,768)	(280,852)
Finance costs	5(a)	(2,779)	(2,499)
Loss before taxation	5	(208,547)	(283,351)
Income tax	6	–	–
Loss for the year		(208,547)	(283,351)
Other comprehensive income for the year (after tax and other adjustments)		–	–
Total comprehensive income for the year		(208,547)	(283,351)
Attributable to:			
Equity shareholders of the Company		(208,362)	(283,158)
Non-controlling interests		(185)	(193)
Loss and total comprehensive income for the year		(208,547)	(283,351)
Loss per share			
Basic and diluted (RMB)	9	(0.55)	(0.77)

The notes on pages 116 to 164 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 December 2025

(Expressed in Renminbi)

	<i>Note</i>	At 31 December 2025 RMB'000	At 31 December 2024 RMB'000
Non-current assets			
Property, plant and equipment	10	6,920	3,572
Right-of-use assets	11	8,346	1,527
Intangible assets	12	554	863
Other non-current assets	13	27,131	22,101
		42,951	28,063
Current assets			
Inventories		873	–
Prepayments and other receivables	15	33,369	8,247
Financial assets at fair value through profit or loss (“FVPL”)	16	54,474	153,655
Pledged deposits		27	–
Cash and cash equivalents	17	467,540	28,392
		556,283	190,294
Current liabilities			
Trade and other payables	18	54,038	56,394
Interest-bearing borrowings	19	84,969	100,003
Lease liabilities	20	2,048	1,269
		141,055	157,666
Net current assets		415,228	32,628
Total assets less current liabilities		458,179	60,691

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 December 2025
(Expressed in Renminbi)

	<i>Note</i>	At 31 December 2025 RMB'000	At 31 December 2024 RMB'000
Non-current liabilities			
Lease liabilities	20	6,589	221
Deferred income	21	3,000	3,000
		9,589	3,221
NET ASSETS		448,590	57,470
CAPITAL AND RESERVES			
Share capital	23	391,092	366,672
Reserves		57,396	(314,482)
Total equity attributable to equity shareholders of the Company		448,488	52,190
Non-controlling interests		102	5,280
TOTAL EQUITY		448,590	57,470

Approved and authorised for issue by the board of directors on 23 March 2026.

Michael Min XU
Director

Xiaojun WANG
Director

The notes on pages 116 to 164 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the years ended 31 December 2024 and 2025

(Expressed in Renminbi)

	Attributable to equity shareholders of the Company						
	Note	Share capital RMB'000	Capital reserve RMB'000	Accumulated losses RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000	Total RMB'000
Balance at 1 January 2024		366,672	674,305	(851,097)	189,880	5,473	195,353
Changes in equity for 2024:							
Total comprehensive income for the year		-	-	(283,158)	(283,158)	(193)	(283,351)
Equity-settled share-based payments	22	-	145,468	-	145,468	-	145,468
Balance at 31 December 2024 and 1 January 2025		366,672	819,773	(1,134,255)	52,190	5,280	57,470
Changes in equity for 2025:							
Total comprehensive income for the year		-	-	(208,362)	(208,362)	(185)	(208,547)
Issue of H shares through initial public offering, net of transaction costs	23(c)	19,284	234,795	-	254,079	-	254,079
Issue of H shares through a placing, net of transaction costs	23(c)	5,136	263,024	-	268,160	-	268,160
Dissolution of a subsidiary	14	-	-	-	-	(4,993)	(4,993)
Equity-settled share-based payments	22	-	82,421	-	82,421	-	82,421
Balance at 31 December 2025		391,092	1,400,013	(1,342,617)	448,488	102	448,590

The notes on pages 116 to 164 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2025

(Expressed in Renminbi)

		Year ended 31 December	
		2025	2024
	Note	RMB'000	RMB'000
Operating activities			
Cash used in operations	17(b)	(151,906)	(183,442)
Income tax paid		–	–
Net cash used in operating activities		(151,906)	(183,442)
Investing activities			
Payment for the purchase of property, plant and equipment		(3,662)	(876)
Payment for the purchase of intangible assets		–	(207)
Payment for purchase of financial assets measured at FVPL		(30,000)	(10,142)
Proceeds from redemptions of financial assets measured at FVPL		131,574	125,578
Net cash generated from investing activities		97,912	114,353
Financing activities			
Proceeds from interest-bearing borrowings	17(c)	128,400	91,510
Interest paid for interest-bearing borrowings	17(c)	(2,470)	(2,142)
Payment for interest-bearing borrowings	17(c)	(143,421)	(65,956)
Payment for capital element of leases liabilities	17(c)	(2,211)	(1,287)
Payment for interest element of leases liabilities	17(c)	(322)	(107)
Payment for listing expenses		(1,533)	(1,684)
Net proceeds from issuance of H shares through initial public offering	23(c)	257,284	–
Net proceeds from issuance of H shares through a placing	23(c)	268,160	–
Distribution in relation to the dissolution of a subsidiary	14	(4,993)	–
Net cash generated from financing activities		498,894	20,334
Net increase/(decrease) in cash and cash equivalents		444,900	(48,755)
Effects of foreign exchange rate changes		(5,752)	–
Cash and cash equivalents at the beginning of the year		28,392	77,147
Cash and cash equivalents at the ending of the year		467,540	28,392

The notes on pages 116 to 164 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

1 MATERIAL ACCOUNTING POLICIES

(a) Statement of compliance

派格生物醫藥(杭州)股份有限公司(PegBio Co., Ltd.) (the “Company”) and its subsidiaries (together, the “Group”) are engaged in research and development therapies in chronic disease. The Company completed the listing of H shares on the Main Board of The Stock Exchange of Hong Kong Limited in May 2025.

These financial statements have been prepared in accordance with HKFRS Accounting Standards, which collective term includes all applicable individual Hong Kong Financial Reporting Standards (“HKFRSs”), Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Material accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain new or amended HKFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the Group. Note 1(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2025 comprise the Company and its subsidiaries.

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis except that the financial assets are stated at their fair value as explained in the accounting policies as set out in Note 1(e).

The preparation of financial statements in conformity with HKFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

1 MATERIAL ACCOUNTING POLICIES (continued)

(b) Basis of preparation of the financial statements (continued)

Judgements made by management in the application of HKFRS Accounting Standards that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in Note 2.

(c) Changes in accounting policies

The Group has applied amendments to HKAS 21, *The effects of changes in foreign exchange rates – Lack of exchangeability* issued by the HKICPA to these financial statements for the current accounting period. The amendments do not have a material impact on these financial statements as the Group has not entered into any foreign currency transactions in which the foreign currency is not exchangeable into another currency.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

(d) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions are eliminated. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

For each business combination, the Group can elect to measure any non-controlling interests (“NCI”) either at fair value or at the NCI’s proportionate share of the subsidiary’s net identifiable assets. NCI are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. NCI in the results of the Group are presented on the face of the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between NCI and the equity shareholders of the Company.

Changes in the Group’s interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

When the Group loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in that former subsidiary is measured at fair value when control is lost.

In the Company’s statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see Note 1(i)(ii)).

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

1 MATERIAL ACCOUNTING POLICIES (continued)

(e) Other investments in securities

The Group's policies for investments in securities, other than investments in subsidiaries, associates and joint ventures, are set out below.

Investments in securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at FVPL for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see Note 24(e). These investments are subsequently accounted for as follows, depending on their classification.

Non-equity investments

Non-equity investments are classified into one of the following measurement categories:

- amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Expected credit losses, interest income calculated using the effective interest method (see Note 1(r)(i)), foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
- fair value through other comprehensive income ("FVOCI") - recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses are recognised in profit or loss and computed in the same manner as if the financial asset was measured at amortised cost. The difference between the fair value and the amortised cost is recognised in other comprehensive income ("OCI"). When the investment is derecognised, the amount accumulated in OCI is recycled from equity to profit or loss.
- FVPL if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

(f) Property, plant and equipment

Property, plant and equipment, including right-of-use assets arising from leases of underlying plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual values, if any, using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

1 MATERIAL ACCOUNTING POLICIES (continued)

(f) Property, plant and equipment (continued)

The estimated useful lives for the current and comparative periods are as follows:

Vehicle	5 years
Equipment	3 to 10 years
Leasehold improvements	Shorter of useful lives or lease term
Right-of-use assets	Over the lease term

Depreciation methods, useful lives and residual values are reviewed annually and adjusted if appropriate.

(g) Intangible assets

Expenditure on research activities is recognised in profit or loss as incurred. Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the resulting asset. Otherwise, it is recognised in profit or loss as incurred. Capitalised development expenditure is subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

Other intangible assets, including patents and trademarks, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses (see Note 1(i)(ii)).

Expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, if any, and is generally recognised in profit or loss.

The estimated useful lives for the current and comparative periods are as follows:

Software	5 years
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Amortisation methods, useful lives and residual values are reviewed annually and adjusted if appropriate.

(h) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. This is the case if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

1 MATERIAL ACCOUNTING POLICIES (continued)

(h) Leased assets (continued)

As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for leases that have a short lease term of 12 months or less and leases of low-value items. When the Group enters into a lease in respect of a low-value item, the Group decides whether to capitalise the lease on a lease-by-lease basis. If not capitalised, the associated lease payments are recognised in profit or loss on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is recognised using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability, and are charged to profit or loss as incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see Notes 1(h) and 1(i)(ii)).

Refundable rental deposits are accounted for separately from the right-of-use assets in accordance with the accounting policy applicable to investments in non-equity securities carried at amortised cost (see Notes 1(e), 1(r)(i) and 1(i)(i)). Any excess of the nominal value over the initial fair value of the deposits is accounted for as additional lease payments made and is included in the cost of right-of-use assets.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

1 MATERIAL ACCOUNTING POLICIES (continued)

(h) Leased assets (continued)

The lease liability is also remeasured when there is a lease modification, which means a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract, if such modification is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

(i) Credit losses and impairment of assets

(i) Credit losses from financial instruments

The Group recognises a loss allowance for expected credit losses ("ECL"s) on financial assets measured at amortised cost (including cash and cash equivalents and other receivables).

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Generally, credit losses are measured as the present value of all expected cash shortfalls between the contractual and expected amounts.

The expected cash shortfalls are discounted using the following rates if the effect is material:

- fixed-rate financial assets and other receivables: effective interest rate determined at initial recognition or an approximation thereof; and
- variable-rate financial assets: current effective interest rate.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are measured on either of the following bases:

- 12-month ECLs: these are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months); and
- lifetime ECLs: these are the ECLs that result from all possible default events over the expected lives of the items to which the ECL model applies.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

1 MATERIAL ACCOUNTING POLICIES (continued)

(i) Credit losses and impairment of assets (continued)

(i) Credit losses from financial instruments (continued)

Measurement of ECLs (continued)

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-months ECLs:

- financial instruments that are determined to have low credit risk at the reporting date; and
- other financial instruments for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Significant increases in credit risk

When determining whether the credit risk of a financial instrument has increased significantly since initial recognition and when measuring ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when (i) the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is 90 days past due.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Credit-impaired financial assets

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

1 MATERIAL ACCOUNTING POLICIES (continued)

(i) Credit losses and impairment of assets (continued)

(i) Credit losses from financial instruments (continued)

Credit-impaired financial assets (continued)

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset is written off to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) Impairment of other non-current assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("CGU"s).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, 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 or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

1 MATERIAL ACCOUNTING POLICIES (continued)

(i) Credit losses and impairment of assets (continued)

(ii) Impairment of other non-current assets (continued)

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the resulting carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(iii) Interim financial reporting and impairment

Under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, the group is required to prepare an interim financial report in compliance with HKAS 34, Interim financial reporting, in respect of the first six months of the financial year. At the end of the interim period, the group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see Note 1(i)(i)).

Impairment losses recognised in an interim period in respect of goodwill are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates.

(j) Inventories

Inventories are measured at the lower of cost and net realisable value as follows:

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(k) Receivables

A receivable is recognised when the Group has an unconditional right to receive consideration and only the passage of time is required before payment of that consideration is due.

All receivables are initially measured at fair value plus transaction costs and subsequently stated at amortised cost (see Note 1(i)(i)).

Payment made in advance of receiving the related services is recognised as prepayment.

(l) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for ECL (see Note 1(i)(i)).

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

1 MATERIAL ACCOUNTING POLICIES (continued)

(m) Trade and other payables

Trade and other payables are initially recognised at fair value. Subsequent to initial recognition, trade and other payables are stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

(n) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequently, these borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with Note 1(t).

(o) Employee benefits

(i) *Short-term employee benefits and contributions to defined contribution retirement plans*

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Obligations for contributions to defined contribution retirement plans are expensed as the related service is provided.

(ii) *Share-based payments*

The fair value of share-based payment awards granted to employees is recognised as an employee cost with a corresponding increase in a reserve within equity. The fair value is measured at grant date by reference to the market price or the valuer's valuation of the underlying shares. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the shares, the total estimated fair value of the shares is spread over the vesting period, taking into account the probability that the shares will vest.

During the vesting period, the number of equity-settled share-based payments award that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of equity-settled share-based payments award that vest (with a corresponding adjustment to the capital reserve), except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the capital reserve until either the equity-settled share-based payments award is exercised (when it is included in the amount recognised in share capital for the shares issued) or the equity-settled share-based payments award expires (when it is released directly to retained profits).

When the terms or conditions of equity-settled share-based payment awards with employees are modified to reduce the vesting period, the grant-date fair value is recognised as expenses over the modified vesting period. The cumulative expenses up to the modification date are trued up to what would have been based on the modified vesting period, and the true-up adjustment is recognised immediately in the expenses.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

1 MATERIAL ACCOUNTING POLICIES (continued)

(o) Employee benefits (continued)

(ii) Share-based payments (continued)

When the terms or conditions of equity-settled share-based payment awards are modified to reduce the number of equity instruments granted to employees, the reduction is accounted for as a cancellation of that portion of the awards.

When the equity-settled share-based payment awards granted to employees are cancelled during the vesting period, the amount of the grant-date fair value that otherwise would have been recognised for services received over the remainder of the vesting period is recognised immediately in the expenses as if vesting were accelerated on the date of cancellation.

(iii) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring.

(p) Income tax

Income tax expense comprises current tax and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;
- temporary differences related to investment in subsidiaries, associates and joint venture to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;
- taxable temporary differences arising on the initial recognition of goodwill; and
- those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

1 MATERIAL ACCOUNTING POLICIES (continued)

(p) Income tax (continued)

The Group recognised deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Deferred tax assets and liabilities are offset only if certain criteria are met.

(q) Provisions and contingent liabilities

Generally provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability.

A provision for warranties is recognised when the underlying products or services are sold, based on historical warranty data and a weighting of possible outcomes against their associated probabilities.

A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract, which is determined based on the incremental costs of fulfilling the obligation under that contract and an allocation of other costs directly related to fulfilling that contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract (see Note 1(i)(ii)).

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

1 MATERIAL ACCOUNTING POLICIES (continued)

(r) Other income

(i) Interest income

Interest income is recognised using the effective interest method. The “effective interest rate” is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

(ii) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them.

Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

Grants that compensate the Group for the cost of an asset are recognised as deferred income and subsequently recognised in profit or loss over the useful life of the asset.

(s) Translation of foreign currencies

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

1 MATERIAL ACCOUNTING POLICIES (continued)

(t) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

(u) Related parties

(a) A person, or a close member of that person's family, is related to the Group if 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 the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (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 Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

1 MATERIAL ACCOUNTING POLICIES (continued)

(v) Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

For the purpose of resource allocation and performance assessment, the Group's most senior executive management, being the chief operating decision maker, reviews the consolidated results when making decisions about allocating resources and assessing performance of the Group as a whole and hence. For the year ended 31 December 2025, the Group has only one reportable segment which is engaged in the research and development of drugs. All of the Group's non-current assets were located in the PRC.

2 ACCOUNTING JUDGEMENT AND ESTIMATES

(a) Critical accounting judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, management has made the following accounting judgements:

(i) *Research and development expenses*

Development expenses incurred on the Group's 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 pipeline and the ability to measure reliably the expenditure during the development. Development expenses which do not meet these criteria are expensed when incurred. Management 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 for the year ended 31 December 2025.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

2 ACCOUNTING JUDGEMENT AND ESTIMATES (continued)

(a) Critical accounting judgements in applying the Group's accounting policies (continued)

(ii) *Determining the lease term*

As explained in policy Note 1(h), the lease liability is initially recognised at the present value of the lease payments payable over the lease term. In determining the lease term at the commencement date for leases that include renewal options exercisable by the Group, the Group evaluates the likelihood of exercising the renewal options taking into account all relevant facts and circumstances that create an economic incentive for the Group to exercise the option, including favourable terms, leasehold improvements undertaken and the importance of that underlying asset to the Group's operation. The lease term is reassessed when there is a significant event or significant change in circumstance that is within the Group's control. Any increase or decrease in the lease term would affect the amount of lease liabilities and right-of-use assets recognised in future years.

(b) Sources of estimation uncertainty

Notes 22 and 24(e) contains information about the assumptions and risk factors relating to fair value of equity-settled share-based transactions and other financial assets. Other key sources of estimation uncertainty are as follows:

(i) *Recognition of deferred tax assets*

Deferred tax assets in respect of tax losses carried forward and deductible temporary differences are recognised and measured based on the expected manner of realisation or settlement of the carrying amount of the relevant assets and liabilities, using tax rates enacted or substantively enacted at the end of each reporting date. In determining the carrying amounts of deferred tax assets, expected taxable profits are estimated which involves a number of assumptions relating to the operating environment of the Group and require a significant level of judgement exercised by the directors of the Company. Any change in such assumptions and judgement would affect the carrying amounts of deferred tax assets to be recognised and hence the net profit in future years.

3 REVENUE

No revenue was generated for the years ended 31 December 2025 and 2024.

All of the Group's non-current assets were located in the PRC. Accordingly, no geographic information is presented.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

4 OTHER NET INCOME

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Net realised and unrealised gain on financial instruments carried at FVPL	2,393	6,013
Government grants (i)	51	267
Interest income on bank deposits	4,177	802
Foreign exchange loss	(6,442)	(9)
Others	10	(66)
	189	7,007

(i) Government grants primarily comprise subsidies from government for the encouragement of the research and development activities.

5 LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

(a) Finance costs

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Interest on interest-bearing borrowings	2,457	2,392
Interest on lease liabilities	322	107
	2,779	2,499

(b) Staff costs

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Salaries, wages and other benefits	55,960	36,173
Contributions to defined contribution retirement plan (i)	2,299	2,615
Equity-settled share-based payment expenses (Note 22)	82,421	145,468
	140,680	184,256

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

5 LOSS BEFORE TAXATION (continued)

(b) Staff costs (continued)

- (i) Pursuant to the relevant labor rules and regulations in the PRC, the Company and its subsidiaries in the PRC are required to participate in defined contribution retirement benefit schemes (the "Schemes") organised by the local government authorities whereby the Company and its subsidiaries in the PRC are required to make contributions to the Schemes based on certain percentages of the eligible employee's salaries. The local government authorities are responsible for the entire pension obligations payable to the retired employees.

The Group has no other material obligation for the payment of retirement benefits associated with the scheme beyond the annual contributions described above.

(c) Other items

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Depreciation of property, plant and equipment (Note 10)	878	829
Depreciation of right-of-use assets (Note 11)	2,551	1,374
Amortisation of intangible assets (Note 12)	309	295
Auditors' remuneration		
– audit services	1,850	–
– other assurance services	1,256	3,198
– tax services	22	–
	3,128	3,198
Research and development expenses (i)	50,387	95,427
Listing expenses (ii)	9,835	35,492

- (i) For the year ended 31 December 2025, research and development expenses include staff costs of RMB17,627,000 (2024: RMB44,379,000), depreciation and amortisation expenses of RMB1,487,000 (2024: RMB1,682,000), in which the respective amounts are also disclosed separately above.

- (ii) For the year ended 31 December 2025, the Group recognised auditors' remuneration in respect of initial public offering of RMB652,000 (2024: RMB3,198,000), which is also included in the listing expenses disclosed separately above.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

6 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(a) Taxation in the consolidated statements of profit or loss and other comprehensive income:

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

(i) The PRC

The Company's subsidiaries established and operated in the PRC are subject to the PRC corporate income tax at the rate of 25%.

According to the tax incentive policies promulgated by the State Tax Bureau of the PRC in September 2022, an additional 100% of qualified research and development expenses incurred for the years ended 31 December 2025 is allowed to be deducted from taxable income.

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Loss before taxation	(208,547)	(283,351)
Notional tax on loss before taxation, calculated at the rates applicable to losses in the jurisdictions concerned	(52,137)	(70,838)
Effect of non-deductible expenses	324	288
Effect of share-based payment expenses	20,605	36,367
Effect of deferred tax assets in respect of temporary differences and tax losses not recognised	38,130	48,538
Tax effect of super deduction for research and development expenses (Note 6(a)(i))	(6,922)	(14,355)
Actual tax expense	–	–

(c) Deferred tax assets not recognised:

As at 31 December 2025, the Group has not recognised deferred tax assets of the Company and its subsidiaries in respect of their cumulative tax losses of RMB556,029,000 (31 December 2024: 529,566,000), as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity. As at 31 December 2025, the cumulative tax losses were incurred in the PRC, of which RMB3,671,000 will expire in 5 years and RMB552,358,000 will expire in 10 years.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

7 DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	Year ended 31 December 2025						
	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	Sub-Total RMB'000	Equity-settled share-based payments# RMB'000	Total RMB'000
Executive directors							
Michael Min Xu	-	4,490	20,000	47	24,537	77,530	102,067
Xiaojun Wang (王小軍)	-	963	960	77	2,000	1,843	3,843
Non-executive directors							
Hongkai Li (李宏凱)	-	-	-	-	-	-	-
Ting Zhai (翟婷)	-	-	-	-	-	-	-
Yuhong Xu (徐宇虹)	-	-	-	-	-	-	-
Xiangjun Zhou	-	-	-	-	-	-	-
Independent non-executive directors							
Jiancun Zhang	100	-	-	-	100	-	100
Yangyang Chen (陳秧秧)	100	-	-	-	100	-	100
Xinpeng Fan (范新鵬)	231	-	-	-	231	-	231
Supervisors							
Mengjiao Wang (王夢嬌)	-	144	82	31	257	33	290
Yongjun Kong (孔勇軍)	-	-	-	-	-	-	-
Dong Li (李東)	-	-	-	-	-	-	-
	431	5,597	21,042	155	27,225	79,406	106,631

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(Expressed in Renminbi unless otherwise indicated)

7 DIRECTORS' EMOLUMENTS (continued)

Year ended 31 December 2024

	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Sub-Total	Equity-settled share-based payments#	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors							
Michael Min Xu	-	2,328	657	47	3,032	106,985	110,017
Xiaojun Wang (王小軍)	-	894	255	84	1,233	9,885	11,118
Non-executive directors							
Hongkai Li (李宏凱)	-	-	-	-	-	-	-
Ting Zhai (翟婷)	-	-	-	-	-	-	-
Yuhong Xu (徐宇虹)	-	-	-	-	-	-	-
Xiangjun Zhou	-	-	-	-	-	-	-
Independent non-executive directors							
Jiancun Zhang	100	-	-	-	100	-	100
Yangyang Chen (陳秧秧)	100	-	-	-	100	-	100
Jiang Chang (常江)	-	-	-	-	-	-	-
Xinpeng Fan (范新鵬)	214	-	-	-	214	-	214
Supervisors							
Mengjiao Wang (王夢嬌)	-	144	58	27	229	889	1,118
Zheng Wu (吳正)	-	-	-	-	-	-	-
Yongjun Kong (孔勇軍)	-	-	-	-	-	-	-
Dong Li (李東)	-	-	-	-	-	-	-
	414	3,366	970	158	4,908	117,759	122,667

Notes:

- # These represent the estimated value of the RSUs (Note 22) granted to the directors of the Company under the Company's restricted share unit scheme. The value of these RSUs is measured according to the Group's accounting policy for share-based payment transactions as set out in Note 1(o)(ii). The details of the RSUs, including the principal arrangements are disclosed in Note 22.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

8 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, two (2024: two) are directors whose emoluments are disclosed in Note 7. The aggregate of the emoluments in respect of the other three (2024: three) individuals are as follows:

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Salaries, allowance and benefits in kind	2,750	1,828
Discretionary bonuses	1,075	128
Retirement scheme contributions	95	133
Equity-settled share-based payments	1,417	17,768
	5,337	19,857

The emoluments of the three (2024: three) individuals with the highest emoluments are within the following bands:

	Year ended 31 December	
	2025	2024
HK\$1,000,001 – HK\$1,500,000	1	–
HK\$1,500,001 – HK\$2,000,000	1	–
HK\$2,500,001 – HK\$3,000,000	1	–
HK\$3,000,001 – HK\$3,500,000	–	1
HK\$5,000,001 – HK\$5,500,000	–	1
HK\$13,000,001 – HK\$13,500,000	–	1
	3	3

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

9 LOSS PER SHARE

(a) Basic loss per share

The calculation of the basic loss per share is based on the loss attributable to equity shareholders of the Company of RMB208,362,000 (2024: RMB283,158,000) and the weighted average of 378,383,000 ordinary shares (2024: 366,672,000) in issue during the year, calculated as follows:

Weighted average number of shares

	Year ended 31 December	
	2025	2024
	'000	'000
Issued shares at 1 January	366,672	366,672
Issuance of H shares (<i>Note 23(c)</i>)	11,711	–
Weighted average number of ordinary shares at 31 December	378,383	366,672

(b) Diluted loss per share

For the year ended 31 December 2025, the Company did not have any dilutive potential ordinary shares (2024: nil). Therefore, diluted loss per share is the same as basic loss per share.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

10 PROPERTY, PLANT AND EQUIPMENT

	Vehicle RMB'000	Equipment RMB'000	Leasehold improvements RMB'000	Total RMB'000
Cost:				
At 1 January 2024	1,359	10,957	6,236	18,552
Additions	–	775	–	775
Disposals	–	(678)	–	(678)
At 31 December 2024 and 1 January 2025	1,359	11,054	6,236	18,649
Additions	–	56	4,178	4,234
Disposals	–	(52)	–	(52)
At 31 December 2025	1,359	11,058	10,414	22,831
Accumulated depreciation:				
At 1 January 2024	(1,107)	(7,517)	(6,236)	(14,860)
Charge for the year	(88)	(741)	–	(829)
Written back on disposals	–	612	–	612
At 31 December 2024 and 1 January 2025	(1,195)	(7,646)	(6,236)	(15,077)
Charge for the year	(88)	(790)	–	(878)
Written back on disposals	–	44	–	44
At 31 December 2025	(1,283)	(8,392)	(6,236)	(15,911)
Net book value:				
At 31 December 2024	164	3,408	–	3,572
At 31 December 2025	76	2,666	4,178	6,920

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

11 RIGHT-OF-USE ASSETS

The Group has obtained the right to use certain office buildings through tenancy agreements. The leases typically run for an initial period of 3 to 6 years. Some leases include an option to renew the lease when all terms are renegotiated. None of the leases includes variable lease payments. The analysis of the net book value of right-of-use assets by class of underlying asset is presented below:

	Office building RMB'000
Cost:	
At 1 January 2024	4,115
Additions	362
Disposals	(1,133)
At 31 December 2024 and 1 January 2025	3,344
Additions	9,559
Disposals	(363)
At 31 December 2025	12,540
Accumulated depreciation:	
At 1 January 2024	(859)
Charge for the year	(1,374)
Written back on disposals	416
At 31 December 2024 and 1 January 2025	(1,817)
Charge for the year	(2,551)
Written back on disposals	174
At 31 December 2025	(4,194)
Net book value:	
At 31 December 2024	1,527
At 31 December 2025	8,346

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

11 RIGHT-OF-USE ASSETS (continued)

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Depreciation charge of right-of-use assets by class of underlying asset: (Note 5(c))		
Properties leased for own use	2,551	1,374
Interest on lease liabilities (Note 17(c))	322	107
Expense relating to short-term leases	253	298

The total cash outflow for leases and the maturity analysis of lease liabilities are set out in Notes 17(d) and 24(b), respectively.

12 INTANGIBLE ASSETS

	Software
	RMB'000
Cost:	
At 1 January 2024	1,711
Additions	183
At 31 December 2024, 1 January 2025 and At 31 December 2025	1,894
Accumulated amortisation:	
At 1 January 2024	(736)
Charge for the year	(295)
At 31 December 2024 and 1 January 2025	(1,031)
Charge for the year	(309)
31 December 2025	(1,340)
Net book value:	
At 31 December 2024	863
At 31 December 2025	554

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

13 OTHER NON-CURRENT ASSETS

	At 31 December	
	2025	2024
	RMB'000	RMB'000
Value-added tax recoverable	27,131	22,101

As at 31 December 2025, value-added tax recoverable amounting to RMB27,131,000 (31 December 2024: RMB22,101,000), was recognised as other non-current assets as they are not expected to be deducted from future value-added tax payables within the next 12 months as of 31 December 2025.

14 INVESTMENTS IN SUBSIDIARIES

The following list contains subsidiaries which affected the results assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

Company name	Place and date of incorporation/ establishment /operation	Particulars of registered and paid-up capital	Proportion of ownership interest		Principal activities
			As at 31 December 2025	As at 31 December 2024	
Shanghai Hanmai Biomedical Technology Co., Ltd.* 上海瀚邁生物醫藥科技有限公司(i)	The PRC 26 June 2017	RMB5,000,000	64.77%	64.77%	Research and development of drugs
Shanghai Maiji Biomedical Technology Co., Ltd.* 上海邁跡生物醫藥科技有限公司 ("Shanghai Maiji") (i) & (ii)	The PRC 26 June 2017	RMB5,000,000	N/A	64.77%	Research and development of drugs
Paige Xinrui Biomedical Technology (Suzhou) Co., Ltd.* 派格欣銳生物醫藥科技(蘇州)有限公司(i)	The PRC 21 January 2025	RMB5,000,000	100%	N/A	Research and development of drugs
InnoCure Biotech Limited	Hong Kong 4 December 2025	10,000 shares	100%	N/A	Investment holding

* English translation is for identification purpose only.

Notes:

- (i) These subsidiaries are domestic enterprises established in the PRC.
- (ii) In October 2025, the shareholders of Shanghai Maiji resolved to voluntarily dissolve Shanghai Maiji. The Group derecognised the assets and liabilities of Shanghai Maiji and recognised the distribution amounted to RMB4,993,000 to the non-controlling shareholders of Shanghai Maiji.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

15 PREPAYMENTS AND OTHER RECEIVABLES

	At 31 December	
	2025	2024
	RMB'000	RMB'000
Prepayments to suppliers	32,663	2,886
Prepayments for listing expenses	–	1,999
Other debtors and deposits	706	3,362
	33,369	8,247

All the prepayments and other receivables are expected to be recovered or recognised as expenses within one year.

16 FINANCIAL ASSETS AT FVPL

	At 31 December	
	2025	2024
	RMB'000	RMB'000
Negotiable certificate of deposits with banks	54,028	138,522
Wealth management products	446	15,133
	54,474	153,655

For the year ended 31 December 2025, the Group invested in certain negotiable certificate of deposits with banks in the PRC. The negotiable certificate of deposits were transferable and carried at fixed interest rate ranged from 3.1% to 3.2% per annum (2024: 3.1% to 3.2%). The directors of the Company determine such negotiable certificate of deposits are mainly for the purpose of short-term fund management, which will be sold in the secondary market within one year, depending on the cash needs. Therefore, the negotiable certificate of deposits are classified as current financial assets at FVPL.

The maturity date of wealth management products is within 1 year as of 31 December 2025 or redeemable on demand.

Valuation techniques and significant assumptions for determining the fair values of these financial assets are set out in Note 24(e).

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

17 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalents comprise:

	At 31 December	
	2025	2024
	RMB'000	RMB'000
Cash at banks	467,540	28,392

(b) Reconciliation of loss before taxation to cash used in operations:

	Note	Year ended 31 December	
		2025	2024
		RMB'000	RMB'000
Loss before taxation		(208,547)	(283,351)
Adjustments for:			
Depreciation of property, plant and equipment	5(c)	878	829
Amortisation of intangible assets	5(c)	309	295
Depreciation of right-of-use assets	5(c)	2,551	1,374
Finance costs	5(a)	2,779	2,499
Foreign exchange losses		5,755	–
Net realised and unrealised gain on financial instruments carried at FVPL	4	(2,393)	(6,013)
Loss on disposal of property, plant and equipment		8	66
Equity-settled share-based payment expenses	5(b)	82,421	145,468
Others		(252)	–
Operating loss before changes in working capital		(116,491)	(138,833)
Changes in working capital:			
Increase in prepayments and other receivables		(27,742)	(994)
Increase in other non-current assets		(4,730)	(7,325)
Decrease in trade and other payables		(2,943)	(33,290)
Decrease in deferred income		–	(3,000)
Cash used in operations		(151,906)	(183,442)

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

17 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (continued)

(c) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

	Interest-bearing borrowings RMB'000 (Note 19)	Leases liabilities RMB'000 (Note 20)	Total RMB'000
At 1 January 2025	100,003	1,490	101,493
Changes from financing cash flows:			
Proceeds from interest-bearing borrowings	128,400	–	128,400
Repayment of interest-bearing borrowings	(143,421)	–	(143,421)
Interest paid for interest-bearing borrowings	(2,470)	–	(2,470)
Payment for capital element of lease liabilities	–	(2,211)	(2,211)
Payment for interest element of lease liabilities	–	(322)	(322)
Total changes from financing cash flows	(17,491)	(2,533)	(20,024)
Other changes:			
Termination of the lease contracts	–	(201)	(201)
Increase in lease liabilities from entering into new leases during the year	–	9,559	9,559
Interest expense (Note 5(a))	2,457	322	2,779
	2,457	9,680	12,137
At 31 December 2025	84,969	8,637	93,606

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

17 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (continued)

(c) Reconciliation of liabilities arising from financing activities (continued)

	Interest- bearing borrowings RMB'000 (Note 19)	Leases liabilities RMB'000 (Note 20)	Total RMB'000
At 1 January 2024	65,775	3,132	68,907
Changes from financing cash flows:			
Proceeds from interest-bearing borrowings	91,500	–	91,500
Repayment of interest-bearing borrowings	(65,956)	–	(65,956)
Interest paid for interest-bearing borrowings	(2,132)	–	(2,132)
Payment for capital element of lease liabilities	–	(1,287)	(1,287)
Payment for interest element of lease liabilities	–	(107)	(107)
Total changes from financing cash flows	23,412	(1,394)	22,018
Other changes:			
Payment using the letter of credit facilities issued by the bank	8,424	–	8,424
Termination of the lease contracts	–	(717)	(717)
Increase in lease liabilities from entering into new leases during the year	–	362	362
Interest expense (Note 5(a))	2,392	107	2,499
	10,816	(248)	10,568
At 31 December 2024	100,003	1,490	101,493

(d) Total cash outflow for leases

Amounts included in the cash flow statement for leases comprise the following:

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Within operating cash flows	253	298
Within financing cash flows	2,533	1,394
	2,786	1,692

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

18 TRADE AND OTHER PAYABLES

	At 31 December	
	2025	2024
	RMB'000	RMB'000
Trade payables	25,242	35,123
Accrued payroll	24,907	3,958
Tax payables	953	429
Other payables and accruals	2,936	16,884
	54,038	56,394

All of trade and other payables are expected to be settled within one year or are repayable on demand.

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

	At 31 December	
	2025	2024
	RMB'000	RMB'000
Within 1 year	25,052	34,933
Over 1 year	190	190
	25,242	35,123

19 INTEREST-BEARING BORROWINGS

	At 31 December	
	2025	2024
	RMB'000	RMB'000
Bank loans	84,969	91,582
Trade finance loans	–	8,421
	84,969	100,003

As of the end of the reporting period, all of the above interest-bearing borrowings are unsecured and carried at amortised cost. All these interest-bearing borrowings are to be settled within one year.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

20 LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Group's lease liabilities at the end of the reporting date.

	At 31 December	
	2025	2024
	RMB'000	RMB'000
Within 1 year	2,048	1,269
After 1 year but within 2 years	1,820	221
After 2 years but within 5 years	4,769	–
	6,589	221
	8,637	1,490

21 DEFERRED INCOME

	At 31 December	
	2025	2024
	RMB'000	RMB'000
Government grants	3,000	3,000

Deferred income represented the subsidies received from the government for the encouragement of research and development projects which did not meet the conditions attaching to the subsidies or compensated for the costs of assets.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

22 EQUITY-SETTLED SHARE-BASED TRANSACTIONS

Restricted Share Unit Scheme

Pursuant to a written shareholders' resolution of the Company passed on 27 March 2021, a restricted share unit (the "RSU") scheme ("the Scheme") was adopted for purpose of providing incentives to eligible employees of the Group. The participant of the RSU Scheme invested in the Company by the way of acquiring share capital of the Company from the existing shareholder through an employee share purchase platform (the "Platform").

The Scheme contains certain service conditions and non-market performance conditions. The RSUs shall vest upon the completion of initial public offering ("IPO") of the Company and if the Company still incurred loss when the IPO completed, these RSUs shall vest upon the three fiscal years after the completion of IPO of the Company. If employments relationship of the grantees are terminated before the RSUs become vested, these employee have to transfer out their equity interests to the person designed by the general partner of the Platform at the initial purchase price paid by the grantees.

Pursuant to a resolution passed at the shareholders' meeting of the Company in February 2024, certain terms and conditions of the Scheme was modified. The implicit service period was changed from the full three fiscal years after the completion of an IPO to 12 months following the completion date of the IPO. As such modification resulted in a reduction of service period in relation to the RSUs granted before, the Group uses the modified vesting period when applying the requirements of the modified grant-date method. In the period of the change, the Group shall calculate the cumulative amount to be recognised in equity at the reporting date based on the new vesting conditions.

Set out below are details of the movements of RSUs:

	For the year ended 31 December	
	2025	2024
	Number of underlying shares of the Company	Number of underlying shares of the Company
At the beginning of the year	29,175,230	25,244,458
Granted	48,042	11,460,030
Forfeited	(48,042)	(201,601)
Cancelled	–	(7,327,657)
At the end of the year	29,175,230	29,175,230

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

22 EQUITY-SETTLED SHARE-BASED TRANSACTIONS (continued)

Notes:

- (i) For the year ended 31 December 2025, certain grantees terminated their employment relationships, and they transferred all their equity interests in the Platform to the general partner or the person designed by the general partner, which were treated as the forfeited RSUs. These forfeited equity interests in the Platform were temporarily held by the general partner and then granted to Michael Min Xu ("Dr. Xu", an executive directors of the Company) in accordance with the terms and conditions of the Scheme.

Fair value of RSUs

The fair value of services received in return for RSUs granted is measured at the difference between (i) the fair value of RSUs granted and (ii) the considerations paid by the employees.

For the grants in 2025, the fair value of RSUs was calculated based on the quoted price of underlying ordinary shares as at the grant date.

For the grants in 2024, the fair value of RSUs was calculated based on the fair value of underlying ordinary shares as at the grant date. Management of the Company used the income approach to determine the fair value of the underlying shares of the Company and adopted the discounted cash flow to determine the fair value of the underlying shares. The risk-free interest rate based on the yield of Chinese government bonds with maturity of 10 years. Weighted average cost of capital was estimated based on selected comparable companies.

As at 31 December 2025, the implicit service period from the grant date was 6 to 62 months (31 December 2024: 17 to 60 months).

For the year ended 31 December 2025, expenses in relation to the RSUs of RMB82,421,000 (2024: RMB145,468,000) were charged into profit or loss, respectively.

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(Expressed in Renminbi unless otherwise indicated)

23 CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of each year are set out below:

	<i>Note</i>	Share capital RMB'000	Capital reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
Balance at 1 January 2024		366,672	641,927	(822,305)	186,294
Changes in equity for 2024:					
Total comprehensive income for the year		–	–	(282,802)	(282,802)
Equity-settled share-based payments	22	–	145,468	–	145,468
Balance at 31 December 2024 and 1 January 2025		366,672	787,395	(1,105,107)	48,960
Changes in equity for 2025:					
Total comprehensive income for the year		–	–	(190,378)	(190,378)
Issue of H shares through initial public offering, net of transaction costs	23(c)	19,284	234,795	–	254,079
Issue of H shares through a placing, net of transaction costs	23(c)	5,136	263,024	–	268,160
Equity-settled share-based payments	22	–	82,421	–	82,421
Balance at 31 December 2025		391,092	1,367,635	(1,295,485)	463,242

(b) Dividends

No dividends were declared or paid by the Company in 2025.

NOTES TO THE FINANCIAL STATEMENTS

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23 CAPITAL, RESERVES AND DIVIDENDS (continued)

(c) Share capital

Issued share capital

	2025		2024	
	Number of shares '000	Amount RMB'000	Number of shares '000	Amount RMB'000
Ordinary shares, issued and fully paid:				
At 1 January	366,672	366,672	366,672	366,672
Issue of H shares (i)	24,420	24,420	–	–
At 31 December	391,092	391,092	366,672	366,672
Representing:				
Domestic shares issued (ii)	106,791	106,791	366,672	366,672
H shares issued	284,301	284,301	–	–
As at 31 December	391,092	391,092	366,672	366,672

(i) In May 2025, the Company issued 19,284,000 new H shares of RMB1 each at a price of HK\$15.60 per share by way of the initial public offering (the "Offering"). The amount of total proceeds raised from the Offering was HK\$300,823,000 (equivalent to approximately RMB275,924,000). Consequently, RMB19,284,000 was recorded in share capital and the corresponding premium of RMB234,795,000 (after deduction of the capitalised listing expenses amounted to RMB21,845,000) was recognised in capital reserve.

In December 2025, the Company issued a total of 5,136,000 H shares to several investors with a net proceeds of HK\$295,659,000 (equivalent to RMB268,160,000). Consequently, RMB5,136,000 was recorded in share capital and the corresponding premium of RMB263,024,000 (after deduction of the capitalised expenses amounted to RMB1,210,000) was recognised in capital reserve.

(ii) In May 2025, 259,880,839 domestic shares held by certain shareholders were converted to H shares of the Company and listed on The Stock Exchange of Hong Kong Limited upon the completion of the Offering.

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(Expressed in Renminbi unless otherwise indicated)

23 CAPITAL, RESERVES AND DIVIDENDS (continued)

(d) Nature and purpose of reserves

The capital reserve primarily comprises the following:

- The portion of the grant date fair value of unvested shares granted to employees of the Group that has been recognised in accordance with the accounting policy adopted for share-based payments in Note 1(o)(ii); and
- The difference between the consideration received and the par value of the issued shares of the Company.

(e) Capital management

The Group's objectives in the aspect of managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group actively and regularly reviews and manages its capital structure to make adjustments to the capital structure in light of changes in economic conditions.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

24 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity and interest rate arises in the normal course of the Group's business. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to other receivables. The Group's exposure to credit risk arising from cash and cash equivalents and negotiable certificate of deposits with banks is limited because the counterparties are state-owned banks or reputable banks in the PRC, which the Group considered to have low credit risks. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

Management has assessed that for the year ended 31 December 2025, other receivables have not had a significant increase in credit risk since initial recognition. Thus, a 12-month expected credit loss approach that results from possible default event within 12 months of each reporting date is adopted by management. The management of the Company expect the occurrence of losses from non-performance by counterparties of other receivables to be remote and a loss allowance provision for other receivables to be immaterial.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

24 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(b) Liquidity risk

The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities as of the end of the reporting period of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current as at the end of the reporting period) and the earliest date the Group can be required to pay:

	As at 31 December 2025					Carrying amount RMB'000
	Contractual undiscounted cash outflow					
	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000	Total RMB'000	
Lease liabilities	2,066	1,904	5,342	–	9,312	8,637
Interest-bearing borrowings	86,127	–	–	–	86,127	84,969
Trade and other payables	28,178	–	–	–	28,178	28,178
	116,371	1,904	5,342	–	123,617	121,784

	As at 31 December 2024					Carrying amount RMB'000
	Contractual undiscounted cash outflow					
	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000	Total RMB'000	
Lease liabilities	1,303	233	–	–	1,536	1,490
Interest-bearing borrowings	101,146	–	–	–	101,146	100,003
Trade and other payables	52,007	–	–	–	52,007	52,007
	154,456	233	–	–	154,689	153,500

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

24 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group is primarily exposed to fair value interest rate risk in relation to negotiable certificate of deposits with banks (Note 16), fixed rate interest-bearing borrowings (Note 19) and lease liabilities (Note 20) and cash flow risk in relation to variable-rate bank balances (Note 17). The Group currently does not have an interest rate hedging policy to mitigate interest rate risk; nevertheless, the management monitors interest rate exposure and will consider hedging significant interest rate risk should the need arise.

The Group's interest-bearing financial instruments at variable rates as at 31 December 2025 are cash and cash equivalents, and the cash flow interest risk arising from a change in market interest rates is not considered significant.

(d) Currency risk

The Group is exposed to currency risk primarily from cash and cash equivalents that are denominated in a foreign currency.

(i) Exposure to currency risk

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in RMB, translated using the spot rate at the year end date. Differences resulting from the translation of the financial statements of the entities into the Group's presentation currency are excluded.

	Exposure to foreign currencies (expressed in RMB)		
	2025		2024
	HK\$ RMB'000	US\$ RMB'000	US\$ RMB'000
Cash and cash equivalent	268,382	186,032	15

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

24 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(d) Currency risk (continued)

(ii) Sensitivity analysis

The following table indicates the instantaneous change in the Group's loss after tax (and accumulated losses) that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant.

	2025		2024	
	Increase/ (decrease) in foreign exchange rates	Effect on loss after tax and accumulated losses RMB'000	Increase/ (decrease) in foreign exchange rates	Effect on loss after tax and accumulated losses RMB'000
HK\$ (against RMB)	5% (5%)	13,419 (13,419)	N/A N/A	N/A N/A
US\$ (against RMB)	5% (5%)	9,302 (9,302)	5% (5%)	1 (1)

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' loss after tax and equity measured in the respective functional currencies, translated into RMB at the exchange rate ruling at the end of the reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currencies of the lender or the borrower. The analysis excludes differences that would result from the translation of the financial statements of the entities into the Group's presentation currency.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

24 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(e) Fair value measurement

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair value measured using significant unobservable inputs

The Group has a team performing valuations for the financial instruments categories into Level 3 of the fair value hierarchy. The team reports directly to the chief financial officer. Valuation assessment with analysis of changes in fair value measurement is prepared by the team at each reporting date and is reviewed and approved by the chief financial officer.

	Fair value measurements as at 31 December 2025 categorised into			
	Fair value at 31 December 2025 RMB'000	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
	Recurring fair value measurement			
Financial assets:				
– Wealth management products	446	–	–	446
– Negotiable certificate of deposits with banks	54,028	–	–	54,028

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

24 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(e) Fair value measurement (continued)

(i) Financial assets and liabilities measured at fair value (continued)

Fair value hierarchy (continued)

	Fair value measurements as at 31 December 2024 categorised into			
	Fair value at 31 December 2024 RMB'000	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
	Recurring fair value measurement			
Financial assets:				
– Wealth management products	15,133	–	–	15,133
– Negotiable certificate of deposits with banks	138,522	–	–	138,522

For the year ended 31 December 2025, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3.

Information about Level 3 fair value measurements

The fair values of wealth management products and negotiable certificate of deposits with banks have been estimated using a discounted cash flow valuation model based on assumptions that are not supported by observable market prices or rates. The valuation requires the directors of the Company to make estimates about the expected future cash flows including expected future interest return on maturity of the wealth management products. The directors of the Company believe that the estimated fair values resulting from the valuation technique are reasonable, and that they were the most appropriate values at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

24 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(e) Fair value measurement (continued)

(i) Financial assets and liabilities measured at fair value (continued)

Information about Level 3 fair value measurements (continued)

Below is a summary of significant unobservable inputs to the valuation of these financial assets at FVPL together with a quantitative sensitivity analysis at the end of the reporting period:

31 December 2025

	Valuation techniques	Significant unobservable inputs	Range	Sensitivity of fair value to the input
Wealth management products	Discounted cash flow method	Interest return rate	1.20%	0.5% increase/(decrease) in interest return rate would result in increase/(decrease) in fair value by RMB71,000
Negotiable certificate of deposits with banks	Discounted cash flow method	Interest return rate	3.1% – 3.2%	0.5% increase/(decrease) in interest return rate would result in increase/(decrease) in fair value by RMB352,000

31 December 2024

	Valuation techniques	Significant unobservable inputs	Range	Sensitivity of fair value to the input
Wealth management products	Discounted cash flow method	Interest return rate	2.56% – 2.70%	0.5% increase/(decrease) in interest return rate would result in increase/(decrease) in fair value by RMB74,000
Negotiable certificate of deposits with banks	Discounted cash flow method	Interest return rate	3.1% – 3.2%	0.5% increase/(decrease) in interest return rate would result in increase/(decrease) in fair value by RMB772,000

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

24 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(e) Fair value measurement (continued)

(i) Financial assets and liabilities measured at fair value (continued)

Information about Level 3 fair value measurements (continued)

The movement during the year in the balance of these Level 3 fair value measurements are as follows:

	For the year ended 31 December	
	2025 RMB'000	2024 RMB'000
At the beginning of the year	153,655	263,078
Purchase	30,000	10,142
Changes in fair value recognised in profit or loss during the year (Note 4)	2,393	6,013
Redemption	(131,574)	(125,578)
At the end of the year	54,474	153,655

(ii) Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost were not materially different from their fair values as at 31 December 2025.

25 COMMITMENT

As of 31 December 2025, the Group did not have any material commitments.

26 MATERIAL RELATED PARTY TRANSACTIONS

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in Note 7 and certain of the highest paid employees as disclosed in Note 8, is as follows:

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Salaries, wages and other benefits	28,998	5,936
Contributions to defined contribution retirement plan	203	205
Equity-settled share-based payment expenses	79,886	118,406
	109,087	124,547

Total remuneration is included in "staff costs" (see Note 5(b)).

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

26 MATERIAL RELATED PARTY TRANSACTIONS (continued)

(b) Other material related party transactions

For the year ended 31 December 2025, the directors of the Company are of the view that the followings are related parties of the Group:

Name of party	Relationship
Shenzhen Yuanxing Gene Technology Co., Ltd. ("Yuanxing Gene") (深圳源興基因技術有限公司)	Legal representative and chairman of the board of directors of Yuanxing Gene is a non-executive director of the Company
Hangzhou HighField Biopharmaceuticals, Inc. ("HighField") (杭州高田生物醫藥有限公司)	Legal representative and chairman of the board of directors of HighField is a non-executive director of the Company

Transactions with related parties

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Service fee charged by Yuanxing Gene	2,268	1,915
Service fee charged by HighField	–	283

Balances with related parties

	At 31 December	
	2025 RMB'000	2024 RMB'000
Trade related payable to Yuanxing Gene	294	814
Trade related payable to HighField	–	142

(c) Applicability of the Listing Rules relating to connected transactions

None of the above related party transactions falls under the definition of connected transaction or continuing connected transaction as defined in Chapter 14A of the Listing Rules.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

27 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	At 31 December 2025 RMB'000	At 31 December 2024 RMB'000
Non-current assets		
Property, plant and equipment	4,805	3,572
Right-of-use assets	8,098	1,527
Intangible assets	508	863
Other non-current assets	26,666	22,101
Investments in subsidiaries	5,290	6,476
	45,367	34,539
Current assets		
Inventories	873	–
Prepayments and other receivables	45,076	8,247
Financial assets at FVPL	54,028	138,522
Pledged deposits	27	–
Cash and cash equivalents	466,694	28,360
	566,698	175,129
Current liabilities		
Trade and other payables	52,433	56,215
Interest-bearing borrowings	84,969	100,003
Lease liabilities	1,832	1,269
	139,234	157,487
Net current assets	427,464	17,642
Total assets less current liabilities	472,831	52,181
Non-current liabilities		
Lease liabilities	6,589	221
Deferred income	3,000	3,000
	9,589	3,221
NET ASSETS	463,242	48,960
CAPITAL AND RESERVES		
Share capital	391,092	366,672
Reserves	72,150	(317,712)
TOTAL EQUITY	463,242	48,960

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

28 EVENTS AFTER THE REPORTING PERIOD

There are no significant events subsequent to 31 December 2025 which would materially affect the Group's operating and financial performance.

29 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2025

Up to the date of this report, the HKICPA has issued a number of amendments, new standards and interpretations, which are not yet effective for the year ended 31 December 2025 and which have not been adopted in the consolidated financial statement. These developments include:

	Effective for accounting periods beginning on or after
Amendments to HKFRS 9, <i>Financial Instruments</i> and HKFRS 7, <i>Financial instrument: disclosure – Contracts referencing nature-dependent electricity</i>	1 January 2026
Amendments to HKFRS 9, <i>Financial instruments</i> and HKFRS 7, <i>Financial instruments: disclosures – Amendments to the classification and measurement of financial instruments</i>	1 January 2026
Annual Improvements to HKFRS Accounting Standards – Volume 11	1 January 2026
HKFRS 18 <i>Presentation and Disclosure in Financial Statements</i>	1 January 2027
HKFRS 19, <i>Subsidiaries without Public Accountability: Disclosures</i>	1 January 2027
Amendments to HKAS 21, <i>Translation to a hyperinflationary presentation currency</i>	1 January 2027
Amendments to HKFRS 10 and HKAS 28, <i>Sale or contribution of assets between an investor and its associate or joint venture</i>	To be determined

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements except for the following:

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

29 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2025 (continued)

HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18 will replace HKAS 1 *Presentation of financial statements* and aims to improve the transparency and comparability of information about an entity's financial statements. HKFRS 18 is effective for annual reporting periods beginning on or after 1 January 2027 and is to be applied retrospectively.

Among other changes, under HKFRS 18, entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to provide specific disclosures about management-defined performance measures in a single note in the financial statements.

The Group does not plan to early adopt HKFRS 18 and is still in the process of assessing the impact of the adoption.

FORWARD-LOOKING STATEMENTS

All statements in this report that are not historical fact or that do not relate to present facts or current conditions are forward-looking statements. Such forward-looking statements express the Group's current views, projections, beliefs and expectations with respect to future events as of the date of this report. Such forward-looking statements are based on a number of assumptions and factors beyond the Group's control. As a result, they are subject to significant risks and uncertainties, and actual events or results may differ materially from these forward-looking statements and the forward-looking events discussed in this report might not occur. Such risks and uncertainties include, but are not limited to, those detailed under the heading "Principal Risks and Uncertainties" in this interim report and in the section headed "Risk Factors" in our Prospectus made available on our corporate website, www.pegbio.com. No representation or warranty is given as to the achievement or reasonableness of, and no reliance should be placed on, any projections, targets, estimates or forecasts contained in this report.

DEFINITIONS

"affiliate"	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"Articles of Association" or "Articles"	the articles of association of the Company, as amended from time to time, which was effective from the Listing Date
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Audit Committee"	the audit committee of the Company
"Board of Directors", "Board" or "our Board"	the board of Directors
"BVI"	the British Virgin Islands
"China" or "PRC"	the People's Republic of China, which for the purpose of this report and for geographical reference only, excludes Hong Kong, Macau and Taiwan
"Company", "our Company", "the Company" or "PegBio"	PegBio Co., Ltd. (派格生物醫藥(杭州)股份有限公司) (formerly known as PegBio Co., Ltd. (派格生物醫藥(蘇州)股份有限公司)), a limited liability company incorporated in the PRC on May 13, 2008 and converted into a joint stock company with limited liability on December 30, 2020
"Core Product"	has the meaning ascribed to it in Chapter 18A of the Listing Rules and in this context, refers to PB-119
"Corporate Governance Code"	the Corporate Governance Code set out in Appendix C1 to the Listing Rules
"CSRC"	the China Securities Regulatory Commission (中國證券監督管理委員會)
"Director(s)"	the director(s) of the Company
"FDA"	U.S. Food and Drug Administration
"Global Offering"	the initial public offering of the shares on the terms and subject to the conditions as described in the Prospectus
"Group", "our Group", "we", "us" or "our"	our Company and its subsidiaries
"H Share(s)"	listed ordinary share(s) in the share capital of our Company with a nominal value of RMB1.00 each, which is/are to be subscribed for and traded in Hong Kong dollars and to be listed on the Hong Kong Stock Exchange

DEFINITIONS

“HKFRS” or “HKFRS Accounting Standards”	all applicable HKFRS Accounting Standards, which collectively includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong Offer Shares”	the 1,928,500 H Shares offered by us for subscription at the Offer Price pursuant to the Hong Kong Public Offering
“Hong Kong Stock Exchange” or “Stock Exchange”	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchange and Clearing Limited
“International Offer Shares”	the 17,355,000 H Shares offered by our Company pursuant to the International Offering
“IPO”	initial public offering
“Latest Practicable Date”	April 24, 2026, being the latest practicable date prior to the printing of this report for the purpose of ascertaining certain information contained in this report
“Listing”	the listing of our H Shares on the Main Board
“Listing Date”	May 27, 2025
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules
“NMPA”	the National Medical Products Administration of China (國家藥品監督管理局) or, where the context so requires, its predecessor, the China Food and Drug Administration (國家食品藥品監督管理總局), or CFDA
“NPC”	the National People’s Congress of the PRC (中華人民共和國全國人民代表大會)
“Nomination Committee”	the nomination committee of the Company
“Pre-IPO Equity Incentive Plan”	the pre-IPO equity incentive plan of our Company approved in March 2021, as amended from time to time

DEFINITIONS

“Prospectus”	the prospectus issued by the Company on May 19, 2025 in connection with the Hong Kong Public Offering
“Remuneration and Appraisal Committee”	the remuneration and appraisal committee of the Company
“Reporting Period”	the period from January 1, 2025 to December 31, 2025
“RMB”	Renminbi, the lawful currency of China
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Cap. 571), as amended, supplemented or otherwise modified from time to time
“Shanghai Sujie” or “Equity Incentive Platform”	Shanghai Sujie Business Management Consulting Partnership (Limited Partnership) (上海蘇頔企業管理諮詢合夥企業(有限合夥)), a limited partnership established in the PRC on August 28, 2020, the equity incentive platform of our Group of which Ms. Xiaojun WANG, our executive Director and Chief Financial Officer, is the sole general partner
“Share(s)”	ordinary share(s) in the capital of our Company with a nominal value of RMB1.00 each
“Shareholder(s)”	holder(s) of Shares of the Company
“Single Largest Group of Shareholders”	refers to Dr. Michael Min XU, Dr. Yuhong XU (徐宇虹), Dr. Xiangjun ZHOU and Shanghai Sujie
“Strategy and Development Committee”	the strategy and development committee of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it in section 15 of the Companies Ordinance
“Supervisor(s)”	supervisor(s) of the Company
“Unlisted Share(s)”	ordinary share(s) issued by our Company, with a nominal value of RMB1.00 each, which is/are not listed on any stock exchange
“United States” or “U.S.”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“US\$” or “U.S. dollars”	United States dollars, the lawful currency of the United States
“%”	per cent

GLOSSARY

"Agonist"	an agonist is an agent that activates a receptor to produce a biological response
"CAGR"	compound annual growth rate
"CDMO"	contract development and manufacturing organization, a company that serves other companies in the pharmaceutical industry on a contract basis to provide comprehensive services from drug development through drug manufacturing
"clinical trial/study"	a type of research carried out on human for validating or finding the therapeutic effects and side effects of test drugs in order to determine the therapeutic value and safety of such drugs
"CMC"	chemistry, manufacturing, and controls
"CMO"	contract manufacturing organization, a company that serves other companies in the pharmaceutical industry on a contract basis to provide comprehensive services for drug manufacturing
"diabetes"	a complex, chronic metabolic disease characterized by elevated levels of blood glucose, which over time leads to serious damage to the heart, blood vessels, eyes, kidneys, nerves and other organs, comprised of two categories including type 1 diabetes mellitus and type 2 diabetes mellitus
"GCG"	glucagon, the main catabolic hormone of the body, produced by alpha cells of the pancreas; it raises the concentration of glucose and fatty acids in the bloodstream
"GLP-1"	glucagon-like peptide-1; a peptide hormone that decreases blood sugar levels in a glucose-dependent manner by enhancing the secretion of insulin
"glycemic control"	the management of blood sugar levels
"IND"	investigational new drug, an application in the drug review process required by a regulatory authority to decide whether a new drug is permitted to initiate clinical trials; also known as clinical trial application, or CTA, in China
"NASH" or "non-alcoholic steatohepatitis"	the liver manifestation of a metabolic disorder, and the most severe form of non-alcoholic fatty liver disease, also known as metabolic dysfunction-associated steatohepatitis (MASH)
"NDA"	new drug application, a process required by a regulatory authority to approve a new drug for sale and marketing

GLOSSARY

"obesity"	abnormal or excessive fat accumulation in the body; defined as an individual having a body mass index over 28kg/m ² or more in China and 30 kg/m ² or more in the United States, respectively
"OIC"	opioid-induced constipation; opioid drugs inhibit gastric emptying and peristalsis in the gastrointestinal tract which results in delayed absorption of medications and increased absorption of fluid
"opioid"	a class of drugs used to reduce pain
"PD"	pharmacodynamics; the study of how a drug affects an organism, which, together with pharmacokinetics, influences dosing, benefit, and adverse effects of the drug
"PEG"	polyethylene glycol
"PEGylation"	a process through which PEG chains are attached to proteins, peptides or other molecules to alter certain properties, such as molecular mass, solubility, stability and half-life in the body
"Phase I clinical trial"	a study in which a drug is introduced into healthy human subjects or patients with the target disease or condition and tested for safety, dosage tolerance, absorption, metabolism, distribution, excretion, and if possible, to gain an early indication of its efficacy
"Phase II clinical trial"	a study in which a drug is administered to a limited patient population to preliminarily evaluate the efficacy of the product for specific targeted diseases, to identify possible adverse effects and safety risks, and to determine optimal dosage
"Phase III clinical trial"	a study in which a drug is administered to an expanded patient population generally at geographically dispersed clinical trial sites, in well-controlled clinical trials to generate enough data to statistically evaluate the efficacy and safety of the product for approval, to provide adequate information for the labeling of the product
"placebo"	a medical treatment or preparation with no specific pharmacological activity
"preclinical study"	a study testing a drug on non-human subjects, to gather efficacy, toxicity, pharmacokinetic and safety information and to decide whether the drug is ready for clinical trials
"R&D"	research and development

GLOSSARY

“receptor agonist”	a receptor agonist is an agent that activates a receptor to produce a biological response
“SGLT-2”	sodium-glucose cotransporter-2; SGLT-2 is the major cotransporter involved in glucose reabsorption in the kidney, responsible for reabsorption of 80-90% of the glucose filtered by the kidney glomerulus
“SGLT-2i”	sodium-glucose cotransporter-2 inhibitors, a class of prescription medicines that are FDA-approved for use with diet and exercise to lower blood sugar in adults with T2DM
“T2DM”	type 2 diabetes mellitus, a form of diabetes characterized by high blood sugar, insulin resistance and relative lack of insulin; the pancreas in T2DM patient makes less insulin, and the body becomes resistant to insulin

In the case of inconsistency, the English text of this report shall prevail over the Chinese text.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last three financial years*, as extracted from the audited financial information and financial statements, is set out below:

	Year ended December 31,		
	2025 RMB'000	2024 RMB'000	2023 RMB'000
Loss from operations	(205,768)	(280,852)	(277,454)
Loss for the year	(208,547)	(283,351)	(279,181)
Loss per share – Basic and diluted (RMB)	(0.55)	(0.77)	(0.77)

	At December 31,	At December 31,	At December 31,
	2025 RMB'000	2024 RMB'000	2023 RMB'000
Non-current assets	42,951	28,063	22,574
Current assets	556,283	190,294	345,479
Total assets	599,234	218,357	368,053
Non-current liabilities	9,589	3,221	7,713
Current liabilities	141,055	157,666	164,987
Total liabilities	150,644	160,887	172,700
Total equity	448,590	57,470	195,353

* The H Shares of the Company were listed on the Main Board of the Stock Exchange under Chapter 18A of the Listing Rules on May 27, 2025.



派格生物醫藥（杭州）股份有限公司
PegBio Co., Ltd.