

银诺医药 INNOGEN

2025 Annual Report

廣州銀諾醫藥集團股份有限公司
Guangzhou Innogen Pharmaceutical Group Co., Ltd.

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

Stock Code : 2591

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Corporate Information

EXECUTIVE DIRECTORS

Dr. WANG QINGHUA (*Chairman*)
Ms. Jiang Fan (姜帆)
Ms. Xu Wenjie (徐文潔)
Mr. Huang Bing (黃冰)

NON-EXECUTIVE DIRECTORS

Mr. HO KYUNG SHIK
Mr. Heng Lei (衡磊)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Tao Wuping (陶武平)
Dr. Song Ruilin (宋瑞霖)
Mr. Chan Heung Wing Anthony (陳向榮)

SUPERVISORS

Mr. Yue Jianjun (樂建軍)
Dr. Li Yuanpeng (李遠鵬)
Ms. Shao Anna (邵安娜)

AUDIT COMMITTEE

Mr. Chan Heung Wing Anthony (陳向榮) (*Chairman*)
Mr. Tao Wuping (陶武平)
Dr. Song Ruilin (宋瑞霖)

NOMINATION COMMITTEE

Dr. WANG QINGHUA (*Chairman*)
Ms. Jiang Fan (姜帆)
Mr. Tao Wuping (陶武平)
Dr. Song Ruilin (宋瑞霖)
Mr. Chan Heung Wing Anthony (陳向榮)

REMUNERATION AND APPRAISAL COMMITTEE

Mr. Tao Wuping (陶武平) (*Chairman*)
Dr. WANG QINGHUA
Dr. Song Ruilin (宋瑞霖)

STRATEGY COMMITTEE

Dr. WANG QINGHUA (*Chairman*)
Ms. Jiang Fan (姜帆)
Ms. Xu Wenjie (徐文潔)

AUTHORISED REPRESENTATIVES

Ms. Jiang Fan (姜帆)
Ms. Mak Po Man Cherie (麥寶文) (*appointed with effect from 23 March 2026*)
Ms. Sze Suet Ling (施雪玲) (*resigned with effect from 23 March 2026*)

JOINT COMPANY SECRETARIES

Ms. Yang Dongyan (楊東妍) (*appointed with effect from 6 February 2026*)
Ms. Jin Jin (金今) (*resigned with effect from 6 February 2026*)
Ms. Mak Po Man Cherie (麥寶文) (*appointed with effect from 23 March 2026*)
Ms. Sze Suet Ling (施雪玲) (*resigned with effect from 23 March 2026*)

REGISTERED OFFICE

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COMPLIANCE ADVISER

Gram Capital Limited
Room 1209, 12/F, Nan Fung Tower
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Corporate Information (continued)

LEGAL ADVISERS

As to Hong Kong laws:

Chiu & Partners
40th Floor, Jardine House
1 Connaught Place
Central
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As to PRC laws:

Jia Yuan Law Offices
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158 Fuxing Men Nei Street
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PRC

AUDITOR

Ernst & Young
*Certified Public Accountants and
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under the Accounting and Financial
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27/F, One Taikoo Place
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H SHARE REGISTRAR

Tricor Investor Services Limited
17/F, Far East Finance Centre
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Hong Kong

PRINCIPAL BANKER

Bank of China Limited Guangzhou Development Zone
Branch

STOCK CODE

2591

COMPANY WEBSITE

www.innogenpharm.com

Financial Highlights

	For the year ended 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	131,509	–
Cost of sales	(14,452)	–
Gross profit	117,057	–
Other income and gains	13,676	20,055
Research and development expenses	(205,779)	(102,511)
Administrative expenses	(77,400)	(84,460)
Selling and distribution expenses	(176,645)	(2,386)
Other expenses	(10,555)	(4,515)
Finance costs	(1,717)	(873)
Loss before tax	(341,363)	(174,690)
Income tax expense	–	–
Loss for the year	(341,363)	(174,690)

	As of 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Non-current assets	92,027	95,585
Current assets	1,478,984	839,215
Non-current liabilities	13,030	72
Current liabilities	504,584	138,257
Net assets	1,053,397	796,471

Chairman's Statement

Dear Shareholders,

For Innogen Pharma, Year 2025 represents a decisive turning point and, more importantly, a pivotal year in which we establish our foothold in the metabolic disease sector, break new ground through innovation, and achieve leap-forward development in commercialisation.

As the global pharmaceutical industry landscape undergoes accelerated reshaping and the metabolic diseases field, led by GLP-1, enters a hundred-billion-dollar market expansion, the Group accurately anchored its positioning as a "leader in humanized long-acting GLP-1 innovation", successfully completed the key transition from R&D-driven to commercialization-driven, officially entered a new stage of innovative drug enterprise development, and became the third human-derived long-acting GLP-1 receptor agonist enterprise in the world and the first in Asia with independent intellectual property rights, demonstrating the strong strength of global original biopharmaceuticals.

During the Reporting Period, the Group's core product, Diabegone (Chinese Name: 怡諾輕®, International Nonproprietary Names: Efsubaglutide Alfa Injection) has achieved a key leap from approval for marketing, commercialization to inclusion in NRDL, opening up the core path to realize the value of innovative drugs and becoming the core engine driving the Group's development. This milestone not only indicates that the Group has the ability to continuously produce high-quality innovative results, but also means that we have initially established market-oriented commercialization capabilities and systems.

As the Group's first commercial product, Diabegone (怡諾輕®, Efsubaglutide Alfa) has rapidly established its market presence by virtue of its distinct differentiated advantages. More crucially, it has achieved a key breakthrough in commercialisation – its core indication, T2D in adults, has been successfully included in the National Reimbursement Drug List (NRDL), significantly enhancing patient access to the drug and the product's market competitiveness. Its core advantages and commercialisation highlights include: strong efficacy, favourable safety profile, superior ultra-long-acting effect, and features such as fat loss while preserving muscle mass, all of which align with the long-term medication needs in metabolic diseases. With the inclusion in the NRDL, coupled with the product's differentiated advantages, Diabegone has laid a solid foundation for commercial volume growth.

Following the commercialisation of Diabegone (怡諾輕®, Efsubaglutide Alfa), the Group achieved scalable product revenue for the first time, with annual revenue reaching approximately RMB131.5 million. Consequently, the Group's revenue structure and development model have undergone a substantive transformation – shifting from sole reliance on an R&D-driven approach to a development paradigm driven by both R&D and commercialisation.

Focusing on this strategic transformation, the Group systematically promoted the construction of a commercialization system, benchmarked the leading experience in the industry, rapidly built a national market network, accelerated hospital access and terminal penetration, and strengthened academic promotion and patient education. Benefiting from the policy support of Diabegone's inclusion in the NRDL, the product's reimbursement uptake has accelerated. As at the end of the Reporting Period, it has already covered core hospitals across multiple provinces and cities nationwide, with its commercialisation value continuing to be unlocked.

Concurrently with commercialisation efforts, the Group has continued to reinforce its R&D foundation, focusing on the metabolic disease sector and advancing the full life-cycle development of Diabegone. As of the end of the Reporting Period, patient enrolment for the China Phase III clinical trial for obesity and overweight has been completed, the Australian Phase II clinical trial for obesity and overweight is progressing smoothly, and the monthly (Q4W) long-acting formulation clinical trial is being carried out in an orderly manner. At the same time, the Group is pursuing adolescent obesity and non-alcoholic steatohepatitis (MASH), and is advancing innovative pipelines including multi-target, ultra-long-acting formulations and veterinary drugs for metabolic diseases, thereby building momentum for long-term development.

Chairman's Statement (continued)

In terms of technology platform, the Group relies on the core technology of independent fusion protein drug development to promote the development of next-generation ultra-long-acting formulations, integrate artificial intelligence into drug research and development, and at the same time establish a GMP production and quality system that meets Chinese and US standards, providing solid support for product innovation and production capacity guarantee.

In terms of internationalization, the Group also accelerated its global layout, implemented the development philosophy of "Innovation from China, for the World", and promoted Diabegone (怡諾輕®, Efsabaglutide Alfa) to the global market.

The Year 2026 will be a pivotal year for the Group in terms of full-scale commercialisation acceleration and strategic deepening. The Group will focus its efforts on three major areas: first, driving the continued volume growth of Diabegone (怡諾輕®, Efsabaglutide Alfa), expanding terminal coverage, strengthening brand building, and fully unlocking the commercial value of its core product; second, accelerating the advancement of key indications and the development of new molecules to further enrich the product pipeline; and third, accelerating the international layout, advancing overseas registration and commercialisation, expanding global collaborations, and enhancing the Group's global influence.

On behalf of the Board of Directors, I would like to express our sincere gratitude to all our employees for their professionalism and dedication – it is the perseverance and innovation of our team that have enabled the successful launch and commercialisation breakthrough of Diabegone (怡諾輕®, Efsabaglutide Alfa). We also extend our thanks to our partners for their support and trust, as they have accompanied the Group in jointly exploring the innovative metabolic disease sectors. Furthermore, we are deeply grateful to our shareholders for their long-term commitment and steadfast support, which have provided a solid foundation for the Group's development.

Looking ahead, the Group will continue to adhere to the patient-centric and innovation-driven approach, strive to establish a globally competitive position as an innovative drug enterprise in the field of metabolic diseases, continue to build a differentiated and high-value product pipeline, and create long-term sustainable value for shareholders.

Management Discussion and Analysis

BUSINESS REVIEW AND PIPELINE SUMMARY FOR 2025

Overview

2025 marked a pivotal year for the Group as it continued its transition from a company primarily focused on research and development (“R&D”) to one advancing R&D and commercialisation in parallel. During the Reporting Period, the Group advanced the approval, launch, market access and overseas registration of its Core Product, Efsubaglutide Alfa, and continued to progress its pipeline in metabolic disease areas.

In Chinese Mainland, Efsubaglutide Alfa was approved for the treatment of T2D and was commercially launched during the Reporting Period. In December 2025, Efsubaglutide Alfa was included in the NRDL for the indication of adult T2D, effective from 1 January 2026. During the Reporting Period, Efsubaglutide Alfa was also included in the National Guidelines for the Prevention and Control of Diabetes in Primary Care (2025), which further supported its academic recognition and future promotion in primary care settings. The Group also continued to advance the clinical development of Efsubaglutide Alfa in obesity and overweight and MASH, while progressing overseas registration in selected markets.

At the same time, the Group continued to advance the lifecycle management of its Core Product. In the field of weight management, the Group progressed clinical studies in adult obesity and overweight in China and Australia, and also advanced adolescent weight management as a new indication. The obesity and overweight clinical trial program in Australia forms part of the Group’s broader overseas development strategy in weight management and is intended to support future global clinical development and longer-term expansion into overseas markets, including Europe and the United States. The Group also continued to explore new application areas for Efsubaglutide Alfa, including diabetes and obesity in companion animals, for which the relevant Investigational New Veterinary Drug Clinical Trial application was officially accepted in early 2026. The Group continued to develop next-generation formulation technologies. The current Core Product is a long-acting GLP-1 receptor agonist with an ultra-long half-life, and the Group is also exploring next-generation ultra-long-acting technologies and longer-acting dosing modalities to support future product development. The Group established an AI-enabled drug discovery platform integrating computational modeling and experimental validation to enhance its capabilities in the discovery and development of innovative therapeutics for metabolic diseases.

Management Discussion and Analysis (continued)

As of the date of publication of this annual report, the progress of the Group's pipeline is as follows:

Indication	Pipeline Code	Target	Features	Pre-clinical	IND	Phase I	Phase II	Phase III	BLA/ANDA	Launched	Rights
Pharmaceuticals for Human Use	T2D	Efsbiglutide	rapid glucose stabilization, bi-weekly dosing	Launched in Chinese Mainland & Macau, China	BLA approved by NMPA in January 2025; Commercialized in Chinese Mainland in February 2025; BLA approved in Macau, China in June 2025.	Global					BLA approved by NMPA in January 2025; Commercialized in Chinese Mainland in February 2025; BLA approved in Macau, China in June 2025.
Pharmaceuticals for Human Use		GLP-1		BLA Submission in Emerging Markets	BLA submitted in Brazil in September 2025; Submitted and plan to submit BLA applications in other jurisdictions.	Global					BLA submitted in Brazil in September 2025; Submitted and plan to submit BLA applications in other jurisdictions.
Pharmaceuticals for Human Use		GLP-1	fat loss with muscle preservation	Phase III in China	Completed enrollment of patients for Phase III in China in November 2025; Expected to complete Phase III in 2026.	Global					Completed enrollment of patients for Phase III in China in November 2025; Expected to complete Phase III in 2026.
Pharmaceuticals for Human Use		GLP-1	adolescent weight loss	Global (Australia) Phase II	Completed enrollment of patients for Phase II clinical trial in Australia in November 2025; Expected to complete Phase II in Australia in 2026.	Global					Completed enrollment of patients for Phase II clinical trial in Australia in November 2025; Expected to complete Phase II in Australia in 2026.
Pharmaceuticals for Human Use		GLP-1	fat loss with muscle preservation	IND submission in China	Submitted IND application in March 2026. Expected to initiate clinical trial in 2026.	Global					Submitted IND application in March 2026. Expected to initiate clinical trial in 2026.
Pharmaceuticals for Human Use		GLP-1	fat loss with muscle preservation	Pre-clinical	Expected to submit IND application in 2026.	Global					Expected to submit IND application in 2026.
Pharmaceuticals for Human Use		GLP-1	robust weight loss	Pre-clinical	Currently in the pre-clinical stage.	Global					Currently in the pre-clinical stage.
Pharmaceuticals for Human Use		GLP-1	increase lean mass	Pre-clinical	Currently in the pre-clinical stage.	Global					Currently in the pre-clinical stage.
Pharmaceuticals for Human Use		Ultra-long-acting formulation	3-6 months	Pre-clinical	Currently in the pre-clinical stage.	Global					Currently in the pre-clinical stage.
Pharmaceuticals for Human Use		GLP-1	robust efficacy	IND Approval in China & US	Obtained IND approval to initiate a Phase II clinical trial from FDA in March 2023; Obtained IND approval to initiate a Phase II clinical trial from NMPA in March 2025.	Global					Obtained IND approval to initiate a Phase II clinical trial from FDA in March 2023; Obtained IND approval to initiate a Phase II clinical trial from NMPA in March 2025.
Pharmaceuticals for Human Use		Myokine/GLP-1	enhanced efficacy	Pre-clinical	Expected to enter the IND-enabling stage in 2026.	Global					Expected to enter the IND-enabling stage in 2026.
Pharmaceuticals for Human Use		FGF21/GLP-1	reverse advanced liver fibrosis	Pre-clinical	Expected to enter the IND-enabling stage in 2026.	Global					Expected to enter the IND-enabling stage in 2026.
Pharmaceuticals for Human Use		neuro-microglia specific target	inhibit central inflammation	IND-enabling	Expected to submit IND application in 2026.	Global					Expected to submit IND application in 2026.
Pharmaceuticals for Human Use		β-cell-specific target	Metabolic and Immune Regulation	IND-enabling	Expected to submit IND application in 2026.	Global					Expected to submit IND application in 2026.
Companion Animal Drug	Feline T2D	GLP-1	first in the world	Phase I in China	Expected to complete Phase I clinical trial and enter into Phase II in 2026.	Global					Expected to complete Phase I clinical trial and enter into Phase II in 2026.

THE GROUP MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET THE ABOVEMENTIONED CANDIDATE DRUGS SUCCESSFULLY.

Abbreviations: IND represents the investigational new drug application, BLA represents the biologics license application, GLP-1 represents glucagon-like peptide-1, T2D represents type 2 diabetes, MASH represents metabolic dysfunction-associated steatohepatitis, AD represents Alzheimer's disease, GCGRI represents glucagon receptor inhibitor, GHS-R1 represents growth hormone secretagogue receptor inhibitor, FGF21 represents Fibroblast Growth Factor 21.

Management Discussion and Analysis (continued)

EFSUBAGLUTIDE ALFA FOR T2D

Clinical Profile and Differentiation

Efsubaglutide Alfa is a humanised long-acting GLP-1 receptor agonist approved in China. It features an ultra-long half-life and a favorable safety and tolerability profile, and has demonstrated differentiated potential in dosing convenience, glycemic control and metabolic benefits. Clinical data from the T2D clinical studies demonstrated strong glucose-lowering efficacy, achieving an approximately 2.2% reduction in HbA1c in the Phase III clinical trial, with a favorable safety and tolerability profile. A 12-week Q2W study also showed that biweekly dosing provided sustained glycemic control with favorable tolerability. Results from the diabetes remission study further highlighted the durability of Efsubaglutide Alfa's therapeutic effect, with a diabetes remission rate of 60% after three months of drug withdrawal and over 40% of patients still maintaining target blood glucose levels one year after withdrawal.

Approval and Launch

The BLAs for Efsubaglutide Alfa for the treatment of T2D, both as a monotherapy and in combination with metformin, were accepted by the NMPA in September 2023. Both indications were approved in January 2025. The Group commercially launched Efsubaglutide Alfa for the treatment of T2D in Chinese Mainland in February 2025 and in Macau, China in September 2025. In December 2025, Efsubaglutide Alfa was included in the NRDL for the indication of adult T2D, effective from 1 January 2026.

Management Discussion and Analysis (continued)

Commercial Network and Market Coverage

During the Reporting Period, the Group continued to strengthen its commercialisation foundation for Efsubaglutide Alfa through expansion of its distribution network and strategic cooperation with commercial partners. The Group also continued to advance market access, academic promotion and sales network development for Efsubaglutide Alfa. As the product was still at an early stage of commercialisation during the Reporting Period, the Group focused on building market access and academic foundation for future expansion. With the implementation of the NRDL, continued hospital access expansion and deeper academic promotion, the Group expects the commercialisation of Efsubaglutide Alfa for the treatment of T2D to continue to progress in 2026. Efsubaglutide Alfa was also included in the National Guidelines for the Prevention and Control of Diabetes in Primary Care (2025) during the Reporting Period, which further supported the product's academic recognition and future promotion in primary care settings.

Overseas Registration and Market Expansion

During the Reporting Period, the Group advanced the overseas registration of Efsubaglutide Alfa. As of the date of this report, the Group has formulated a preliminary registration plan. In 2025, the Group submitted BLAs in Hong Kong and certain markets in the Southeast Asia and Latin America, and plans to continue to pursue filings in other overseas markets based on market conditions and registration progress. The Group also continued to explore overseas market access and commercialisation opportunities through potential strategic partnerships.

EFSUBAGLUTIDE ALFA FOR OBESITY AND OVERWEIGHT

Clinical Development in China

The Group continued to advance the Phase III clinical development of Efsubaglutide Alfa for the treatment of obesity and overweight in Chinese Mainland during the Reporting Period, including completion of patient enrolment in 2025. Topline data from the trial is expected to be read out by the end of 2026.

Clinical Data Highlights

Efsubaglutide Alfa has an ultra-long half-life of approximately 280 hours in overweight and obese patients and has shown good development potential in weight management. In the Phase IIb study, the 20 mg QW regimen achieved 10.6% weight loss at Week 18, with no plateau observed at that time point, while the 20 mg Q2W regimen achieved 9.7% weight loss at Week 18. In the Phase IIa study, results also suggested a favourable body composition profile characterised by fat loss with muscle preservation, with the muscle-to-fat ratio increasing by an average of 19.7%.

In the Phase III clinical trial in Chinese Mainland for obesity and overweight, the Group adopted weekly or biweekly dosing regimens to further evaluate the potential of the product's ultra-long-acting design in terms of dosing convenience and clinical application value.

Overseas Clinical Development

The Group enrolled the first patient in the Phase II clinical trial of Efsubaglutide Alfa for the treatment of obesity and overweight in Australia in August 2025. Enrolment for the Phase II clinical trial in Australia was completed in November 2025, and the trial is expected to be completed in 2026. The study is intended to explore multiple dosing regimens, including weekly, biweekly and monthly regimens, to further evaluate the application potential of Efsubaglutide Alfa's ultra-long half-life profile in global weight management settings and support preparations for future global Phase III clinical trials.

Management Discussion and Analysis (continued)

Adolescent Obesity Indication

The Group also advanced the development of Esubaglutide Alfa for adolescent weight management during the Reporting Period. Adolescent weight management is a new indication area with growing clinical need and limited treatment options in certain patient groups. Based on the Group's existing clinical and development experience in weight management, the Group will continue to advance this indication in an objective and prudent manner and strengthen its position in the broader weight management field.

EFSubAGLUTIDE ALFA FOR MASH

The Group obtained IND approval from the FDA in March 2023 to conduct a Phase IIa clinical trial of Esubaglutide Alfa for the treatment of MASH, and also obtained IND approval from the NMPA for the same indication in March 2025. These approvals established a clinical development basis for the Group's exploration of GLP-1 based therapies in MASH. In view of the dynamic adjustments in clinical and R&D priorities, the Group is prioritising and advancing selected next-generation early-stage programs, including differentiated fusion protein approaches intended to address broader disease mechanisms in MASH, as further described under "Other Pipeline Assets, Early-stage Assets and Technology Platform" below.

EFSubAGLUTIDE ALFA FOR DIABETES IN COMPANION ANIMALS

The Group has submitted an Investigational New Veterinary Drug Clinical Trial application for Esubaglutide Alfa for the treatment of diabetes in companion animals to the Ministry of Agriculture and Rural Affairs of China, which was officially accepted in early 2026.

The Group has completed the relevant preclinical studies in compliance with applicable veterinary drug R&D and registration requirements. As of the date of this report, the project is undergoing a Phase I clinical trial. Diabetes in companion animals represents an emerging market with meaningful growth potential and significant unmet medical need, where treatment options remain limited in certain segments.

Drawing on its established experience in the GLP-1 field and its understanding of metabolic disease-related mechanisms, the Group is also advancing the evaluation of obesity in companion animals as a potential indication direction. This reflects the Group's broader interest in companion animal metabolic health and its intention to address unmet needs beyond diabetes alone.

The Group will continue to assess the potential application of Esubaglutide Alfa and other candidates in companion animal healthcare and actively seek cooperation with external partners, including co-development, external funding support and other cooperation models, with a view to improving development efficiency and commercialisation potential.

OTHER PIPELINE ASSETS, EARLY-STAGE ASSETS AND TECHNOLOGY PLATFORM

Early-stage Pipeline Overview

The Group continued to progress selected early-stage pipeline assets in metabolic disease areas during the Reporting Period in line with its internal R&D priorities. These programs cover selected areas including T1D, MASH, AD, T2D and obesity. The Group continues to advance its early-stage pipeline with a focus on scientific differentiation, unmet medical needs and long-term development potential.

Management Discussion and Analysis (continued)

Among these programs, the Group continued to advance its T1D and AD candidates, both currently in the IND-enabling stage and expected to progress toward IND submission in 2026, subject to development progress.

Selected Early-stage Programs in MASH and Other Metabolic Disease Areas

In the field of MASH, the Group is evaluating selected differentiated early-stage candidates intended to address clinically relevant endpoints beyond liver fat reduction alone, including inflammation and fibrosis-related outcomes, while also considering dosing convenience and broader metabolic benefit. Among these programs, selected fusion protein approaches are being assessed for their potential to improve liver-related and histological endpoints in MASH, while also supporting broader metabolic outcomes and patient applicability.

In other metabolic disease areas, the Group is also evaluating selected differentiated early-stage candidates aimed at improving glycemic control, treatment tolerability, body composition profile and outcomes in selected patient subgroups. These efforts reflect the Group's ongoing early-stage research capability in candidate design, screening and optimisation in metabolic disease areas.

Next-generation Formulation Technology

During the Reporting Period, the Group initiated research on a next-generation ultra-long-acting formulation of Efsabaglutide Alfa based on a proprietary injectable hydrogel delivery platform. The technology utilises an amphiphilic block copolymer system designed to form a subcutaneous depot capable of sustained drug release following administration. The Group is exploring this platform to support extended dosing intervals for Efsabaglutide Alfa and other pipeline products, potentially enabling monthly or longer-acting administration and targeting dosing intervals of approximately three to six months, subject to further development and evaluation.

AI-enabled Drug Discovery Platform

During the Reporting Period, the Group advanced the establishment of an AI-enabled drug discovery platform supported by an on-premises high-performance computing environment based on NVIDIA Graphic Processing Unit (GPU) architecture and the BioNeMo framework. The platform is designed to integrate target identification and validation, in-silico molecular design, and experimental evaluation through dry and wet-lab assays, enabling efficient progression from early discovery to PCC selection and non-clinical development. The Group intends to apply this platform across multiple therapeutic modalities, including fusion proteins, peptides, and nucleic acid therapeutics such as small interfering RNA (siRNA), further strengthening its capability to develop innovative therapies for metabolic diseases.

These efforts support the Group's ongoing innovation capability and long-term pipeline development in metabolic disease areas.

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Management Discussion and Analysis (continued)

FINANCIAL REVIEW

Revenue

The Group commercially launched Esubaglutide Alfa for the treatment of T2D in Chinese Mainland in February 2025 and in Macau, China in September 2025. For the year ended 31 December 2025, the Group generated approximately RMB131.5 million in revenue, primarily from sales of Esubaglutide Alfa in China.

Cost of sales

For the year ended 31 December 2025, the Group recorded cost of sales of RMB14.5 million. The relatively low amount was primarily attributable to the Group's accounting policy, under which manufacturing costs incurred prior to commercial launch are recognised as research and development expenses.

The Group commercially launched Esubaglutide Alfa for the treatment of T2D in Chinese Mainland in February 2025 and in Macau, China in September 2025. However, most of the Esubaglutide Alfa sold up to 31 December 2025 had been manufactured prior to commercial launch. In accordance with the Group's accounting policy, manufacturing costs of Esubaglutide Alfa incurred before commercial launch were recognised as research and development expenses. Accordingly, the principal costs included in cost of sales for 2025 were those relating to filling, packaging, transportation, manufacturing management and inspection of Esubaglutide Alfa.

Gross profit represents revenue less cost of sales, and gross profit margin represents gross profit as a percentage of revenue. For the year ended 31 December 2025, the Group's gross profit was approximately RMB117.1 million, representing a gross profit margin of 89.0%. The relatively high gross profit margin was primarily attributable to the Group's accounting policy, under which manufacturing costs incurred prior to commercial launch are recognised as research and development expenses.

Other income and gains

During the Reporting Period, other income consisted of: (i) investment income on other investments classified as financial assets at fair value through profit or loss (FVTPL), which represents the realised gains on wealth management products issued by the PRC banks that the Group purchased during the Reporting Period; and (ii) bank interest income, which represents interest income derived from the Group's bank deposits.

Management Discussion and Analysis (continued)

The following table sets forth a breakdown of the Group's other income and gains for the years indicated:

	For the year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Other income		
Investment income on other investments classified as financial assets at FVTPL	6,027	10,982
Bank interest income	7,469	3,822
Gains		
Foreign exchange gains	–	697
Fair value gains on other investments classified as financial assets at FVTPL	–	192
Gain on termination of a lease contract	–	4,152
Others	180	210
Total	13,676	20,055

Other income and gains mainly comprised investment income from structured deposits and interest income from bank deposits. Investment income from other investments classified as financial assets at FVTPL amounted to RMB6.0 million, representing a decrease of RMB5.0 million as compared with 2024, primarily due to the reduced scale of purchases and redemptions of structured deposits, as well as lower yields on structured deposits during the year. Bank interest income increased by RMB3.6 million year on year, mainly due to the receipt of proceeds from the Global Offering. No gain on disposal of assets was recognised in 2025, as compared with a net gain of RMB4.2 million recognised in 2024 arising from the termination of the factory lease. As a result, other income and gains in 2025 decreased by RMB6.4 million as compared with 2024, primarily due to lower investment income from structured deposits and the absence of gain on disposal of assets.

Research and development expenses

During the Reporting Period, research and development expenses mainly comprised: (i) pre-clinical studies, clinical trials and process optimisation fees, primarily representing expenses incurred for the Group's pre-clinical studies, clinical trials and manufacturing process optimisation; (ii) employee benefit expenses, primarily representing wages and salaries, bonuses, non-cash share-based payments and other employee benefits for the Group's research and development personnel; (iii) depreciation and amortisation, mainly representing depreciation and amortisation of right-of-use assets, property, plant and equipment, and intangible assets used in research and development activities; (iv) raw materials costs, primarily representing costs incurred for procuring raw materials for the clinical development of the Group's drug candidates; and (v) other expenses.

Management Discussion and Analysis (continued)

The following table sets forth a breakdown of the Group's research and development expenses for the years indicated:

	For the year ended 31 December	
	2025 RMB'000	2024 RMB'000
Pre-clinical studies, clinical trials and process optimisation fees	147,421	59,206
Employee benefit expenses	25,666	23,465
Raw material costs	21,170	1,089
Depreciation and amortisation	6,266	14,344
Others	5,256	4,407
Total	205,779	102,511

Research and development expenses increased from RMB102.5 million in 2024 to RMB205.8 million in 2025, representing an increase of RMB103.3 million, primarily due to: (i) an increase of RMB20.1 million in raw materials costs, mainly due to the procurement of materials used for the process optimisation of Efsabaglutide Alfa and the purchase of injection pens for the Phase IIb/III clinical trial of Efsabaglutide Alfa for the treatment of obesity and overweight in China; and (ii) an increase of RMB88.2 million in pre-clinical research, clinical trials and process optimisation expenses, mainly due to payments made to CDMO for the production process optimisation of Efsabaglutide Alfa and increased CRO costs relating to a randomised, double-blind, placebo-controlled Phase II study of Efsabaglutide Alfa injection in subjects with overweight or obesity in Australia.

Administrative Expenses

Administrative expenses mainly comprised: (i) employee benefit expenses, primarily representing wages and salaries, bonuses, non-cash share-based payments and other employee benefits for the Group's management and administrative personnel; (ii) professional service fees, primarily representing fees paid to professional parties in relation to capital market-related services, legal advisory services and human resources services; (iii) depreciation and amortisation, mainly representing depreciation and amortisation of right-of-use assets, property, plant and equipment, and intangible assets used in administrative activities; and (iv) other expenses.

Management Discussion and Analysis (continued)

The following table sets forth a breakdown of the Group's administrative expenses for the years indicated:

	For the year ended 31 December	
	2025 RMB'000	2024 RMB'000
Employee benefit expenses	33,162	44,013
Professional service fees	29,010	28,714
Depreciation and amortisation	3,130	2,628
Others	12,098	9,105
Total	77,400	84,460

Administrative expenses decreased from RMB84.5 million in 2024 to RMB77.4 million in 2025, representing a decrease of RMB7.1 million, primarily due to a decrease of RMB10.8 million in employee benefit expenses following the departure of management personnel, which resulted in lower personnel costs and share-based payment expenses.

Selling and Distribution Expenses

Selling and distribution expenses amounted to RMB2.4 million and RMB176.6 million in 2024 and 2025, respectively. Selling and distribution expenses mainly comprised: (i) marketing and promotional expenses; (ii) employee benefit expenses for the Group's sales and marketing personnel; and (iii) general operating expenses of sales department.

The following table sets forth a breakdown of the Group's selling and distribution expenses for the years indicated:

	For the year ended 31 December	
	2025 RMB'000	2024 RMB'000
Marketing and promotional expenses	120,837	–
Employee benefit expenses	36,893	2,386
Others	18,459	–
Depreciation and amortisation	456	–
Total	176,645	2,386

Selling and distribution expenses increased from RMB2.4 million in 2024 to RMB176.6 million in 2025, primarily due to: (i) an increase in marketing and promotional expenses, which mainly comprised marketing expenses, public relations service fees and online platform promotion fees. To support product sales, the Group entered into contracts with marketing service providers in 2025 to conduct promotional activities for Efsabaglutide Alfa, including academic conferences and social media livestreaming activities; and (ii) an increase in employee benefit expenses following the commercialisation of Efsabaglutide Alfa, with the number of sales personnel increasing from 5 in 2024 to 89 in 2025 to support market expansion.

Management Discussion and Analysis (continued)

Other Expenses

During the Reporting Period, other expenses mainly comprised: (i) donations; (ii) impairment losses, net of reversal, mainly relating to the Group's other receivables; and (iii) foreign exchange losses.

Other expenses increased from RMB4.5 million in 2024 to RMB10.6 million in 2025, primarily due to: (i) foreign exchange losses of RMB6.5 million recognised in 2025, mainly arising from fluctuations in the exchange rates of USD and HKD; (ii) donations of RMB4.0 million incurred in 2025; and (iii) the absence of a loss of RMB4.5 million recognised in 2024 on the disposal of property, plant and equipment relating to the Group's disposal of equipment and machinery from the pilot facility construction project.

Finance Costs

During the Reporting Period, finance costs mainly comprised: (i) interest on lease liabilities, primarily representing accrued interest relating to the Group's lease liabilities; and (ii) interest on bank loans and other borrowings.

Finance costs increased from RMB0.9 million in 2024 to RMB1.7 million in 2025, primarily due to higher interest on bank loans and other borrowings as a result of an increase in interest-bearing bank borrowings in 2025.

Liquidity and Capital Resources

During the Reporting Period, the Group's liquidity and capital resources were mainly generated from the net proceeds from the Global Offering, interest-bearing bank borrowings and cash generated from operating activities. The Group expects that its cash requirements in the near future will mainly relate to advancing the development of its drug candidates towards regulatory approvals for different indications and commencing commercialisation, as well as expanding its drug candidate portfolio.

Net current assets increased from RMB701.0 million as at 31 December 2024 to RMB974.4 million as at 31 December 2025, primarily due to the receipt of proceeds from the Global Offering. Current liabilities increased from RMB138.3 million as at 31 December 2024 to RMB504.6 million as at 31 December 2025, primarily due to: (i) an increase of RMB134.0 million in trade payables, mainly attributable to higher payables to CDMO for manufacturing and process optimisation services; (ii) an increase of RMB140.4 million in interest-bearing bank borrowings; and (iii) an increase of RMB88.9 million in other payables and accruals relating to marketing expenses.

Gearing ratio

As at 31 December 2025, the Group's gearing ratio, calculated as total liabilities divided by total assets, was approximately 33%, as compared with approximately 15% as at 31 December 2024.

Indebtedness

Interest-bearing bank borrowings increased from RMB9.9 million as at 31 December 2024 to RMB150.3 million as at 31 December 2025, due to new borrowings obtained from commercial banks in China. The Group's interest-bearing bank borrowings comprised unsecured bank loans, bearing interest at rates ranging from 2.11% to 2.70% per annum and repayable within one year. As at 31 December 2025, the Group had lease liabilities of RMB16.0 million. All of the Group's interest-bearing bank borrowings were denominated in RMB and bore fixed interest rates.

Management Discussion and Analysis (continued)

Material investments, acquisitions and disposals

There were no material investments, acquisitions or disposals of subsidiaries, associates or joint ventures during the Reporting Period.

Future plans for material investments or capital assets

As at the date of this report, the Group did not have any concrete plans for material capital expenditure, investments or capital assets. The Group will make further announcement(s) in accordance with the Listing Rules, where applicable, if any investments or acquisition opportunities materialise.

Contingent liabilities

As at 31 December 2025, the Group had no contingent liabilities. As at the date of this report, there had been no material change in the Group's contingent liabilities.

Capital commitments

As at 31 December 2025, the Group had capital commitments of RMB18.8 million.

Charges on assets

As at 31 December 2025, the Group had no charges on its assets.

Foreign exchange exposure

Certain of the Group's bank balances and cash were denominated in currencies other than the functional currencies of the respective group entities. Fluctuations in the exchange rates between RMB and other currencies in which the Group conducts business may affect its financial position and results of operations and therefore expose the Group to foreign currency risk. The Group did not adopt any foreign currency hedging policy during the Reporting Period. However, the Group's management will continue to monitor foreign exchange exposure and will consider hedging significant foreign currency exposure as and when appropriate.

Employees and remuneration policy

As at 31 December 2025, the Group had a total of 193 employees. Total remuneration costs during the Reporting Period amounted to RMB81.0 million, as compared with RMB68.8 million for the Corresponding Period, primarily due to the expansion of the Group's commercialisation team. As at 31 December 2025, the Group's commercialisation team comprised 89 members.

Management Discussion and Analysis (continued)

The Group enters into individual employment contracts with its employees covering matters such as remuneration, bonuses, employee benefits, workplace safety, confidentiality obligations, intellectual property ownership and grounds for termination. Such employment contracts provide that employees are required to keep the Group's commercial and technical secrets strictly confidential. In addition, any intellectual property created by employees in the course of their employment while performing their duties, undertaking tasks assigned by the Group, or using the Group's resources, funding or technology, shall belong to the Group. The same applies to intellectual property developed within one year after an employee's departure, provided that it relates to such employee's primary job responsibilities or tasks assigned by the Group.

The Group places great emphasis on recruiting and retaining qualified employees. The Group maintains high standards in talent selection and recruitment and offers competitive remuneration packages. The remuneration package of the Group's employees generally includes salary and bonuses, which are determined with reference to performance evaluations. The Group also offers share-based incentives and promotion opportunities to motivate its employees.

Significant events after the Reporting Period

Subsequent to the end of the Reporting Period and up to the date of this report, no significant events affecting the Group had occurred.

FUTURE DEVELOPMENT AND OUTLOOK FOR 2026

Commercialisation Outlook

2026 will be the first full financial year following the approval and launch of Efsuabaglutide Alfa by the Group. Building on its inclusion in the NRDL, the Group will continue to advance hospital access, channel coverage and academic promotion for the T2D indication, with a focus on key hospitals in core markets and broader penetration into primary care institutions, in order to improve patient access and support broader in-hospital adoption. The Group will also continue to expand its in-house marketing and sales team and strengthen its presence in key hospitals in core cities, with a view to supporting commercialisation execution.

Hong Kong Commercial Launch Preparation

In 2026, the Group will proceed with preparations for the commercial launch of Efsuabaglutide Alfa in Hong Kong, including evaluation of pricing, market strategy, distribution arrangements and sales model.

Preparation for Launch of the Weight Management Indication

Subject to Phase III data readout and regulatory progress, the Group plans to initiate pre-launch preparation for the weight management indication. Following the readout of Phase III clinical data, the Group will evaluate product positioning, target patient population, patient education and commercialisation planning for the indication.

Management Discussion and Analysis (continued)

R&D Outlook

The Group will continue to prioritise the clinical development of Efsuabaglutide Alfa in weight management, including the Phase III clinical study in China and the Phase II clinical study in Australia. The Group will continue to advance adolescent weight management of its Core Product and strengthen its early market presence in this area. In addition, the Group will further advance its overseas clinical development strategy in weight management through the Phase II study in Australia, which is designed to include a monthly dosing regimen. In MASH, the Group will continue to prioritise and advance selected next-generation early-stage programs in line with its internal R&D priorities. The Group will also continue to progress its broader metabolic disease pipeline in accordance with its internal R&D priorities. In addition, the Group will also continue to advance its T1D and AD programs. Both programs are currently in the IND-enabling stage and are expected to progress toward IND submission in 2026, subject to development progress and regulatory approval.

Technology Platform and Emerging Applications

The Group will continue to develop next-generation ultra-long-acting formulation-related technologies and explore longer-acting dosing modalities, including the potential to support dosing intervals of approximately six months, with a view to further enhancing product competitiveness, patient convenience and lifecycle management. The Group will also continue to advance its AI-enabled drug discovery platform in order to enhance early-stage research efficiency and candidate discovery capability. The Group will continue to assess emerging application areas, including diabetes and obesity in companion animals, and may explore external collaborations and other suitable cooperation arrangements where appropriate.

Global Expansion

The Group will continue to advance the registration of Efsuabaglutide Alfa in Hong Kong, the Southeast Asia, Latin America and other selected overseas markets, and selectively pursue overseas commercialisation and strategic partnerships with global and regional collaborators. In particular, the Group is carrying out commercialisation planning in Hong Kong. In Latin America, subject to progress in the relevant regulatory process, the Group plans to enter the market. In other overseas markets, the Group intends to selectively pursue commercialisation in Belt and Road markets and other emerging markets, considering registration progress, market conditions and partner resources. In parallel, the obesity and overweight program in Australia forms part of the Group's broader global development plan and is intended to support future clinical development and longer-term expansion into overseas markets, including Europe and the United States.

Management Discussion and Analysis (continued)

USE OF PROCEEDS RAISED FROM INITIAL PUBLIC OFFERING

The 36,556,400 H Shares issued by the Group were successfully listed on the Main Board of the Stock Exchange on 15 August 2025. After deducting underwriting commissions, listing expenses and other related charges, the net proceeds received by the Group from the Global Offering amounted to HK\$645.2 million (the “**Net Proceeds**”), which will be applied in accordance with the purposes set out in the Prospectus. As at 31 December 2025, the Group had used HK\$39.3 million of the Net Proceeds.

The table below sets out the details of actual usage of the Net Proceeds as at 31 December 2025:

Item	Percentage	Available Net Proceeds from the Listing	Utilised during the Reporting Period	Utilised from the Listing Date up to 31 December 2025	Available Net Proceeds as at 31 December 2025	Remaining balance expected to be fully utilised by
<i>HK\$ million</i>						
Ongoing and planned clinical trials and commercial launch of Efsabaglutide Alfa						
To conduct further clinical trials						
Clinical trials of Efsabaglutide Alfa for the treatment of obesity and being overweight	55.4%	357.4	32.6	32.6	324.8	2026/2027
U.S. and China global multi-center Phase IIa clinical trial for the treatment of MASH	7.0%	45.2	0	0	45.2	2027
Commercial launch of Efsabaglutide Alfa, including expanding the Group's in-house sales and marketing team						
	27.6%	178.1	5.5	5.5	172.6	2026
Sub-Total	90%	580.7	38.1	38.1	542.6	-
General working capital	10%	64.5	1.2	1.2 ¹	63.3 ²	2027/2028
Total	100%	645.2	39.3	39.3	605.9	-

Notes:

1. General working capital used from the Listing Date up to 31 December 2025 was mainly utilised for listing expenses, such as audit fees and legal fees.
2. It is intended that the unused general working capital as at 31 December 2025 would be mainly utilised for R&D expenditures for pipeline programs other than those for obesity, overweight, or MASH, as well as for the Group's daily operational expenditure.

As at the date of this report, there has been no change to the intended use of the net proceeds as disclosed in the section headed “Future plans and use of proceeds” in the Prospectus. Should the Net Proceeds not be immediately utilised for their intended purposes, the Group will deposit such funds in short-term interest-bearing accounts at licensed commercial banks and/or other authorised financial institutions (as defined under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) or applicable laws and regulations in other jurisdictions). As at the date of this report, the proposed use of the Net Proceeds remains consistent with that previously disclosed in the Prospectus.

Management Discussion and Analysis (continued)

MATERIAL INVESTMENTS, ACQUISITIONS AND DISPOSALS

There were no material investments, acquisitions or disposals of subsidiaries, associates or joint ventures during the Reporting Period.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Subsequent to the end of the Reporting Period and up to the date of this annual report, there were no significant events affecting the Group.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend to the Shareholders for the Reporting Period.

Directors, Supervisors and Senior Management

DIRECTORS

The Board consists of nine Directors, including four executive Directors, two non-executive Directors and three independent non-executive Directors.

Executive Directors

Dr. Wang, aged 66, the founder of the Group, was appointed as the chairman of the Board and the general manager of the Company in December 2014. He was re-designated as an executive Director in October 2024. He is responsible for the overall strategic planning and making key business and operational decisions of the Group.

Dr. Wang brings over 25 years of expertise in the field of metabolic diseases. Prior to founding the Group in December 2014, he dedicated several years to translational research on diabetes and metabolic diseases, serving as a postdoctoral fellow from July 1999 to June 2002, an assistant professor from October 2001 to June 2007 and an associate professor in department of physiology in the University of Toronto from July 2007 to June 2013. From June 2009 to June 2014, Dr. Wang was also appointed as the researcher of the Institute of Medical Science in the University of Toronto.

Dr. Wang also held several positions at affiliated research institutes and hospitals, including as (i) a senior scientist at the Li Ka Shing Institute of Knowledge and the Division of Endocrinology and Metabolism at St. Michael's Hospital in Canada since September 2008; (ii) an affiliate scientist to the Keenan Research Centre for Biomedical Science of St. Michael's Hospital from March 2018 to March 2021; and (iii) the distinguished professor and doctoral supervisor of Fudan University (復旦大學) since July 2014. Dr. Wang has also been serving as a deputy director at Institute of Endocrinology and Diabetes of Huashan Hospital of Fudan University (復旦大學附屬華山醫院內分泌糖尿病研究所) since July 2014.

Dr. Wang was appointed as the project manager for Major National Science and Technology Projects for New Drug Development under the National 13th Five-Year Plans (十三五國家科技“重大新藥創製”課題負責人). Dr. Wang obtained a doctorate in biochemistry from University of Antwerp in May 1995 in Belgium.

Ms. Jiang Fan (姜帆), aged 41, joined the Company in December 2020 and served as the senior strategy director of the Company from January 2021. Ms. Jiang subsequently served as the deputy general manager of the Company from November 2022 to October 2024. She has been serving as the head of finance of the Company and the secretary to the Board since November 2022 and the vice president of the Company since October 2024. She was appointed as a Director in December 2020 and re-designated as an executive Director in October 2024. She is primarily responsible for corporate investment and finance, the overall financial planning and analysis and strategic planning of the Group.

With an over 15-year career in strategic consulting, investment and financing in pharmaceutical industry, Ms. Jiang is experienced in business strategic planning, transaction structuring and portfolio development. From March 2009 to June 2015, she served as a department manager at Shanghai Beian Information Technology Co., Ltd. (上海北岸信息技術有限公司). From November 2015 to January 2019, she was an account manager at IQVIA Enterprise Management Consulting (Shanghai) Co., Ltd. (艾昆緯企業管理諮詢(上海)有限公司). Ms. Jiang subsequently held various leadership positions, including (i) an associate director at Zhongdian Yaoming Data Technology (Chengdu) Co., Ltd. (中電藥明數據科技(成都)有限公司) from February 2019 to February 2020; (ii) a partner at Trial Data Pharmaceutical Technology (Shanghai) Co., Ltd. (創達醫藥科技(上海)有限公司) from April 2020 to August 2020; and (iii) a business development director of the pharmaceutical division at Yijian (Shanghai) Information Technology Co., Ltd. (翼健(上海)信息科技有限公司) from August 2020 to January 2021.

Ms. Jiang obtained a bachelor's degree in biotechnology from Huazhong University of Science and Technology (華中科技大學) in June 2008 in the PRC and a master's degree in business administration from China Europe International Business School (中歐國際工商學院) in April 2018 in the PRC.

Directors, Supervisors and Senior Management (continued)

Ms. Xu Wenjie (徐文潔), aged 54, joined the Company as a senior vice president of the Company in April 2022, and served as the deputy general manager of the Company from November 2022 to October 2024. She was appointed as a Director in November 2022 and re-designated as an executive Director in October 2024. She is primarily responsible for the overall product commercialisation and business development of the Group.

Ms. Xu brings extensive experience in academic promotion and brand management within the pharmaceutical industry. In February 2007, Ms. Xu joined Eli Lilly and Company, where she successively served as a product planning manager, market research manager, deputy brand director, marketing director and sales director until December 2015, responsible for pipeline analysis, marketing and promotion strategies and sales management. From January 2016 to August 2018, she worked as an executive director responsible for marketing and sales at the diabetes division of AstraZeneca Investment (China) Co., Ltd. (阿斯利康投資(中國)有限公司). From August 2018 to April 2022, she took the position of vice president at the group of Hualing Pharmaceutical Technology (Shanghai) Co., Ltd. (華領醫藥技術(上海)有限公司), a company listed on the Stock Exchange (stock code: 2552), where she was responsible for commercialisation strategies and operations.

Ms. Xu obtained a bachelor's degree in pharmaceutical analysis from China Pharmaceutical University (中國藥科大學) in July 1993 in the PRC and a master's degree in business administration from Emory University Business School in May 2004 in the United States.

Mr. Huang Bing (黃冰), aged 47, joined the Company as a deputy manager of the manufacturing department of the Company in October 2020. Mr. Huang served as the deputy general manager of the Company from November 2022 to October 2024 and has been serving as the vice president of the Company since October 2024. He was appointed as a Director in November 2022 and re-designated as an executive Director in October 2024. He is primarily responsible for the production and storage of drugs, the construction of commercial production bases, and providing guidance on the regulatory approval process of the Group.

Mr. Huang's career in biopharmaceutical research and development spans nearly 20 years. From August 2004 to March 2010, he worked at the proteomics division of Guangzhou FuluGen Co., Ltd. (廣州複能基因有限公司), engaged in the purification and bioactivity analysis of functional proteins. From June 2010 to April 2013, he worked at Qingdao Huanghai Pharmaceutical Co., Ltd. (青島黃海製藥有限責任公司). From July 2013 to December 2019, Mr. Huang assumed the role of director of biopharmaceutical development at KANG LI TAI Pharmaceutical Co., Ltd. (康力泰藥業有限公司), where he led multiple stages of pre-clinical cytokines development. From February 2020 to October 2020, he was a director of biopharmaceutical development at Shandong Fengjin Biopharmaceutical Co., Ltd. (山東豐金生物醫藥有限公司), where he was responsible for the scale-up and transfer for commercialisation of biological drugs.

Mr. Huang was awarded the third prize of Qingdao Science and Technology Award (青島市科學技術獎) by the People's Government of Qingdao in April 2016 and the China Industry-University-Research Collaboration Innovation Award (中國產學研合作創新獎) by China Industry-University-Research Institute Collaboration Association (中國產學研合作促進會) in March 2017. In December 2018, Mr. Huang was certified as a senior engineer by Qingdao Engineering Senior Professional Technique Qualification Evaluation Committee (青島市工程技術職務資格高級評審委員會).

Mr. Huang obtained a bachelor's degree in biotechnology from Yantai Normal College (煙台師範學院)(currently known as Ludong University (魯東大學)) in July 2001 in the PRC and a master's degree in marine biology from Ocean University of China (中國海洋大學) in July 2004 in the PRC.

Directors, Supervisors and Senior Management (continued)

Non-executive Directors

Mr. HO KYUNG SHIK, aged 52, was appointed as a Director in December 2020 and re-designated as a non-executive Director in October 2024. He is primarily responsible for providing guidance and advice on corporate and business strategies to the Company.

Mr. HO has been engaged in business consultancy and private equity investment for over 20 years. He served as a manager at Korea Investment Partners Ltd. from October 2000 to January 2011 and has been serving as a managing partner at Korea Investment Partners (Shanghai) Venture Capital Management Co., Ltd. (韓投夥伴(上海)創業投資管理有限責任公司) since January 2011, where he was responsible for investment in China.

Mr. HO obtained a bachelor's degree in business administration from Seoul National University in February 1997 in South Korea.

Mr. Heng Lei (衡磊), aged 38, was appointed as a non-executive Director in October 2024. He is primarily responsible for providing guidance and advice on corporate and business strategies to the Company.

Prior to joining the Group, Mr. Heng served as an investment analyst at SND Ventures Group Co., Ltd. (蘇州高新創業投資集團有限公司) from May 2012 to June 2014. He also worked as an investment manager at SanPower Group Co., Ltd (三胞集團有限公司) from June 2014 to March 2015, a multi-national conglomerate whose core business engagements are within the technology and modern service industries. He served as an investment manager at SIP Oriza PE 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 April 2015 to June 2017, a subsidiary of Suzhou Oriza Holdings Co., Ltd. (蘇州元禾控股股份有限公司). Mr. Heng has been working at Shenzhen Cowin Asset Management Co., Ltd. (深圳同創偉業資產管理股份有限公司) since July 2017, a professional private equity investment company listed on the National Equities Exchange and Quotations (stock code: 832793) and currently serves as the director of investment. Since December 2021, Mr. Heng has been serving as a non-executive director at Rainmed Medical Limited (潤邁德醫療有限公司), a company listed on the Stock Exchange (stock code: 2297).

Mr. Heng obtained his bachelor's degree in biology science and master's degree in immunology from Soochow University (蘇州大學) in the PRC in June 2009 and June 2012, respectively.

Independent non-executive Directors

Mr. Tao Wuping (陶武平), aged 71, was appointed as an independent non-executive Director in November 2022. He is responsible for supervising and providing independent judgement to the Board.

Mr. Tao is a seasoned professional in the legal profession with over 41 years of experience. He was a full-time legal attorney at Shanghai United Law Firm (上海市聯合律師事務所) from August 1987 to February 1992 and at Shanghai Pu Dong International Law Office (上海浦東涉外律師事務所) (currently known as Shanghai Pu Dong Law Office (上海浦棟律師事務所)) from March 1992 to August 1994, respectively. In September 1994, Mr. Tao worked at Shanghai Shen Da Law Firm (上海市申達律師事務所) (currently known as Shanghai Keen Right Shen Da Law Firm (上海瑾之潤申達律師事務所)), acting as director till October 2016. Since October 2016, Mr. Tao has been serving as a director of Beijing Guantao (Shanghai) Law Firm (北京觀韜中茂(上海)律師事務所).

Directors, Supervisors and Senior Management (continued)

Mr. Tao has been serving as an independent director of Shanghai Jinqiao Export Processing Zone Development Co., Ltd. (上海金橋出口加工區開發股份有限公司), a real estate development company listed on the Shanghai Stock Exchange (stock code: 600639) since July 2019. He previously worked at Sinopharm Group Co., Ltd. (國藥控股股份有限公司), a China-based pharmaceutical company listed on the Stock Exchange (stock code: 1099) as an independent non-executive director from September 2008 to September 2014 and as an independent supervisor from June 2015 to September 2020. He also served as an independent director of Shanghai Film Co., Ltd. (上海電影股份有限公司), a company listed on Shanghai Stock Exchange (stock code: 601595) from July 2012 to August 2018.

Mr. Tao was awarded the honorary title of National Outstanding Attorney at Law (全國優秀律師) by All China Lawyers Association (中華全國律師協會) in June 2005, the first session of Eastern Attorney at Law (上海市首屆東方大律師) by Shanghai Municipal Bureau of Justice (上海市司法局) and Shanghai Bar Association (上海市律師協會) in March 2007. He currently serves as a visiting law professor at East China University of Political Science and Law (華東政法大學), East China Normal University (華東師範大學) and Shanghai Institute of Foreign Trade (上海對外經濟大學) and an arbitrator of Shanghai Arbitration Commission (上海仲裁委員會).

Mr. Tao obtained a bachelor's degree in Chinese from Shanghai Normal University (上海師範大學) in January 1983 in the PRC and a master's degree in law from Fudan University (復旦大學) in June 1997 in the PRC. He obtained the legal professional qualification of the PRC in October 1985.

Dr. Song Ruilin (宋瑞霖), aged 63, was appointed as an independent non-executive Director in October 2024. He is responsible for supervising and providing independent judgement to the Board.

Dr. Song has extensive experience in the pharmaceutical industry. Dr. Song has been serving as executive president of China Pharmaceutical Innovation and Research Development Association (中國醫藥創新促進會) since September 2009, specialising in the research of pharmaceutical policies in China.

Dr. Song previously held the position of independent director in several listed companies, including serving as an independent director of Shenzhen Chipscreen Bioscience Co., Ltd. (深圳微芯生物科技股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 688321) from June 2018 to March 2024.

Directors, Supervisors and Senior Management (continued)

Dr. Song has been holding directorships in the following listed companies:

Company name	Position	Date of appointment
Luye Pharma Group Ltd. (綠葉製藥集團有限公司) (a company listed on the Stock Exchange (stock code: 2186))	Non-executive director	Since March 2017
Shanghai Henlius Biotech, Inc. (上海復宏漢霖生物技術股份有限公司) (a company listed on the Stock Exchange (stock code: 2696))	Independent non-executive director	Since September 2019
Simcere Pharmaceutical Group Limited (先聲藥業集團有限公司) (a company listed on the Stock Exchange (stock code: 2096))	Independent non-executive director	Since November 2019
Jacobio Pharmaceuticals Group Co., Ltd. (加科思藥業集團有限公司) (a company listed on the Stock Exchange (stock code: 1167))	Independent non-executive director	Since December 2020
Mediwelcome Healthcare Management & Technology Inc. (麥迪衛康健康醫療管理科技股份有限公司) (a company listed on the Stock Exchange (stock code: 2159))	Independent non-executive director	Since December 2020

Dr. Song obtained a bachelor's degree in law from Chinese University of Political Science and Law (中國政法大學) in July 1985 in the PRC, a master's degree in business administration from China Europe International Business School in November 2004 in the PRC and a doctorate degree in social and administrative pharmacy from China Pharmaceutical University in December 2018 in the PRC.

Mr. Chan Heung Wing Anthony (陳向榮), aged 52, was appointed as an independent non-executive Director in May 2025. He is responsible for supervising and providing independent judgement to the Board.

Mr. Chan has more than 26 years of experience in the legal industry. He has worked as a lawyer for more than 24 years at various law firms since July 2000, and he is currently a partner of KEMP M.B. LLP. Since May 2024, Mr. Chan has also been serving as the independent non-executive director of Sunho Biologics, Inc. (a company listed on the Stock Exchange (stock code: 2898)) as well as the chairperson of its audit committee.

Mr. Chan obtained his bachelor's degree in law and his bachelor's degree in commerce with a major in finance from the University of New South Wales in New South Wales in October 1997. He obtained his postgraduate certificate in laws from the University of Hong Kong (香港大學) in Hong Kong in June 1998. He further obtained his master's degree in accounting from Central Queensland University in Queensland in March 2004. Mr. Chan was admitted as a solicitor in Hong Kong in July 2000. He has been a member of the American Institute of Certified Public Accountants since March 2006.

Directors, Supervisors and Senior Management (continued)

SUPERVISORS

The Supervisory Committee currently consists of three members.

Mr. Yue Jianjun (樂建軍), aged 47, joined the Group in July 2021 as a quality director of Shanghai Innogen Biomedical Engineering Co., Ltd. (上海銀諾生物醫藥工程有限公司), responsible for the establishment and maintenance of quality system and the market release of clinical and commercial drugs. He was appointed as the chairman of the Supervisory Committee in November 2022. Mr. Yue is responsible for chairing the activities of the Supervisory Committee, supervising the performance of the Board and the senior managements of the Company, and supervising the business and financial activities of the Group.

Mr. Yue has over 20 years of experience in pharmaceutical manufacturing management. Prior to joining our Group, Mr. Yue was responsible for quality control at several pharmaceutical providers, including (i) Hubei Furen Pharmaceutical Co., Ltd. (湖北福人藥業股份有限公司) as a quality researcher from September 2003 to October 2004, where he was responsible for research on the quality standard of natural drugs; (ii) Hangzhou Chinese Peptide Co., Ltd. (杭州中肽生化有限公司) (currently known as Chinese Peptide Co., Ltd. (中肽生化有限公司)) as a quality researcher from April 2005 to March 2006, where he was responsible for research on the quality standard of polypeptide injection and the preparation freeze-drying process; (iii) Zhejiang Goldpharma Pharmaceutical Company (浙江金明藥業有限公司) successively as an analyst, technician, supervisor and manager from June 2006 to December 2009, where he was responsible for management of the daily operations of quality control laboratories and studies on analysis method; (iv) Ningbo Amerigen Pharmaceutical Co., Ltd. (寧波愛美津醫化新材料有限公司) from December 2009 to December 2010 as manager of quality control and R&D analysis, where he was responsible for management of the daily operations of quality control laboratories and studies on analysis method; (v) Shanghai Desano Pharmaceutical Co., Ltd. (上海迪賽諾化學製藥有限公司) as a director of quality control from January 2011 to December 2013, where he was responsible for management of the daily operations of quality control laboratories; and (vi) PB Gelatine (Wenzhou) Co., Ltd. (普邦明膠(溫州)有限公司) as the head of quality control from December 2013 to January 2016, where he was responsible for maintaining the quality system of pharmaceutical excipients and managing laboratories. Mr. Yue then took the position of consultant at Abioplus Enterprise Management Consulting (Shanghai) Co., Ltd. (洛施德企業管理諮詢(上海)有限公司) from December 2015 to July 2017 and was promoted to a senior consultant at Beijing Abioplus Enterprise Management Consulting Co., Ltd. (北京洛施德企業管理諮詢有限公司), where he provided consulting services in relation to sterile drugs and biological products until July 2021.

Mr. Yue obtained a bachelor's degree in Chinese medicine from Hubei University (湖北中醫藥大學) in July 2003 in the PRC. He joined the on-job postgraduate program and received his master's degree in medicine from Zhejiang University (浙江大學) in December 2015 in the PRC.

Dr. Li Yuanpeng (李遠鵬), aged 48, served as an independent director of the Company from June 2023 to October 2024 and was appointed as a Supervisor in October 2024. He is responsible for supervising the performance of the Board and operational and financial activities of the Group.

Dr. Li has around 18 years of experience in accounting, management and corporate governance. He served as an assistant professor from July 2006 to December 2012 and has been serving as an associate professor since January 2013 at School of Management of Fudan University (復旦大學管理學院). He has been an honorary associate professor at Hong Kong University since September 2017.

Directors, Supervisors and Senior Management (continued)

Dr. Li has been holding or held directorships in the following companies:

Company name	Position	Date of appointment and resignation
Shanghai Lily & Beauty Cosmetics Co., Ltd. (上海麗人麗妝化妝品股份有限公司) (a company listed on the Shanghai Stock Exchange (stock code: 605136))	Independent director	May 2016 to March 2022
Goldcard Smart Group Co., Ltd. (金卡智能集團股份有限公司) (a company listed on the Shenzhen Stock Exchange (stock code: 300349))	Independent director	December 2018 to January 2025
Changzhou Zhongheng New Material Co., Ltd. (常州鐘恒新材料股份有限公司)	Independent director	Since July 2020
Hangzhou SDIC Microelectronics Inc. (杭州晶華微電子股份有限公司) (a company listed on the Shanghai Stock Exchange (stock code: 688130))	Independent director	December 2020 to December 2023
PATEO CONNECT Technology (Shanghai) Corporation (博泰車聯網科技(上海)股份有限公司)	Independent non-executive Director	Since October 2021
Henan Goroe Electronic Technology Co., Ltd. (河南國容電子科技股份有限公司)	Independent director	Since November 2021

Dr. Li obtained a bachelor's degree in financial management from Jilin University (吉林大學) in the PRC in July 1999, a master's degree in accounting from Tianjin Business School (天津商學院) (currently known as Tianjin University of Commerce (天津商業大學)) in the PRC in June 2002 and a doctorate degree in accounting from Fudan University (復旦大學) in the PRC in July 2006.

Ms. Shao Anna (邵安娜), aged 29, was appointed as an employee representative Supervisor in November 2022. She is responsible for supervising the performance of the Board and operational and financial activities of the Group.

Prior to joining the Group, Ms. Shao served as a pharmacist at Gongli Hospital of Shanghai Pudong New Area (上海市浦東新區公利醫院) from July 2018 to September 2018. Ms. Shao joined the Group in September 2018, successively serving as a clinical research associate, an associate project manager and a project manager at Shanghai Innogen Pharmaceutical Technology Co., Ltd. (上海銀諾醫藥技術有限公司).

Ms. Shao completed the studies in pharmacy from Shanghai Aurora College (上海震旦職業學院) in July 2018 in the PRC. Ms. Shao then completed the studies in pharmacy from East China University of Science and Technology (華東理工大學) in January 2023 in the PRC.

Directors, Supervisors and Senior Management (continued)

SENIOR MANAGEMENT

The senior management of the Company comprises four individuals, namely Dr. Wang, Ms. Jiang Fan, Ms. Xu Wenjie and Mr. Huang Bing. Please refer to the sub-section headed “Directors – executive Directors” above for their biographical details.

CHANGES IN INFORMATION OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE

As of the date of this annual report, there were no changes in the information of the Directors, Supervisors and general manager of the Company which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

Directors' Report

The Board presents the Directors' report for the financial year ended 31 December 2025.

CORPORATE INFORMATION AND PRINCIPAL OPERATIONS

The Company is a joint-stock company established in the PRC on 5 December 2014. The Group is principally engaged in the research, development and commercialisation of pharmaceutical products. The Company's H Shares were listed on the Main Board of the Stock Exchange on 15 August 2025. Details of the Company's information are set out on pages 2 to 3 of this report.

Details of the principal activities of the principal subsidiaries of the Group are set out in note 1 to the consolidated financial statements of the Group in this annual report. There were no significant changes in the nature of the Group's principal activities during the year ended 31 December 2025. As at the date of this annual report, the Board has no intention to significantly change the principal business of the Group.

RESULTS

The results of the Group for the year ended 31 December 2025 are set out in the Consolidated statement of profit or loss and Consolidated statement of comprehensive income of the Group in this annual report.

A summary of the Group's results, assets and liabilities for the last three financial years are set out in the section headed "Three-year financial summary" of this annual report. Such summary does not form part of the audited consolidated financial statements of this annual report.

BUSINESS REVIEW AND PROSPECTS

A review of the business of the Group during the Reporting Period and a discussion on the Group's future business development are set out in the section headed "Management discussion and analysis" in this annual report. An analysis of the Group's performance during the Reporting Period using financial key performance indicators is also set out in the section headed "Management Discussion and Analysis" in this annual report. Save as disclosed in the section headed "Management Discussion and Analysis – Significant events after the Reporting Period" in this annual report, the Group has no material events after the Reporting Period and up to the date of this annual report.

Material acquisitions and disposals

Save as disclosed in the section headed "Management Discussion and Analysis – Material investments, acquisitions and disposals" in this annual report, during the year ended 31 December 2025 and up to the date of this annual report, the Group did not have any material acquisition or disposal of subsidiaries and associated companies.

Property, plant and equipment

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

Directors' Report (continued)

Reserves

Details of movements in the reserves of the Group during the Reporting Period are set out in note 26 to the consolidated statement of changes in equity in this annual report. As at December 31, 2025, the Company did not have any distributable reserves.

Dividend

Please refer to the section headed "Management Discussion and Analysis – Final dividend" for details regarding the final dividend (if any).

The Company is not aware of any arrangement under which a Shareholder has waived or agreed to waive any dividends.

Major customers and suppliers

During the Reporting Period, the majority of the customers of the Group were distributors of Efsubaglutide Alfa in the PRC.

During the Reporting Period, the majority of the suppliers of the Group comprised (i) suppliers of raw materials and consumables for our drug development, including pre-clinical studies and clinical trials; (ii) CROs, who provide third-party contracting services for research and development; (iii) a CDMO, who provides third-party contracting services for manufacturing; and (iv) suppliers of equipment.

The percentage of sales and purchases for the Reporting Period attributable to the Group's major customers and suppliers are as follows:

Sales attributable to:

- the largest customer: 37.4%
- five largest customers in aggregate: 51.2%

Purchases attributable to:

- the largest supplier: 25.3%
- the five largest suppliers in aggregate: 47.8%

None of the Directors, or any of their close associates (as defined under the Listing Rules), or any Shareholder (which, to the knowledge of the Directors, own more than 5% of the Company's issued share capital), had any interest in any of the five largest customers or suppliers of the Group during the Reporting Period.

Directors' Report (continued)

Relationship with stakeholders

The Group recognises that various stakeholders are key to the Group's success. The Group strives to achieve corporate sustainability through engaging, collaborating, and cultivating strong relationships with them.

The Group believes that employees are important and valuable assets. The Group provides training for employees to enhance their knowledge in corporate values and culture and to implement them thoroughly. The Group also aims to provide competitive and attractive remuneration packages to retain its employees. Meanwhile, for the purpose of providing incentives and rewards to eligible participants who have contributed to the success of the Group's operations, the Company has adopted the Employee Incentive Platforms. Please refer to the Prospectus for further details of the Employee Incentive Platforms.

A detailed description of the Company's relationships with employees, customers and suppliers and other persons with significant influence on the Company is set out in the "Environmental, Social and Governance Report" published in accordance with Rule 13.91 of the Listing Rules and published on the Group's website at www.innogenpharm.com and the website of the Stock Exchange at www.hkexnews.hk.

Share capital

As at 31 December 2025, the total share capital of the Company was RMB456,819,349, divided into 456,819,349 Shares (including 420,285,370 H Shares and 36,533,979 Unlisted Shares) of nominal value of RMB1.00 each. Details of movements in share capital of the Company for the year ended 31 December 2025 and details of the Shares issued during the year ended 31 December 2025 are set out in note 25 to the consolidated financial statements of the Group in this annual report.

DIRECTORS

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

Executive Directors

Dr. WANG QINGHUA (*Chairman*)
Ms. Jiang Fan (姜帆)
Ms. Xu Wenjie (徐文潔)
Mr. Huang Bing (黃冰)

Non-executive Directors

Mr. HO KYUNG SHIK
Mr. Heng Lei (衡磊)

Independent non-executive Directors

Mr. Tao Wuping (陶武平)
Dr. Song Ruilin (宋瑞霖)
Mr. Chan Heung Wing Anthony (陳向榮)

All of the abovementioned Directors will be proposed for re-election at the forthcoming AGM.

Directors' Report (continued)

SUPERVISORS

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

Mr. Yue Jianjun (樂建軍)
Dr. Li Yuanpeng (李遠鵬)
Ms. Shao Anna (邵安娜)

The Supervisory Committee has held one meeting during 2025. Details of the meetings and events conducted by the Supervisory Committee during 2025 are set out in the work report of the Supervisory Committee of this annual report.

Details of biography of Directors, Supervisors and the senior management of the Company are set out on pages 23 to 30 of this annual report.

Directors' and Supervisors' service contracts

Each Director and Supervisor has entered into a service agreement with the Company in respect of, among other things, compliance with relevant laws and regulations, and observance of the Articles of Association. The material terms of these service agreements include (a) a tenure of three years from the date of appointment; and (b) termination clauses in accordance with their respective terms. Their appointments are subject to the relevant provisions of the Articles of Association with regard to vacation of office of Directors and Supervisors, removal and re-election of Directors and Supervisors. Save as disclosed, none of the Directors and the Supervisors have entered into or intend to enter into a service contract with any member of the Group that cannot be terminated by the Group within one year without compensation (except for statutory compensation).

The Group has entered into a service contract with each of the Directors and Supervisors which contains provisions in relation to, among other things, compliance with relevant laws and regulations and observance of the Articles of Association.

The Company has arranged appropriate directors' and officers' liability insurance coverage for the Directors and officers of the Group to protect the Directors, Supervisors and officers of the Group against any potential liability arising from the Group's activities which such Directors and officers may be held liable.

Emolument policy and Directors' remuneration

Please refer to the section headed "Management discussion and analysis – Employees and remuneration policy" for a review of the employees and remuneration policies of the Group during the Reporting Period.

Details of the remuneration of the Directors and the five highest paid individuals are set out in note 9 and note 10, respectively to the consolidated financial statements.

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

Directors' Report (continued)

Confirmation of independence of independent non-executive Directors

The Company has received a confirmation of independence from each of the independent non-executive Directors pursuant to Rule 3.13 of the Listing Rules. The Board has assessed their independence and concluded that all the independent non-executive Directors are considered to be independent pursuant to the Listing Rules.

Interests in competing business

None of the Directors, Supervisors or their associates had any direct or indirect interest in a business which competed or might compete with the business of the Group as required to be disclosed under Rule 8.10 of the Listing Rules since the Listing Date and up to 31 December 2025.

Connected transactions

Since the Listing Date and up to the end of the Reporting Period, the Group did not conduct any non-exempt connected transactions or continuing connected transactions required to be disclosed in accordance with Chapter 14A of the Listing Rules.

None of the related party transactions as set out in note 30 to the consolidated financial statements in this annual report constitutes a connected transaction or a continuing connected transaction as defined under Chapter 14A of the Listing Rules. The Company had complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules since the Listing Date and up to the end of the Reporting Period.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed above, no Director, Supervisor or Controlling Shareholder (or any of its subsidiaries) nor any entity connected therewith has any material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the Group's business to which the Company, any of its subsidiaries, fellow subsidiaries or its parent companies was a party subsisted at the end of the year or at any time during the year ended 31 December 2025.

PRINCIPAL RISKS AND UNCERTAINTIES

Principal risks and uncertainties facing the Group include, among others:

- (i) the Group's business, financial condition, results of operations and prospects for the next couple of years are substantially dependent on the successful approval and commercialisation of Efsuabaglutide Alfa (i.e. the Company's Core Product);
- (ii) the Group may not be able to fully realise the potentials of Efsuabaglutide Alfa and achieve the clinical development to other therapeutic areas as planned;
- (iii) if the Group's drug candidates fail to demonstrate safety and efficacy to the satisfaction of regulatory authorities or do not otherwise produce positive results, the Group may incur additional costs or experience delays in completing, or may ultimately be unable to complete, the development and commercialisation of the Group's drug candidates;

Directors' Report (continued)

- (iv) the Group may not be able to discover or develop new drug candidates, or to identify additional therapeutic opportunities for the Group's drug candidates;
- (v) the Group has limited experience in launching and marketing drug candidates;
- (vi) the Group has no experience in manufacturing biopharmaceutical products on a large commercial scale; and
- (vii) the Group could be unsuccessful in obtaining or maintaining adequate patent protection for its drug candidates through intellectual property rights.

For further details regarding the Group's principal risks and uncertainties, please refer to the section headed "Risk factors" in the Prospectus.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

Save as disclosed in this annual report, and as far as the Board and management are aware, the Company has complied with all relevant laws and regulations that had a material impact on the Group's operations during the Reporting Period. During the Reporting Period, there was no material breach of, or non-compliance with, applicable laws and regulations, by the Group.

MATERIAL LITIGATION

The Company was not involved in any material litigation or arbitration proceedings during the Reporting Period. The Directors were also not aware of any material litigation or claims that are pending or threatened against the Group during the Reporting Period.

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

As at 31 December 2025, the interests and short position of the Directors, the Supervisors and the general manager of the Company in the shares, underlying shares and debentures of the Company or its associated corporation (within the meaning of Part XV of the SFO as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise to be notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Directors' Report (continued)

Name	Nature of interest	Class of shares	Number of shares ¹	Approximate shareholding percentage in the relevant class ²	Approximate shareholding percentage in the total issued share capital of the Company ³
Dr. Wang	Beneficial owner	Unlisted Shares	9,243,911 (L)	25.30%	10.12%
		H Shares	36,975,645 (L)	8.80%	
	Interest in controlled corporation ⁴	Unlisted Shares	15,624,993 (L)	42.77%	17.10%
		H Shares	62,499,977 (L)	14.87%	
	Interest jointly held with another person ⁵	Unlisted Shares	5,450,720 (L)	14.92%	5.97%
		H Shares	21,802,880 (L)	5.19%	

Notes:

- The letter "L" denotes the person's long position in such securities.
- The calculation is based on (i) 36,533,979 Unlisted Shares; and (ii) 420,285,370 H Shares in issue as at 31 December 2025.
- The calculation is based on the total number of 456,819,349 Shares in issue as at 31 December 2025.
- As at 31 December 2025, Shanghai Nuotang (as defined below), an entity wholly-owned by Dr. Wang, was the general partner of each of Guangzhou Nuosu (as defined below), Guangzhou Nuopa (as defined below) and Guangzhou Nuotai (as defined below). Accordingly, Dr. Wang was deemed to be interested in each of (i) 5,792,020 Unlisted Shares and 23,168,082 H Shares held by Guangzhou Nuosu; (ii) 6,554,929 Unlisted Shares and 26,219,717 H Shares held by Guangzhou Nuopa; and (iii) 728,000 Unlisted Shares and 2,912,000 H Shares held by Guangzhou Nuotai under the SFO. In addition, as at 31 December 2025, Hong Kong Innogen (as defined below) was wholly-owned by Dr. Wang. Accordingly, Dr. Wang was deemed to be interested in the 2,550,044 Unlisted Shares and 10,200,178 H Shares held by Hong Kong Innogen under the SFO.
- Pursuant to a concert party agreement entered into between Dr. Wang and Hong Kong Invengen (as defined below) on 1 December 2020, Dr. Wang and Hong Kong Invengen agreed (i) to act in concert by way of reaching consensus on proposals related to the Group's daily management and operation presented to all general meetings of the Company; and (ii) that when no consensus can be reached, Hong Kong Invengen shall vote in concurrence with Dr. Wang on the proposals. Accordingly, Dr. Wang was deemed to be interested in the 5,450,720 Unlisted Shares and 21,802,880 H Shares held by Hong Kong Invengen under the SFO.

Save as disclosed above, no other Director, Supervisor or general manager of the Company had interests or short position in the shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) recorded in the register.

Directors' Report (continued)

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

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

Name	Nature of interest	Class of shares	Number of shares ¹	Approximate shareholding percentage in the relevant class ²	Approximate shareholding percentage in the total issued share capital of the Company ³
Hong Kong Innogen Pharmaceutical Technology Co., Limited (香港銀諾醫藥技術有限公司) ("Hong Kong Innogen")	Beneficial owner	Unlisted Shares	2,550,044 (L)	6.98%	2.79%
		H Shares	10,200,178 (L)	2.43%	
Hong Kong Invengen Pharmaceutical Technology Co., Limited (香港醫韻藥技術有限公司) ("Hong Kong Invengen")	Beneficial owner	Unlisted Shares	5,450,720 (L)	14.92%	5.97%
		H Shares	21,802,880 (L)	5.19%	
	Interest jointly held with another person ⁴	Unlisted Shares	24,868,904 (L)	68.07%	27.22%
		H Shares	99,475,622 (L)	23.67%	
Guangzhou Nuopa Enterprise Management Partnership (Limited Partnership) (廣州諾帕企業管理合夥企業(有限合夥)) ("Guangzhou Nuopa")	Beneficial owner ⁵	Unlisted Shares	6,554,929 (L)	17.94%	7.17%
		H Shares	26,219,717 (L)	6.24%	
Guangzhou Nuosu Enterprise Management Partnership (Limited Partnership) (廣州諾蘇企業管理合夥企業(有限合夥)) ("Guangzhou Nuosu")	Beneficial owner ⁵	Unlisted Shares	5,792,020 (L)	15.85%	6.34%
		H Shares	23,168,082 (L)	5.51%	
Shanghai Nuotang Biotechnology Co., Ltd. (上海諾糖生物科技股份有限公司) ("Shanghai Nuotang")	Interest in controlled corporation ⁵	Unlisted Shares	13,074,949 (L)	35.79%	14.31%
		H Shares	52,299,799 (L)	12.44%	
JINGDE (GUANGZHOU) EQUITY INVESTMENT PARTNERSHIP (LP) (景得(廣州)股權投資合夥企業(有限合夥)) ("JINGDE (GUANGZHOU)")	Beneficial owner ^{6,7}	H Shares	26,556,444 (L)	6.32%	5.81%
KIP KIS SEA-CHINA Fund ("SEA CHINA FUND")	Interest in controlled corporation ⁶	H Shares	26,556,444 (L)	6.32%	5.81%
KOREA INVESTMENT & SECURITIES Co., Ltd ("KIS")	Interest in controlled corporation ⁶	H Shares	26,556,444 (L)	6.32%	5.81%
KOREA INVESTMENT PARTNERS (SHANGHAI) Co., Ltd. (韓投夥伴(上海)創業投資管理有限責任公司) ("KIP Shanghai")	Interest in controlled corporation ⁷	H Shares	41,731,556 (L)	9.93%	9.14%

Directors' Report (continued)

Name	Nature of interest	Class of shares	Number of shares ¹	Approximate shareholding percentage in the relevant class ²	Approximate shareholding percentage in the total issued share capital of the Company ³
KOREA INVESTMENT PARTNERS Co., Ltd. ("KIP")	Interest in controlled corporation ⁷	H Shares	41,731,556 (L)	9.93%	9.14%
KOREA INVESTMENT HOLDINGS Co., Ltd. ("KIH")	Interest in controlled corporation ⁷	H Shares	41,731,556 (L)	9.93%	9.14%
Cowin China Growth Fund II, L.P. ("Cowin China Fund II")	Beneficial owner ^{8,9}	H Shares	26,556,444 (L)	6.32%	5.81%
Cowin Capital Investment II Ltd. ("Cowin Capital Investment II")	Interest in controlled corporation ⁸	H Shares	26,556,444 (L)	6.32%	5.81%
Cowin Capital Investment Limited ("Cowin Capital Investment")	Interest in controlled corporation ⁸	H Shares	26,556,444 (L)	6.32%	5.81%
Cowin Capital Investment III Limited ("Cowin Capital Investment III")	Interest in controlled corporation ⁸	H Shares	26,556,444 (L)	6.32%	5.81%
Zheng Weihe	Interest in controlled corporation ^{8,9}	H Shares	43,971,131 (L)	10.46%	9.63%
Huang Li	Interest in controlled corporation ^{8,9}	H Shares	43,971,131 (L)	10.46%	9.63%
Palace Investments Pte. Ltd. ("Palace Investments")	Beneficial owner ¹⁰	H Shares	25,344,931 (L)	6.03%	5.55%
PavCap Fund I	Interest in controlled corporation ¹⁰	H Shares	25,344,931 (L)	6.03%	5.55%
PavCap I Feeder No. 1 LP	Interest in controlled corporation ¹⁰	H Shares	25,344,931 (L)	6.03%	5.55%
Pavilion Capital GP Pte. Ltd.	Interest in controlled corporation ¹⁰	H Shares	25,344,931 (L)	6.03%	5.55%
Pavilion Capital Holdings Pte. Ltd. ("Pavilion Capital")	Interest in controlled corporation ¹⁰	H Shares	25,344,931 (L)	6.03%	5.55%
Seviora Holdings Pte. Ltd.	Interest in controlled corporation ¹⁰	H Shares	25,344,931 (L)	6.03%	5.55%
Pilatus Investments Pte. Ltd.	Interest in controlled corporation ¹⁰	H Shares	25,344,931 (L)	6.03%	5.55%
Tembusu Investments Pte. Ltd.	Interest in controlled corporation ¹⁰	H Shares	25,344,931 (L)	6.03%	5.55%

Directors' Report (continued)

Name	Nature of interest	Class of shares	Number of shares ¹	Approximate shareholding percentage in the relevant class ²	Approximate shareholding percentage in the total issued share capital of the Company ³
Temasek Holdings (Private) Limited ("Temasek")	Interest in controlled corporation ¹⁰	H Shares	25,344,931 (L)	6.03%	5.55%
Guangzhou Industrial Investment Biomedical and Health Special Master Fund Partnership Enterprise (Limited Partnership) (廣州產投生物醫藥與健康專項母基金合夥企業(有限合夥)) ("Guangzhou Industrial Investment")	Beneficial owner ^{11, 12}	H Shares	22,594,783 (L)	5.38%	4.95%
Guangzhou Industrial Investment Private Fund Management Co., Ltd. (廣州產投私募基金管理有限公司) ("Guangzhou Industrial Investment Private Fund")	Interest in controlled corporation ¹¹	H Shares	22,594,783 (L)	5.38%	4.95%
Guangzhou Industrial Investment Capital Management Co., Ltd. (廣州產業投資資本管理有限公司) ("Guangzhou Industrial Investment Capital")	Interest in controlled corporation ¹¹	H Shares	22,594,783 (L)	5.38%	4.95%
Guangzhou State-owned Development Holding Co., Ltd. (廣州產業投資控股集團有限公司) ("Guangzhou State-owned Development")	Interest in controlled corporation ^{11, 12}	H Shares	22,594,783 (L)	5.38%	4.95%
Guangzhou Industrial Investment Master Fund Co., Ltd. (廣州產業投資母基金有限公司) ("Guangzhou Industrial Master Fund")	Interest in controlled corporation ¹²	H Shares	22,594,783 (L)	5.38%	4.95%
CICC Biomedical Fund L.P. (中金啟德(廈門)創新生物醫藥創業投資合夥企業(有限合夥)) ("CICC Biomedical Fund")	Beneficial owner ¹³	Unlisted Shares	2,353,008 (L)	6.44%	0.52%
CICC Capital Management Co., Ltd. (中金資本運營有限公司)	Interest in controlled corporation ¹³	Unlisted Shares	2,353,008 (L)	6.44%	0.52%
China International Capital Corporation Limited	Interest in controlled corporation ¹³	Unlisted Shares	2,353,008 (L)	6.44%	0.52%
Henan CICC Huirong Private Equity Fund Management Co., Ltd. (河南中金匯融私募基金管理有限公司) ("Henan CICC Huirong")	Interest in controlled corporation ¹³	Unlisted Shares	2,353,008 (L)	6.44%	0.52%
Henan Innovation Investment Group Co., Ltd. (河南創新投資集團有限公司) ("Henan Innovation Investment")	Interest in controlled corporation ¹³	Unlisted Shares	2,353,008 (L)	6.44%	0.52%

Directors' Report (continued)

Name	Nature of interest	Class of shares	Number of shares ¹	Approximate shareholding percentage in the relevant class ²	Approximate shareholding percentage in the total issued share capital of the Company ³
Henan Investment Group Co., Ltd. (河南投資集團有限公司) ("Henan Investment")	Interest in controlled corporation ¹³	Unlisted Shares	2,353,008 (L)	6.44%	0.52%
Department of Finance of Henan Province (河南省財政廳)	Interest in controlled corporation ¹³	Unlisted Shares	2,353,008 (L)	6.44%	0.52%
Jiangsu Taizhou Light Control Industry Investment Partnership Enterprise (Limited Partnership) (江蘇泰州光控產業投資合夥企業(有限合夥)) ("Guangkong Industrial Investment")	Beneficial owner ¹⁴	Unlisted Shares	2,413,342 (L)	6.61%	0.53%
Taizhou Pharmaceutical High Tech Zone Huayin Financial Investment Co., Ltd. (泰州醫藥高新區華銀金融投資有限公司) ("Huayin Investment")	Interest in controlled corporation ¹⁴	Unlisted Shares	2,413,342 (L)	6.61%	0.53%
Taizhou Pharmaceutical High Tech Industrial Investment Development Co., Ltd. (泰州醫藥高新技術產業投資發展有限公司) ("Taizhou High Tech")	Interest in controlled corporation ¹⁴	Unlisted Shares	2,413,342 (L)	6.61%	0.53%
Taizhou Medical High Tech Industrial Development Zone (Gaogang District, Taizhou City) Finance Bureau (泰州醫藥高新技術產業開發區(泰州市高港區)財政局) ("Taizhou Finance Bureau")	Interest in controlled corporation ¹⁴	Unlisted Shares	2,413,342 (L)	6.61%	0.53%
Taizhou Everbright Taiyuan Equity Investment Co., Ltd. (泰州光控泰元股權投資有限公司) ("Everbright Taiyuan")	Interest in controlled corporation ¹⁴	Unlisted Shares	2,413,342 (L)	6.61%	0.53%
Taizhou Guangkong Jiayuan Equity Investment Partnership Enterprise (Limited Partnership) (泰州光控嘉源股權投資合夥企業(有限合夥)) ("Guangkong Jiayuan")	Interest in controlled corporation ¹⁴	Unlisted Shares	2,413,342 (L)	6.61%	0.53%
Taizhou Guangkong Jiafeng Equity Investment Co., Ltd. (泰州光控嘉豐股權投資有限公司) ("Guangkong Jiafeng")	Interest in controlled corporation ¹⁴	Unlisted Shares	2,413,342 (L)	6.61%	0.53%
Taizhou Guangkong Xiangtai Investment Co., Ltd. (泰州光控祥泰投資有限公司) ("Guangkong Xiangtai")	Interest in controlled corporation ¹⁴	Unlisted Shares	2,413,342 (L)	6.61%	0.53%
Taizhou Guangkong Investment Co., Ltd. (泰州光控投資有限公司) ("Guangkong Investment")	Interest in controlled corporation ¹⁴	Unlisted Shares	2,413,342 (L)	6.61%	0.53%

Directors' Report (continued)

Name	Nature of interest	Class of shares	Number of shares ¹	Approximate shareholding percentage in the relevant class ²	Approximate shareholding percentage in the total issued share capital of the Company ³
China Everbright Finance Limited (中國光大財務有限公司) ("Everbright Finance")	Interest in controlled corporation ¹⁴	Unlisted Shares	2,413,342 (L)	6.61%	0.53%
China Everbright Limited	Interest in controlled corporation ¹⁴	Unlisted Shares	2,413,342 (L)	6.61%	0.53%

Notes:

- The letter "L" denotes the person's long position in such securities.
- The calculation is based on (i) 36,533,979 Unlisted Shares; and (ii) 420,285,370 H Shares in issue as at 31 December 2025.
- The calculation is based on the total number of 456,819,349 Shares in issue as at 31 December 2025.
- Pursuant to a concert party agreement entered into between Dr. Wang and Hong Kong Invengen on 1 December 2020, Dr. Wang and Hong Kong Invengen agreed (i) to act in concert by way of reaching consensus on proposals related to the Group's daily management and operation presented to all general meetings of the Company; and (ii) that when no consensus can be reached, Hong Kong Invengen shall vote in concurrence with Dr. Wang on the proposals. Accordingly, Hong Kong Invengen was deemed to be interested in the 24,868,904 Unlisted Shares and 99,475,622 H Shares held by Dr. Wang under the SFO.
- As at 31 December 2025, Shanghai Nuotang, was the general partner of each of Guangzhou Nuosu, Guangzhou Nuopa and Guangzhou Nuotai Enterprise Management Partnership (Limited Partnership) (廣州諾肽企業管理合夥企業(有限合夥)) ("Guangzhou Nuotai"). Accordingly, Shanghai Nuotang was deemed to be interested in each of (i) 5,792,020 Unlisted Shares and 23,168,082 H Shares held by Guangzhou Nuosu; (ii) 6,554,929 Unlisted Shares and 26,219,717 H Shares held by Guangzhou Nuopa; and (iii) 728,000 Unlisted Shares and 2,912,000 H Shares held by Guangzhou Nuotai under the SFO.
- As at 31 December 2025, SEA CHINA FUND held approximately 50.26% limited partnership interest in JINGDE (GUANGZHOU). SEA CHINA FUND was managed by its general partner KIP and KIS held approximately 83.67% partnership interest in SEA CHINA FUND. KIS was wholly-owned by KIH (a company listed on the KOSDAQ (stock code: 071050)). Accordingly, each of SEA CHINA FUND and KIS were deemed to be interested in the 26,556,444 H Shares held by JINGDE (GUANGZHOU) under the SFO.
- As at 31 December 2025, JINGDE (GUANGZHOU) and KIP (ZHANGJIAGANG) VENTURE CAPITAL LLP (韓投(張家港)股權投資合夥企業(有限合夥)) ("KIP (ZHANGJIAGANG)") were managed by their general partner KIP Shanghai. KIP BRIGHT II (CHENGDU) EQUITY INVESTMENT PARTNERSHIP (LP) (景誠二期(成都)股權投資合夥企業(有限合夥)) ("KIP BRIGHT II") was managed by KIP CHENGDU EQUITY INVESTMENT MANAGEMENT PARTNERSHIP (LP), which was in turn also managed KIP Shanghai. KIP Shanghai was wholly-owned by KIP, which was in turn wholly-owned by KIH (a company listed on the KOSDAQ (stock code: 071050)). Accordingly, each of KIP Shanghai, KIP and KIH were deemed to be interested in (i) 26,556,444 H Shares held by JINGDE (GUANGZHOU); (ii) 7,587,556 H Shares held by KIP (ZHANGJIAGANG); and (iii) 7,587,556 H Shares held by KIP BRIGHT II under the SFO.
- As at 31 December 2025, Cowin China Fund II was managed by its general partner Cowin Capital Investment II, which was in turn owned as to 70.00% by Cowin Capital Investment. Cowin Capital Investment was wholly-owned by Cowin Capital Investment III, which was owned as to 50.00% and 50.00% by Zheng Weihe and Huang Li, respectively. Accordingly, each of Cowin Capital Investment II, Cowin Capital Investment, Cowin Capital Investment III, Zheng Weihe and Huang Li were deemed to be interested in the 26,556,444 H Shares held by Cowin China Fund II under the SFO.

Directors' Report (continued)

9. As at 31 December 2025, the general partners of Hefei Cowin Chengtai Equity Investment Partnership (Limited Partnership) (合肥同創誠泰股權投資合夥企業(有限合夥)) (“**Cowin Chengtai**”) and Hefei Cowin SME Development Fund Partnership (Limited Partnership) (合肥同創中小企業發展基金合夥企業(有限合夥)) (“**Hefei Cowin**”) were wholly-owned by Shenzhen Cowin Asset Management Co., Ltd. (深圳同創偉業資產管理股份有限公司) (“**Shenzhen Cowin**”) (a company listed on the National Equities Exchange and Quotations in the PRC (stock code: 832793)), which was in turn owned as to 35.01% by Shenzhen Cowin Investment Management Co., Ltd (深圳同創偉業創業投資管理有限公司), which was in turn owned as to 55.00% and 45.00% by Huang Li and Zheng Weihe, respectively. Accordingly, each of Huang Li and Zheng Weihe were also deemed to be interested in (i) 11,381,333 H Shares held by Cowin Chengtai; and (ii) 6,033,354 H Shares held by Hefei Cowin under the SFO.
10. As at 31 December 2025, Palace Investments was wholly-owned by PavCap Fund I, which was in turn wholly-owned by PavCap I Feeder No. 1 LP. PavCap I Feeder No. 1 LP was solely controlled by Pavilion Capital GP Pte. Ltd., which was in turn wholly-owned by Pavilion Capital. Pavilion Capital was wholly-owned by Seviora Holdings Pte. Ltd., which was in turn wholly-owned by Pilatus Investments Pte. Ltd., which was in turn wholly-owned by Tembusu Investments Pte. Ltd. which in turn was a wholly-owned subsidiary of Temasek. Accordingly, each of PavCap Fund I, PavCap I Feeder No. 1 LP, Pavilion Capital GP Pte. Ltd., Pavilion Capital, Seviora Holdings Pte. Ltd., Pilatus Investments Pte. Ltd., Tembusu Investments Pte. Ltd. and Temasek were deemed to be interested in the 25,344,931 H Shares held by Palace Investments under the SFO.
11. As at 31 December 2025, Guangzhou Industrial Investment was managed by its general partner Guangzhou Industrial Investment Private Fund, which was in turn owned as to 91.00% by Guangzhou Industrial Investment Capital. Guangzhou Industrial Investment Capital was wholly-owned by Guangzhou State-owned Development, which was in turn owned as to approximately 91.55% by State-owned Assets Supervision and Administration Commission of Guangzhou Municipal People's Government. Accordingly, each of Guangzhou Industrial Investment Private Fund, Guangzhou Industrial Investment Capital and Guangzhou State-owned Development were deemed to be interested in the 22,594,783 H Shares held by Guangzhou Industrial Investment under the SFO.
12. As at 31 December 2025, Guangzhou Industrial Master Fund owned approximately 99.98% limited partnership interest in Guangzhou Industrial Investment. Guangzhou Industrial Master Fund was wholly-owned by Guangzhou State-owned Development. Accordingly, Guangzhou Industrial Master Fund was deemed to be interested in the 22,594,783 H Shares held by Guangzhou Industrial Investment under the SFO.
13. As at 31 December 2025, CICC Biomedical Fund was managed by its general partner CICC Capital Management Co., Ltd., which was in turn wholly-owned by China International Capital Corporation Limited (a company listed on the Stock Exchange (Stock Code: 3908) and the Shanghai Stock Exchange (Stock Code: 601995)).

As at 31 December 2025, Henan CICC Huirong, through its controlled entities, indirectly owned approximately 39.84% limited partnership interest in CICC Biomedical Fund. Henan CICC Huirong was owned as to 50.00% by Henan Innovation Investment and 50.00% by CICC Capital Management Co., Ltd. Henan Innovation Investment was wholly-owned by Henan Investment, which was in turn wholly-owned by the Department of Finance of Henan Province.

Accordingly, each of CICC Capital Management Co., Ltd., China International Capital Corporation Limited, Henan CICC Huirong, Henan Innovation Investment, Henan Investment and the Department of Finance of Henan Province were deemed to be interested in the 2,353,008 Unlisted Shares held by CICC Biomedical Fund under the SFO.

For the avoidance of doubt, the abovementioned disclosure excludes the H Shares held by CICC Biomedical Fund upon completion of the Global Offering. As far as the Directors are aware, upon completion of the Global Offering, CICC Biomedical Fund also held 5,490,353 H Shares (i.e. approximately 1.31% of interest in the H Shares).

Directors' Report (continued)

14. As at 31 December 2025, Guangkong Industrial Investment was managed by its general partner Guangkong Jiayuan, whose general partner was Guangkong Jiafeng. Guangkong Jiafeng was wholly-owned by Guangkong Xiangtai, which was in turn wholly-owned by Guangkong Investment. Guangkong Investment was wholly owned by Everbright Finance, a wholly-owned subsidiary of China Everbright Limited (a company listed on the Stock Exchange (Stock Code: 0165)).

As at 31 December 2025, Huayin Investment and Everbright Taiyuan owned approximately 50.00% and 39.00% limited partnership interest in Guangkong Industrial Investment, respectively. Huayin Investment was owned as to approximately 41.76% by Taizhou High Tech, which was in turn wholly-owned by Taizhou Finance Bureau. Everbright Taiyuan was wholly-owned by Guangkong Xiangtai. Accordingly, each of Guangkong Jiayuan, Guangkong Jiafeng, Guangkong Xiangtai, Guangkong Investment, Everbright Finance, China Everbright Limited, Huayin Investment, Everbright Taiyuan, Taizhou High Tech and Taizhou Finance Bureau were deemed to be interested in the 2,413,342 Unlisted Shares held by Guangkong Industrial Investment under the SFO.

For the avoidance of doubt, the abovementioned disclosure excludes the H Shares held by Guangkong Industrial Investments upon completion of the Global Offering. As far as the Directors are aware, upon completion of the Global Offering, Guangkong Industrial Investments also held 2,413,342 H Shares (i.e. approximately 0.57% of interest in the H Shares).

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

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 subsisted since the Listing Date and up to 31 December 2025.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association of the Company, or the law of PRC (being the jurisdiction in which the Company was established) under which would oblige the Company to offer new Shares on a pro-rata basis to existing shareholders.

ENVIRONMENTAL POLICIES AND PERFORMANCE

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

Details of the Company's environmental policies and performance are set out in the "Environmental, Social and Governance Report" published in accordance with Rule 13.91 of the Listing Rules and published on the Group's website at www.innogenpharm.com and the website of the Stock Exchange at www.hkexnews.hk.

Directors' Report (continued)

CORPORATE GOVERNANCE

The Company strives to attain a high standard of corporate governance to protect the interest of the Shareholders and enhance corporate value and accountability. Information on corporate governance practices adopted by the Company is set out in the "Corporate Governance Report" of this annual report.

INDEMNITY AND INSURANCE PROVISIONS

Director and senior management liability insurance has been effected for directors and senior management, which can provide guarantee for possibly incurred expenses and liabilities during the Reporting Period.

EQUITY-LINKED AGREEMENTS

No equity-linked agreements that will or may result in the Company issuing Shares or that require the Company to enter into any agreements that will or may result in the Company issuing Shares were entered into by the Company, or subsisted during the Reporting Period.

ANNUAL GENERAL MEETING

The annual general meeting for the year ended 31 December 2025 is scheduled to be held on 29 June 2026. A notice convening the AGM will be published and despatched to the Shareholders (as required) in due course.

CHARITABLE DONATIONS

During the year ended 31 December 2025, the Group made charitable and other donations in a total amount of approximately RMB4.0 million (2024: Nil).

AUDIT COMMITTEE AND REVIEW OF CONSOLIDATED FINANCIAL STATEMENTS

The Audit Committee has reviewed together with the management of the Company the accounting principles and policies adopted by the Group and the audited annual results for the year ended 31 December 2025.

AUDITOR

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

There was no change in auditors of the Company for the preceding three years.

PROFESSIONAL TAX ADVICE RECOMMENDED

If the Shareholders are unsure about the taxation implications of purchasing, holding, disposing of, dealing in, or the exercise of any rights in relation to the Shares, they are advised to consult an expert. The Company is not aware of any tax relief or exemption available to the Shareholders of the Company due to their holding of the Company's securities.

For and on behalf of the Board
Guangzhou Innogen Pharmaceutical Group Co., Ltd.
Dr. WANG QINGHUA
Chairman of the Board

Supervisory Committee's Report

During the Reporting Period, the Supervisory Committee carefully and thoroughly performed its supervisory functions in favour of the Company and the Shareholders in a responsible manner according to the Company Law, the Articles of Association and the requirements under the relevant laws and regulations in the PRC, while duly monitoring and examining the operations and financial conditions of the Group, as well as supervising the performance of duties by the members of the Board and management of the Company, according to the laws.

I. CONVENING OF THE MEETINGS OF THE SUPERVISORY COMMITTEE

The Supervisory Committee held 1 meeting during the Reporting Period. The details are as follows:

- (a) On 7 May 2025, the fifth meeting of the first session of the Supervisory Committee was convened, during which the Supervisory Committee considered and approved, among others, (i) the 2024 work report of the Supervisory Committee; (ii) the 2024 financial settlement plan; (iii) the 2025 financial budget report; (iv) the 2024 profit distribution plan; (v) the 2024 internal control evaluation report; and (vi) the 2024 remuneration of the Directors, Supervisors and senior management and the 2025 remuneration plan of the Directors, Supervisors and senior management.

II. OPINIONS OF THE SUPERVISORY COMMITTEE ON SUPERVISED MATTERS OF THE COMPANY DURING THE REPORTING PERIOD

1. Compliance of the Company's operations with legal requirements

During the Reporting Period, pursuant to the laws and regulations of the PRC and the Articles of Association, the Supervisory Committee duly supervised the convening procedures and resolutions of general meetings of Shareholders and meetings of the Board, the Board's execution of resolutions approved at general meetings of Shareholders, the performance of duties by the senior management of the Company. The Supervisory Committee was of the view that the Company's operation was in compliance with laws and regulations, and the internal control system was comprehensive and sound. The Board strictly carried out various resolutions approved by and authorisations granted by general meetings, and the decision making procedure was lawful and effective. The Directors and senior management of the Company could perform their respective duties with diligence and dedication without violating laws, regulations and the Articles of Association or damaging interests of the Company and its Shareholders.

2. Financial position of the Company

During the Reporting Period, the Supervisory Committee has carefully reviewed the consolidated financial statements and financial information of the Company during the Reporting Period. The Supervisory Committee was of the view that the procedures adopted by the Board in preparing and considering the annual financial report of the Company are in compliance with the laws and regulations of the PRC. The contents of the report gave a true, accurate and complete view of the actual situation of the Company and do not contain false statements, misleading representations or material omissions.

Supervisory Committee's Report (continued)

3. Use of Net Proceeds

During the Reporting Report, the use of the Net Proceeds strictly observed relevant provisions and the use disclosed, and no illegal use of the Net Proceeds were found.

4. Material related party transactions

During the Reporting Period, the Company conducted related party transactions according to the principle of fairness and such transactions have been complying with laws and regulations. The Supervisory Committee was not aware of any action which would damage the interests of the Company and investors in the Company.

5. The Supervisory Committee has no disagreement on the matters supervised during the Reporting Period

III. MEMBERS OF THE SUPERVISORY COMMITTEE AND ATTENDANCE OF THE MEETINGS OF THE SUPERVISORY COMMITTEE

The Supervisory Committee, which comprises three members, including one employee representative Supervisor. All the members of the Supervisory Committee are diligent and conscientious, and have conscientiously performed their duties in compliance with the relevant laws, regulations and the Articles of Association, and have personally attended all the meetings of the Supervisory Committee.

IV. WORKING PLAN FOR 2026

In 2026, the Supervisory Committee will continue to abide by the principle of being responsible to all the Shareholders, and perform its supervisory duties in strict accordance with the requirements of the relevant laws and regulations and the Articles of Association. The Supervisory Committee will continue to strengthen the internal learning and training of Supervisors to improve their supervision awareness and ability, and continuously promote self-improvement of the Supervisory Committee. According to the authority and responsibilities stipulated in the Company Law, the Supervisory Committee will effectively supervise the Company's business activities and play an important role in the governance of the Company and the protection of Shareholders' rights, so as to effectively safeguard and protect the interests of the Company and its Shareholders, and prevent damage to the interests and image of the Company.

By order of the Supervisory Committee
Yue Jianjun
Chairman of the Supervisory Committee

Corporate Governance Report

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

CORPORATE GOVERNANCE CODE

Since the Listing Date, the Company has adopted the principles and code provisions as set out in the CG Code contained in Appendix C1 to the Listing Rules.

Save as disclosed below, the Company has complied with all the principles and code provisions set out in the CG Code during the period from the Listing Date and up to 31 December 2025.

The Board is committed to achieving high corporate governance standards. The Board believes that high corporate governance standards are essential in providing a framework for the Group to safeguard the interests of Shareholders and to enhance corporate value and accountability. The Company will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

Since the Listing Date, the Company has adopted the Model Code and also devised its own code of conduct regarding Directors' and Supervisors' dealings in the Company's securities (the "**Code of Conduct**") on terms no less exacting than the Model Code to regulate all dealings by Directors, Supervisors and relevant employees who, because of such office or employment, are likely to possess inside information in relation to the Company or its securities.

Specific enquiries have been made to all the Directors and Supervisors, and the Directors and Supervisors have each confirmed that they have complied with the Model Code and the Code of Conduct since the Listing Date and up to 31 December 2025. No incident of non-compliance of the Model Code and the Code of Conduct by the relevant employees was noted by the Company since the Listing Date and up to 31 December 2025.

THE BOARD OF DIRECTORS

Responsibilities, accountabilities and contribution of the Board and management

The Board assumes the responsibility of leadership and control of the Company, and supervises and approves significant decisions regarding financial performance, strategic development objectives and operations of the Company. The Board is responsible for and has the general power over the management and operation of our business, including determining the Group's business strategies and investment plans, implementing resolutions passed at general meetings, and exercising other powers, functions and duties as conferred by the Articles of Association. The Board also assumes the responsibilities for developing and reviewing the policies and practices of the Company on corporate governance, risk management, internal control and compliance with legal and regulatory requirements. The management is authorised and responsible to handle the Company's daily operations and businesses management. The Board is well balanced with Directors having sound industry knowledge, extensive corporate and strategic planning experience and/or expertise relevant to the business of the Group. The executive Directors, the non-executive Directors and independent non-executive Directors bring a variety of experience and expertise to the Company. In particular, the independent non-executive Directors are responsible for ensuring a high standard of regulatory reporting of the Company and providing a balance in the Board for bringing effective independent views and judgement on corporate actions and operations. The Board has established four committees, namely, the Audit Committee, the Remuneration and Appraisal Committee, the Nomination Committee and the Strategy Committee, and has delegated to the Board Committees various duties. All the Board Committees perform their distinct roles in accordance with their respective terms of reference.

Corporate Governance Report (continued)

All Directors shall at all times ensure that they carry out duties in good faith, in compliance with all applicable laws and regulations, and in the interests of the Company and the Shareholders. All Directors have full and timely access to all the information of the Company and may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.

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

Board composition and change in Board composition

The Board currently comprises four executive Directors, two non-executive Directors and three independent non-executive Directors. The composition of the Board is as follows:

Executive Directors:

Dr. WANG QINGHUA (*Chairman*)
Ms. Jiang Fan (姜帆)
Ms. Xu Wenjie (徐文潔)
Mr. Huang Bing (黃冰)

Non-executive Directors:

Mr. HO KYUNG SHIK
Mr. Heng Lei (衡磊)

Independent non-executive Directors:

Mr. Tao Wuping (陶武平)
Dr. Song Ruilin (宋瑞霖)
Mr. Chan Heung Wing Anthony (陳向榮)

The brief biological information of each Director is set out in the section headed "Directors, Supervisors and senior management" in this annual report. Save as disclosed therein, there are no other material/relevant relationships (whether financial, business, family or others) among the members of the Board.

Each of the Directors confirmed that he or she (i) had obtained the legal advice referred to under Rule 3.09D of the Listing Rules on 14 October 2024 (for Dr. WANG QINGHUA, Ms. Jiang Fan, Ms. Xu Wenjie, Mr. Huang Bing, Mr. HO KYUNG SHIK, Mr. Tao Wuping, Mr. Heng Lei and Dr. Song Ruilin) or 3 June 2025 (for Mr. Chan Heung Wing Anthony); and (ii) understood his or her obligations as a director of a listed issuer under the Listing Rules.

Each of the Directors have entered into a service contract or letter of appointment with the Company for a term of not more than three years until the expiry of the term of office of the first session of the Board (i.e. 22 November 2025). As disclosed in the announcement of the Company dated 21 November 2025, the terms of the first session of the Board has been extended to the date when the new sessions of the Board are elected at the general meeting according to the Articles of Association. At the same time, the term of the first session of each Board committee will be extended accordingly.

Corporate Governance Report (continued)

Chairman and general manager of the Company

Pursuant to code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing. Dr. WANG QINGHUA is the founder of the Group, the chairman of the Board and the general manager of the Company who has been participating in the Group's business and overall strategic planning since its establishment. The Board believes that vesting the roles of both the chairperson and general manager of the Company in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will continue to review and consider splitting the roles of the chairperson of the Board and the general manager of the Company at an appropriate time if necessary, taking into account the circumstances of the Group as a whole.

Independent non-executive Directors

Since the Listing Date and until 31 December 2025 and up to the date of this annual report, the Board at all times met the requirements of Rules 3.10 and 3.10A the Listing Rules relating to the appointment of at least three independent non-executive Directors representing no less than one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

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

The Board is committed to reviewing and assessing the Directors' independence annually in order to ensure that independent views and input of the independent non-executive Directors are made available to the Board, for example, by reviewing the proportion of independent non-executive Directors on the Board and the Board committees, regularly evaluating the independence of all independent non-executive Directors, striving to ensure that all Directors have equal opportunities and channels to communicate and express their independent views and opinions to the Board and the Board committees.

Appointments, re-election and removal of Directors

Directors shall be elected at the shareholders' general meeting with a term of office of three years. A Director may serve consecutive terms if re-elected. A Director shall continue to perform his/her duties as a director in accordance with the laws, administrative regulations and the articles of association until a duly re-elected director takes office, if re-election is not conducted in a timely manner upon the expiry of his/her term of office or if the resignation of directors results in the number of directors being less than the quorum.

Continuous professional development of Directors

Each Director is provided with the necessary induction and information to ensure that he/she has a proper understanding of the Company's operations and businesses as well as his/her responsibilities under all applicable laws and regulations.

The Directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant. The Company will continue to arrange regular seminars to provide the Directors with updates on the latest developments and changes in the Listing Rules and other relevant legal and regulatory requirements from time to time. The Directors are also provided with regular updates on the Company's performance, position and prospects to enable the Board as a whole and each Director to discharge his/her duty.

Corporate Governance Report (continued)

The Directors are committed to complying with the Listing Rules on Directors' training. During the Reporting Period, all Directors attended training sessions on the respective obligations of the Directors and senior management. In addition, relevant reading materials including compliance manual/legal and regulatory updates/seminar handouts have been provided to the Directors for their reference and studying.

According to the records provided by the Directors, a summary of training received by the Directors during the Reporting Period is as follows:

Name of Directors	Attending training sessions, including but not limited to, briefings, seminars, conferences and workshops	Reading relevant news alerts, newspapers, journals, magazines and relevant publications
Executive Directors		
Dr. Wang	✓	✓
Ms. Jiang Fan	✓	✓
Ms. Xu Wenjie	✓	✓
Mr. Huang Bing	✓	✓
Non-executive Directors		
Mr. HO KYUNG SHIK	✓	✓
Mr. Heng Lei	✓	✓
Independent non-executive Directors		
Mr. Tao Wuping	✓	✓
Dr. Song Ruilin	✓	✓
Mr. Chan Heung Wing Anthony	✓	✓

Directors' Training and Professional Development

During the year, all Directors received training by attending seminars and reading relevant materials. The training seminars were primarily organized by a professional company secretarial services provider and covered topics including key considerations in discharging directors' duties, updates on regulatory compliance requirements, the roles and responsibilities of directors in ESG, requirements under the Corporate Governance Code in relation to risk management and internal control, and directors' obligations under anti-money laundering/anti-terrorist financing regulations. Directors are continuously updated on developments in statutory and regulatory requirements as well as business environment to facilitate the discharge of their duties. The Company will also arrange training for Directors as and when necessary to ensure that they have a proper understanding of the Group's business and operations, and are fully aware of their duties and obligations under the Listing Rules and relevant statutory requirements.

Board Meetings

Pursuant to code provision C.5.1 of the CG Code, at least four regular Board meetings should be held in each year at approximately quarterly intervals with active participation of a majority of directors, either in person or through electronic means.

The Company has adopted the practice of holding Board meetings regularly. Notice of not less than 14 days is given of all regular Board meetings to provide all Directors with the opportunity to attend and include matters in the agenda. For other Board Committee meetings, three days' notice is given. The agenda and accompanying board papers are despatched to the Directors or Board Committee members at least three days before meetings to ensure that they have sufficient time to review these documents and be adequately prepared. When the Directors or Board Committee members are unable to attend a meeting, they are advised of the matters to be discussed and given an opportunity to make their views known to the chairman of the Board Committee prior to the meeting.

Corporate Governance Report (continued)

All the Directors have access to advice and services of the Company's joint company secretaries, who are responsible for ensuring that Board procedures and applicable regulations under the Articles of Association or otherwise are complied with. Each Director is entitled, if necessary, to seek independent professional advice at the Company's expense.

Minutes of the Board meetings and Board Committee meetings are recorded in detail and include the matters considered by the Board and the Board Committees and the decisions reached, including any concerns raised by the Directors. Draft minutes of each Board meeting and Board Committee meeting are sent to the Directors within a reasonable time after the date on which the meeting is held so that they have an opportunity to request amendments. All minutes are kept by the Company and are open for inspection by any Director during normal office hours with reasonable advance notice. Matters considered and decisions reached at the Board and Committee meetings are recorded with sufficient detail in the minutes.

Attendance record of Directors

The attendance record of each Director at the Board meetings and the general meetings of the Company during the Reporting Period is set out below:

Name of Directors	Meetings attended/number of meetings	
	Board meeting	General meeting
Executive Directors		
Dr. Wang	7/7	1/1
Ms. Jiang Fan	7/7	1/1
Ms. Xu Wenjie	7/7	1/1
Mr. Huang Bing	7/7	1/1
Non-executive Directors		
Mr. HO KYUNG SHIK	7/7	1/1
Mr. Heng Lei	7/7	1/1
Independent non-executive Directors		
Mr. Tao Wuping	7/7	1/1
Dr. Song Ruilin	7/7	1/1
Mr. Chan Heung Wing Anthony	7/7	1/1

Board Committees

Each of the Board Committees has specific written terms of reference which deal clearly with their respective authority and duties. The Board Committees operate in accordance with their terms of reference established by the Board.

Corporate Governance Report (continued)

Audit Committee

The Company established the Audit Committee with written terms of reference in compliance with the Listing Rules.

The Audit Committee consists of three independent non-executive Directors, namely Mr. Tao Wuping, Dr. Song Ruilin and Mr. Chan Heung Wing Anthony. The chairman of the Audit Committee is Mr. Chan Heung Wing Anthony, who has the appropriate professional qualifications and experience in accounting matters.

The primary duties of the Audit Committee include, but are not limited to, the following:

- (i) proposing the appointment or change of external auditors to the Board, monitoring the independence of external auditors and evaluating their performance;
- (ii) examining the financial information of the Company and reviewing financial reports and statements of the Company;
- (iii) examining the financial reporting system, the risk management and internal control system of the Company, overseeing their rationality, efficiency and implementation and making recommendations to the Board; and
- (iv) dealing with other matters that are authorised by the Board.

The Audit Committee convened two meetings during the Reporting Period. The table below sets forth the details of the attendance at these meetings:

Name of committee member	Number of meetings attended/ number of meetings
Mr. Chan Heung Wing Anthony	2/2
Mr. Tao Wuping	2/2
Dr. Song Ruilin	2/2

The Audit Committee has reviewed the Company's audited consolidated financial statements for the year ended 31 December 2025 and confirmed that it has complied all applicable accounting principles, standards and requirements, and made sufficient disclosures. The Audit Committee also discussed the matters of audit and financial reporting. It had also reviewed the significant issues on the financial reporting and compliance procedures, internal control and risk management systems and connected transactions, and have discussed with the auditor of the Company about the tasks they performed.

The Audit Committee had reviewed the remuneration of the auditor for the year ended 31 December 2025 and has recommended the Board to re-appoint Ernst & Young as the auditor of the Company for the year ending 31 December 2026, subject to approval by the Shareholders at the AGM.

Corporate Governance Report (continued)

The work performed by the Audit Committee during the Reporting Period included, among others, the following:

- reviewed the audited condensed consolidated results for the year ended 31 December 2024;
- reviewed the unaudited condensed consolidated interim results for the six months ended 30 June 2025;
- reviewed the Company's cash flow and monitoring the Company's overall financial condition;
- reviewed the appropriateness and effectiveness of the risk management and internal control systems of the Company and recommended improvements of such systems to the Board;
- reviewed the appropriateness and effectiveness of the internal audit function of the Company and recommended improvements of such function to the Board; and
- reviewed the arrangements which employees can raise concerns on possible improprieties in financial reporting, internal control or other matters, and investigating such matters (where necessary).

Remuneration and Appraisal Committee

The Company established the Remuneration and Appraisal Committee with written terms of reference in compliance with the Listing Rules.

The Remuneration and Appraisal Committee consists of one executive Director, namely Dr. Wang, and two independent non-executive Directors, namely Mr. Tao Wuping and Dr. Song Ruilin. The chairman of the Remuneration and Appraisal Committee is Mr. Tao Wuping.

The primary duties of the Remuneration and Appraisal Committee include, but are not limited to, the following:

- (i) advising the Board on the overall remuneration plan and structure of the Directors, Supervisors and senior management and the establishment of transparent and formal procedures for determining the remuneration policy of the Company;
- (ii) monitoring the implementation of the remuneration system of the Company;
- (iii) making recommendations on the remuneration packages of the Directors, Supervisors and senior management; and
- (iv) other duties conferred by the Board.

Corporate Governance Report (continued)

The Remuneration and Appraisal Committee convened one meeting during the Reporting Period. The table below sets forth the details of the attendance at these meetings:

Name of committee member	Number of meetings attended/ number of meetings
Mr. Tao Wuping	1/1
Dr. Wang	1/1
Dr. Song Ruilin	1/1

The work performed by the Remuneration and Appraisal Committee during the Reporting Period included, among others, the following:

- reviewed and recommended to the Board the remuneration policy and structure of the Company and the remuneration packages of all Directors, Supervisors and senior management;
- assessed the performance of the executive Directors; and
- approved the terms of the executive Directors' service contracts.

Compensation of the Directors, Supervisors and senior management

The Directors, Supervisors and senior management receive compensation in the form of salaries, benefits in kind and/or discretionary bonuses relating to the performance of the Group. The Company regularly reviews and determines the remuneration and compensation packages of the Directors, Supervisors and senior management.

The aggregate amount of remuneration paid by the Company to Directors and Supervisors (including salaries, allowances, contributions to retirement benefit scheme and share-based payment expenses) for the year ended 31 December 2025 was approximately RMB17.9 million.

The aggregate amount of remuneration paid by the Company to its five highest paid individuals (including the Directors, Supervisors and senior management) comprising salaries, allowances, contributions to retirement benefit scheme, and share-based payment expenses for the year ended 31 December 2025 was approximately RMB16.6 million.

None of the Directors had waived or agreed to waive any remuneration for the year ended 31 December 2025.

The Board will review and determine the remuneration and compensation packages of the Directors, Supervisors and senior management and will receive recommendation from the Remuneration and Appraisal Committee which will take into account salaries paid by comparable companies, time commitments and responsibilities of the Directors and Supervisors and performance of the Company.

For additional information on the Directors', Supervisors' and senior managements' remuneration for the year ended 31 December 2025 as well as information on the highest paid individuals, please refer to note 9, note 10 and note 30 to the consolidated financial statements.

The remuneration details of the Group's Directors and the five highest paid individuals are set out in note 9 and note 10 to the consolidated financial statements of this report.

Corporate Governance Report (continued)

Further, all senior management is comprised of Directors, whose remuneration for the year ended 31 December 2025 are set out in note 9 to the consolidated financial statements of this report.

Nomination Committee

The Company established the Nomination Committee with written terms of reference in compliance with the Listing Rules.

The Nomination Committee consists of two executive Directors, namely Dr. Wang and Ms. Jiang Fan, and three independent non-executive Directors, namely Mr. Tao Wuping, Dr. Song Ruilin and Mr. Chan Heung Wing Anthony. The chairman of the Nomination Committee is Dr. Wang.

The primary duties of the Nomination Committee include, but are not limited to, the following:

- (i) conducting extensive search and providing the Board with suitable candidates for Directors, general managers and other members of the senior management;
- (ii) reviewing the structure, size and composition of the Board (including but not limited to, gender, age, cultural and educational background, ethnicity, skills, knowledge and experience) at least annually, assisting the Board in maintaining a board skills matrix and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
- (iii) researching and developing standards and procedures for the election of Board members, general managers and members of the senior management, and making recommendations to the Board;
- (iv) assessing the independence of the independent non-executive Directors;
- (v) supporting the Company's regular evaluation of the Board's performance; and
- (vi) dealing with other matters that are authorised by the Board.

The Nomination Committee convened two meetings during the Reporting Period. The table below sets forth the details of the attendance at these meetings:

Name of committee member	Number of meetings attended/ number of meetings
Dr. Wang	2/2
Ms. Jiang Fan	2/2
Mr. Tao Wuping	2/2
Dr. Song Ruilin	2/2
Mr. Chan Heung Wing Anthony	2/2

Corporate Governance Report (continued)

The work performed by the Nomination Committee during the Reporting Period included, among others, the following:

- reviewed the structure, size, composition and diversity of the Board;
- assessed the independence of the independent non-executive Directors; and
- reviewed and made recommendations to the Board on the nomination policy.

Director nomination policy

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

The Company has adopted a Director nomination policy (the “**Nomination Policy**”), which sets out the selection criteria and process and the Board succession planning considerations in relation to nomination and appointment of Directors. It aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company and the continuity of the Board and appropriate leadership at Board level. The Nomination Committee will review the Director Nomination Policy, as appropriate, to ensure its effectiveness.

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

- character and integrity;
- qualifications including professional qualifications, skills, knowledge and experience and diversity aspects under the Board Diversity Policy that are relevant to the Company’s business and corporate strategy;
- any measurable objectives adopted for achieving diversity on the Board;
- requirements under the Hong Kong Listing Rules that the board must include independent non-executive directors, and reference to the guidelines set out in the Hong Kong Listing Rules as to whether a candidate is regarded as independent;
- any potential contributions the candidate can bring to the Board in terms of qualifications, skills, experience, independence and diversity;
- willingness and ability to devote adequate time to discharge duties as a member of the Board and Board committee(s) of the Company.

The Nomination Policy also sets out the procedures for the selection and appointment of new Directors and re-election of Directors at general meetings. The Nomination Committee and/or the Board will assess candidates based on their profiles against established criteria. If multiple candidates qualify, they are ranked according to the Company’s needs and background verification results. The Nomination Committee then makes recommendations to the Board. The same evaluation applies to shareholder-nominated candidates, ensuring all potential Directors meet the necessary qualifications before the Nomination Committee and/or the Board makes the corresponding recommendation to Shareholders for approval at the general meeting.

Corporate Governance Report (continued)

Board diversity policy

The Board has adopted a board diversity policy (the “**Board Diversity Policy**”) which sets out the objective and approach for achieving and maintaining the diversity of the Board in order to enhance its effectiveness. In accordance with the Board Diversity Policy, the Company seeks to achieve board diversity by taking into account a number of factors, including but not limited to gender, age, industry experience, cultural and education background, professional experience, skills, knowledge and/or length of service. The ultimate selection of Board candidates will be based on merit and potential contribution to the Board having due regard to the benefits of diversity on the Board and also the specific needs of the Company without focusing on a single diversity aspect. The Directors have a balanced mix of knowledge and skills, including overall management and strategic development as well as knowledge and experience in areas such as overall management and strategic development. They obtained degrees in various areas including biochemistry, finance, business administration, biotechnology and law. Furthermore, the Board has a diverse age and gender representation. The Board currently comprises two female Directors and seven male Directors, ranging from 38 years old to 71 years old.

The Board recognises the importance of gender diversity. The Board considers that the current gender diversity in the workforce (including the Board) is satisfactory. Hence, the Board currently has not set any plans or measurable objectives to achieve gender diversity. The Board has taken and will continue to take steps to promote gender diversity at all levels of the Company, including but without limitation to gender diversity at Board and senior management levels. The Company will maintain a focus on gender diversity when recruiting staff at the mid to senior level so as to develop a pipeline of potential female successors to the Board. The Group will also identify and select several female individuals with a diverse range of skills, experience and knowledge in different fields from time to time, and maintain a list of such female individuals who possess qualities to become Board members, which will be reviewed by the Nomination Committee periodically to maintain gender diversity of the Board. Taking into account the Company’s existing business model and specific needs as well as the different backgrounds of the Directors, the Board is of the view that its composition satisfies the Board Diversity Policy.

As at 31 December 2025, the gender ratio in the workforce (including senior management) was approximately 40.4% male and 59.6% female.

The Nomination Committee is responsible for the implementation of the Board Diversity Policy and compliance with relevant codes governing board diversity under the CG Code. The Nomination Committee will review the Board Diversity Policy and the Company’s diversity profile (including gender balance) annually to ensure its continued effectiveness.

Strategy Committee

The Strategy Committee consists of three executive Directors, namely Dr. Wang, Ms. Jiang Fan and Ms. Xu Wenjie. The chairman of the Strategy Committee is Dr. Wang.

The Strategy Committee is mainly responsible for reviewing and advising on long-term strategies and major investment plan of the Company.

Corporate Governance Report (continued)

The Strategy Committee convened one meeting during the Reporting Period. The table below sets forth the details of the attendance at these meetings:

Name of committee member	Number of meetings attended/ number of meetings
Dr. WANG QINGHUA	1/1
Ms. Jiang Fan	1/1
Ms. Xu Wenjie	1/1

The work performed by the Strategy Committee during the Reporting Period included, among others, the following:

- reviewed the proposal regarding the proposed listing of the H Shares on the Main Board of the Stock Exchange.

Corporate governance functions

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

The Board reviewed the Company's corporate governance policies and practices, training and continuous professional development of Directors, Supervisors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code and the Company's compliance with the CG Code and disclosure in this corporate governance report.

DIRECTORS' AND SUPERVISORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the section headed "Directors', Supervisors' and chief executive's interests and short positions in shares, underlying shares and debentures of the company or its associated corporations" above, at no time during the Reporting Period was the Company or any of its subsidiaries or fellow subsidiaries a party to any arrangements which enable the Directors and the Supervisors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors and the Supervisors, or any of their spouses or children under 18 years of age was granted any right to subscribe for the equity or debt securities of the Company or any other body corporate nor had exercised any such right.

SUFFICIENCY OF PUBLIC FLOAT

Rule 8.08 of the Listing Rules requires there to be an open market in the securities for which listing is sought and a sufficient public float of an issuer's listed securities to be maintained. This normally means that at least 25% of the issuer's total issued share capital must at all times be held by the public.

Based on the information that is publicly available to the Company and to the knowledge of the Directors as at the latest practicable date prior to the issue of this annual report, the Company maintained sufficient public float as required under Rule 8.08 of the Listing Rules.

Corporate Governance Report (continued)

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

Since the Listing Date and up to 31 December 2025, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities. Since the Listing Date and up to 31 December 2025, the Company did not hold any treasury shares.

INTERESTS IN COMPETING BUSINESS

None of the Directors had any direct or indirect interest in a business which competed or might compete with the business of the Group as required to be disclosed under Rule 8.10 of the Listing Rules since the Listing Date and up to 31 December 2025.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the Reporting Period.

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

The statement of the independent auditor of the Company about their reporting responsibilities on the financial statements is set out in the independence Auditor's Report on pages 67 to 71 of this annual report.

AUDITOR'S REMUNERATION

During the year ended 31 December 2025, the remunerations paid or payable to Ernst & Young regarding the audit and non-audit services are set out as follows:

	Year ended 31 December 2025 RMB'000
Audit service	2,500

Corporate Governance Report (continued)

RISK MANAGEMENT AND INTERNAL CONTROL

The Group has devoted itself to establishing and maintaining risk management and internal control systems consisting of policies and procedures that it considers to be appropriate for its business operations, and the Company is dedicated to continuously improving these systems. The Board recognises its responsibility to ensure the Company maintains sound and effective internal control and risk management systems and to review their effectiveness on an ongoing basis. The Board has conducted an annual review of the effectiveness of the internal control and risk management systems of the Group for the year ended 31 December 2025.

To monitor the ongoing implementation of its risk management policies and corporate governance measures, the Company has adopted, among other things, the following risk management and internal control measures:

- (a) established the Audit Committee to review and supervise its financial reporting process and internal control system;
- (b) adopted various policies to ensure compliance with the Listing Rules, including but not limited to aspects related to risk management, connected transactions, and information disclosure;
- (c) provide regulatory trainings periodically to the senior managements and employees of the Group to enhance their knowledge and compliance with applicable laws and regulations;
- (d) procure the Directors, Supervisors and senior management to attend training sessions in respect of the relevant requirements of the Listing Rules and duties of directors of companies listed in Hong Kong.

The Group endeavours to uphold the integrity of its business by maintaining an internal control system in its organisational structure to allow for corporate compliance culture to be embedded into its day-to-day operations. The Group's internal control system and procedures are designed to meet its specific business needs and to minimise its risk exposure.

The Group has set up and implemented, among others, the following internal control measures:

- (1) a system to monitor and manage procedures to protect the confidentiality of trial participants' data;
- (2) the Group has established financial and accounting control systems to ensure the accuracy, completeness and compliance of financial reporting, and to safeguard the safe and effective use of funds;
- (3) The Group has established operational and business control systems to regulate daily operational procedures, strengthen the supervision and management of various business activities, thereby enhancing operational efficiency and risk management capabilities;
- (4) The Group has established information technology management systems to ensure the safe and stable operation of information systems, and to ensure the integrity, confidentiality and availability of data.

The Group has also implemented various risk management policies and measures to identify, assess and manage risks arising from its operations. The risk management and internal control 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. Detailed risk categories identified by the management, internal and external reporting mechanism, remedial measures and contingency management have been codified in the Group's policies.

Based on the aforementioned implementation of internal policies and risk management policies, and the annual review for the year ended 31 December 2025, the Directors are of the view that the Group has adequate and effective internal control and risk management systems in place.

The Group's management will continuously monitor and improve the procedures to ensure that the effective operation of its risk management and internal control measures is in line with the growth of its business and good corporate governance practice.

Corporate Governance Report (continued)

INSIDE INFORMATION

With respect to the procedures and internal controls for the handling and dissemination of inside information, the Company takes seriously of its obligations under Part XIVA of the SFO and the Listing Rules. The Company has adopted a continuous disclosure compliance policy which sets out guidelines and procedures to the Directors and officers of the Group to ensure inside information of the Group is to be disseminated to the public in equal and timely manner.

JOINT COMPANY SECRETARIES

Pursuant to Rule 8.17 of the Listing Rules, a listed issuer must appoint a company secretary who satisfies the requirements under Rule 3.28 of the Listing Rules. Rule 3.28 of the Listing Rules provides that a listed issuer must appoint as its company secretary an individual who, by virtue of his/her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of company secretary.

Ms. Sze Suet Ling of SWCS Corporate Services Group (Hong Kong) Limited, an external services provider, was appointed as the Company's joint company secretary. Ms. Sze Suet Ling's primary contact person of the Company is Ms. Yang Dongyan, the another joint company secretary.

Ms. Yang Dongyan has served as the legal director of the Group since 2021 and holds a Legal Professional Qualification Certificate (《法律職業資格證書》). However, Ms. Yang Dongyan does not possess any of the qualifications as stipulated in Rule 3.28 of the Listing Rules and may not be able to solely fulfill the requirements of the Listing Rules. Therefore, the Company also appointed Ms. Sze Suet Ling, who meets the requirements under Rules 3.27 and 8.17 of the Listing Rules to act as another joint company secretary and to provide assistance to Ms. Yang Dongyan so as to fully comply with the requirements set out under Rules 3.28 and 8.17 of the Listing Rules.

For the avoidance of doubt, as Ms. Yang Dongyan was appointed as a new joint company secretary in February 2026, she was not required to attend sufficient professional training as required under the Listing Rules for the year ended 31 December 2025. Further, Ms. Mak Po Man Cherie was appointed as a new joint company secretary in March 2026 (and her primary contact person of the Company is Ms. Yang Dongyan, the another joint company secretary) in replacement of the previous company secretary Ms. Sze Suet Ling, whom meets the requirements under Rules 3.27 and 8.17 of the Listing Rules. As far as the Directors are aware, the previous joint company secretaries, being (i), Ms. Jin Jin, whom Ms. Yang Dongyan replaced in February 2026; and (ii) Ms. Sze Suet Ling, whom Ms. Mak Po Man Cherie replaced in March 2026, had attended sufficient professional training as required under Rule 3.29 of the Listing Rules for the year ended 31 December 2025 to update their respective skills and knowledge. All Directors have access to the joint company secretaries' advices and services.

Corporate Governance Report (continued)

SHAREHOLDERS' RIGHTS AND INVESTOR RELATIONS

Communications with Shareholders

The Company is committed to pursue active dialogue with the Shareholders as well as to provide timely disclosure of information concerning the Company's material developments to its Shareholders, investors and other stakeholders.

The annual general meeting of the Company serves as an effective forum for communication between the Shareholders and the Board. Notice of annual general meeting together with the meeting materials will be published on the websites of the Stock Exchange and the Company, and will be despatched upon request to all Shareholders not less than 21 days before the annual general meeting. As one of the measures to safeguard the Shareholders' interests and rights, separate resolutions will be proposed at general meetings on each substantial issue, including the election of individual Directors, for Shareholders' consideration and voting. In addition, the Company regards annual general meeting as an important event, and all Directors, Supervisors, the chairman of the Board Committees and senior management will attend the annual general meeting of the Company to address the Shareholders' inquiries (if any). If the Chairman or the chairman of each Board Committee fail to attend the meeting, then other members of each Board Committee will be invited to attend the annual general meeting and answer the Shareholders' inquiries. All resolutions proposed at general meetings will be voted on by poll. The voting results will be posted on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.innogenpharm.com) on the same day of the relevant general meetings.

To promote effective communication, the Company maintains a website (www.innogenpharm.com), where the latest information and updates on its business operation and development, corporate governance practice, contact information of investor relations and other information are published for the public's access. The Board has reviewed the implementation and effectiveness of the Shareholders' communication policy of the Company. Taking into account the variety of existing channels for communication and participation, the Company is of the view that its Shareholders' communication policy was effective during the year ended 31 December 2025.

The Company will continuously review the abovementioned shareholder communication policy to ensure its continued effectiveness.

Corporate Governance Report (continued)

Procedures for Shareholder(s) to convene an extraordinary general meeting (“EGM”)

The following procedures for Shareholders to convene an EGM are prepared in accordance with the Articles of Association:

- (1) Any one or more Shareholders (the “**Requisitionist(s)**”) holding, at the date of deposit of the requisition, 10% or more of the Shares, severally or jointly, carrying the right of voting at the general meetings shall have the right, by one or several written requests of the same format and content, to require an EGM to be called by the Board for the transaction or any business specified in such requisition. The written requisition should be sent to the Company’s principal place of business at Room 409, Building H Self-numbered Creative Building No. 2 Tengfei Second Street China-Singapore Guangzhou Knowledge City Huangpu District, Guangzhou Guangdong Province, the PRC. The Board shall give a written reply on whether or not it agrees to convene such EGM within 10 days upon receipt of the aforementioned written request.
- (2) Where the Board agrees to convene the EGM, it shall serve a notice of such meeting within five days after the resolution of the Board. If the Board does not agree to convene the EGM or fails to reply within 10 days after receiving the aforementioned written request, the Requisitionist(s) making the request may request the Supervisory Committee to convene an EGM.
- (3) If the Supervisory Committee agrees to convene the EGM, it shall service a notice of such meeting within five days after the resolution is made by the Supervisory Committee. If the Supervisory Committee declines to convene an extraordinary general meeting or fails to respond within 10 days after receipt of the aforementioned written request, the requisitist(s) who has/have held, individually or jointly, 10% or more of the Company’s issued shares for not less than 90 consecutive days may convene and preside over the extraordinary general meeting in person.

Procedures for Shareholder(s) to put forward proposals at a general meeting

Shareholder(s) holding one (1) per cent or more of the Shares, individually or in aggregate, shall have the right to put forward ad hoc written proposals (the “**Proposal**”) 10 days before a general meeting. The Board shall, within two days upon receipt of such Proposal, issue a supplemental notice of general meeting and submit the Proposal to the general meeting for consideration. The contents of the Proposal shall fall within the scope of responsibilities of the general meeting and shall have clear topics and specific resolutions.

Address: Room 409, Building H Self-numbered Creative Building No. 2 Tengfei Second Street China-Singapore Guangzhou Knowledge City Huangpu District, Guangzhou Guangdong Province, the PRC or 21st Floor, Qiantan Times Square, No. 399 Haiyang West Road, Pudong New District, Shanghai, the PRC

Email: info@innogenpharm.com

Corporate Governance Report (continued)

Procedures for directing Shareholder's enquiries to the Board

The Company will not normally deal with verbal or anonymous enquiries. Shareholders may at any time send their enquiries and concerns to the Board in writing through the investor relations, whose contact details are as follows:

Address: Room 409, Building H Self-numbered Creative Building No. 2 Tengfei Second Street China-Singapore Guangzhou Knowledge City Huangpu District, Guangzhou Guangdong Province, the PRC or 21st Floor, Qiantan Times Square, No. 399 Haiyang West Road, Pudong New District, Shanghai, the PRC

Email: info@innogenpharm.com

Communication with Shareholders and investors

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies.

The Company meets the Shareholders at the annual general meeting, publishes interim and annual reports of the Company's website (www.innogenpharm.com) and the Stock Exchange's website (<http://www.hkexnews.hk>), and releases press releases on the Company's website to keep the Shareholders and potential investors abreast the Group's business and development.

Articles of Association

In preparation for Listing, the Company adopted the Articles of Association, which became effective on the Listing Date (i.e. 15 August 2025).

Upon completion of the issuance and listing of the H Shares on the Main Board of the Stock Exchange on 15 August 2025, the Company was required to make amendments to the Articles of Association and complete the filing of the relevant amendments to the Articles of Association to reflect the changes in its registered capital, total number of shares and other related matters after the Listing. For details, please refer to the announcement of the Company dated 17 December 2025.

Save as disclosed above, there has not been any other changes to the Articles of Association during the Reporting Period. An up-to-date version of the Articles of Association is also available on the Company's website (www.innogenpharm.com) and the Stock Exchange's website (<http://www.hkexnews.hk>).

Corporate Governance Report (continued)

DIVIDEND POLICY

Pursuant to code provision F.1.1 of the CG Code, the issuer should have a policy on payment of dividends. During the Reporting Period and as at the date of this annual report, the Company did not have a formal dividend policy or fixed dividend payout ratio. The Company currently intends to retain all available funds and earnings, if any, to fund the development and expansion of its business and the Company does not anticipate paying any cash dividends in the foreseeable future.

Any future determination to pay dividends will be made at the discretion of the Directors and may be based on a number of factors, including the Company's future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that the Directors may deem relevant.

The Company is not allowed to make dividend payments if it had accumulated losses. Regulations in the PRC currently permit payment of dividends of a PRC company only out of accumulated distributable after-tax profits less any recovery of accumulated losses and appropriations to statutory and other reserves that the Company is required to make, as determined in accordance with its articles of association and the accounting standards and regulations in the PRC. As a result, the Company may not have sufficient or any distributable profits to make dividend contributions to the Shareholders, even if the Company becomes profitable.

By order of the Board
Guangzhou Innogen Pharmaceutical Group Co., Ltd.
Dr. WANG QINGHUA
Chairman of the Board

Shanghai, 23 March 2026

Independent Auditor's Report



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

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

OPINION

We have audited the consolidated financial statements of Guangzhou Innogen Pharmaceutical Group Co., Ltd (the "Company") and its subsidiaries (the "Group") set out on pages 72 to 137, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with 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 ("HKSA") 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 MATTERS

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

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

Independent Auditor's Report (continued)

KEY AUDIT MATTERS (continued)

Key audit matter	How our audit addressed the key audit matter
<p><i>Cut-off of research and development expenses</i></p> <p>The Group incurred research and development (“R&D”) expenses of RMB205,779,000 in the consolidated financial statements for the year ended 31 December 2025. A large portion of the Group’s R&D expenses represent service fees paid to contract research organisations (“CROs”), a contract development manufacture organisation (“CDMO”) and clinical site management operators (“SMOs”) (collectively referred to as the “Outsourced Service Providers”).</p> <p>The R&D activities conducted with these Outsourced Service Providers are documented in detailed agreements and are typically performed over an extended period. These expenses are charged to profit or loss based on the milestone of the R&D projects. We identified the cut-off of R&D expenses as a key audit matter due to the significant amounts and the risk of not accruing R&D expenses in the appropriate reporting period.</p> <p>Related disclosures are included in notes 2.4 and 3 to the financial statements.</p>	<p>Our audit procedures to assess the cut-off of R&D expenses included the following:</p> <p>Obtaining an understanding of management’s controls in relation to the process of recognising R&D expenses, and evaluating the design of the controls and testing their implementation effectiveness;</p> <p>Reviewing, on a sampling basis, the key terms set out in the agreements with the Outsourced Service Providers and evaluating the completion status of R&D projects based on inquiry with project managers, inspection of supporting documents and by obtaining external confirmations from the Outsourced Service Providers; and</p> <p>Evaluating the adequacy of the accrued R&D expenses by comparing the subsequent milestone billings and payments with the accrued R&D expenses to determine whether these expenses were recorded in the appropriate reporting period.</p>

Independent Auditor's Report (continued)

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

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

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with 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 of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

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

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

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

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

Independent Auditor's Report (continued)

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

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

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

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 (continued)

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

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

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

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

Ernst & Young
Certified Public Accountants

Hong Kong
23 March 2026

Consolidated Statement of Profit or Loss

31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
Revenue	5	131,509	–
Cost of sales		<u>(14,452)</u>	<u>–</u>
Gross profit		117,057	–
Other income and gains	5	13,676	20,055
Research and development expenses		(205,779)	(102,511)
Administrative expenses		(77,400)	(84,460)
Selling and distribution expenses		(176,645)	(2,386)
Other expenses	6	(10,555)	(4,515)
Finance costs	8	<u>(1,717)</u>	<u>(873)</u>
LOSS BEFORE TAX	7	(341,363)	(174,690)
Income tax expense	11	<u>–</u>	<u>–</u>
LOSS FOR THE YEAR		<u>(341,363)</u>	<u>(174,690)</u>
Attributable to:			
Owners of the parent		<u>(341,363)</u>	<u>(174,690)</u>
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted (RMB)	13	<u>(0.79)</u>	<u>(0.42)</u>

Consolidated Statement of Comprehensive Income

31 December 2025

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
LOSS FOR THE YEAR	<u>(341,363)</u>	<u>(174,690)</u>
OTHER COMPREHENSIVE LOSS		
OTHER COMPREHENSIVE LOSS THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS:		
Exchange differences on translation of foreign operations	<u>(435)</u>	–
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	<u>(435)</u>	–
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	<u>(341,798)</u>	<u>(174,690)</u>
Attributable to:		
Owners of the parent	<u>(341,798)</u>	<u>(174,690)</u>

Consolidated Statement of Financial Position

31 December 2025

	<i>Notes</i>	2025 RMB'000	2024 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	19,509	13,300
Right-of-use assets	15	15,667	–
Intangible assets	16	21,582	24,094
Prepayments, other receivables and other assets	19	35,269	58,191
Total non-current assets		92,027	95,585
CURRENT ASSETS			
Inventories	17	115,941	29,035
Trade receivables	18	5,558	–
Prepayments, other receivables and other assets	19	152,733	13,300
Financial assets at fair value through profit or loss (“FVTPL”)	20	130,000	225,192
Bank deposits with initial term of over three months		105,432	45,147
Pledged bank deposits	21	233	30
Cash and cash equivalents	21	969,087	526,511
Total current assets		1,478,984	839,215
CURRENT LIABILITIES			
Trade payables	22	225,080	91,045
Other payables and accruals	23	126,206	37,312
Interest-bearing bank borrowings	24	150,261	9,900
Lease liabilities	15	3,037	–
Total current liabilities		504,584	138,257
NET CURRENT ASSETS		974,400	700,958
TOTAL ASSETS LESS CURRENT LIABILITIES		1,066,427	796,543

Consolidated Statement of Financial Position (continued)

31 December 2025

	<i>Notes</i>	2025 RMB'000	2024 RMB'000
NON-CURRENT LIABILITIES			
Other payables and accruals	23	72	72
Lease liabilities	15	<u>12,958</u>	<u>–</u>
Total non-current liabilities		<u>13,030</u>	<u>72</u>
Net assets		<u>1,053,397</u>	<u>796,471</u>
EQUITY			
Equity attributable to owners of the parent			
Share capital	25	456,819	420,263
Reserves	26	<u>596,578</u>	<u>376,208</u>
Total equity		<u>1,053,397</u>	<u>796,471</u>

Dr. Wang Qinghua
Director

Ms. Jiang Fan
Director

Consolidated Statement of Changes in Equity

Year ended 31 December 2025

	Attributable to owners of the parent					Total equity RMB'000
	Share capital RMB'000	Share premium* RMB'000	Exchange fluctuation reserve* RMB'000	Share-based payment reserve* RMB'000	Accumulated losses* RMB'000	
At 1 January 2025	420,263	1,264,215	–	609,275	(1,497,282)	796,471
Loss for the year	–	–	–	–	(341,363)	(341,363)
Exchange differences on translation of foreign operations	–	–	(435)	–	–	(435)
Total comprehensive loss for the year	–	–	(435)	–	(341,363)	(341,798)
Issue of shares from initial public offering (“IPO”) (note 25)	36,556	585,227	–	–	–	621,783
Share issue expenses	–	(38,018)	–	–	–	(38,018)
Recognition of equity-settled share-based payments (note 27)	–	–	–	14,959	–	14,959
At 31 December 2025	<u>456,819</u>	<u>1,811,424</u>	<u>(435)</u>	<u>624,234</u>	<u>(1,838,645)</u>	<u>1,053,397</u>
			Attributable to owners of the parent			
			Share-based			
	Share capital RMB'000	Share premium* RMB'000	Share-based payment reserve* RMB'000	Accumulated losses* RMB'000	Total equity RMB'000	
At 1 January 2024	397,668	1,036,810	593,239	(1,322,592)	705,125	
Total comprehensive loss for the year	–	–	–	(174,690)	(174,690)	
Shares issued (note 25)	22,595	227,405	–	–	250,000	
Recognition of equity-settled share-based payments (note 27)	–	–	16,036	–	16,036	
At 31 December 2024	<u>420,263</u>	<u>1,264,215</u>	<u>609,275</u>	<u>(1,497,282)</u>	<u>796,471</u>	

* These reserve accounts comprise the consolidated reserves of RMB596,578,000 (2024: RMB376,208,000) in the consolidated statement of financial position.

Consolidated Statement of Cash Flows

Year ended 31 December 2025

	<i>Notes</i>	2025 RMB'000	2024 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(341,363)	(174,690)
Adjustments for:			
Investment income on financial assets at FVTPL	5	(6,027)	(10,982)
Finance costs	8	1,717	873
Bank interest income	5	(7,469)	(3,822)
Foreign exchange differences, net		6,450	(697)
Depreciation of right-of-use assets	15	2,239	2,248
Amortisation of intangible assets	16	4,576	12,153
Fair value gain on financial assets at FVTPL	5	–	(192)
Gain on disposal of items of right-of-use assets	5	–	(4,152)
Loss on disposal of items of property, plant and equipment	6	–	4,451
Depreciation of items of property, plant and equipment	14	3,163	2,522
Equity-settled share-based payment	27	14,959	16,036
		<hr/>	<hr/>
Increase in trade receivables		(5,558)	–
Increase in prepayments, other receivables and other assets		(110,503)	(1,588)
Increase in inventories		(86,906)	(25,586)
Increase in pledged bank deposits		(203)	–
Increase in trade payables		134,035	2,712
Increase in other payables and accruals		91,615	16,050
		<hr/>	<hr/>
Cash used in operations		(299,275)	(164,664)
Interest received		3,740	2,045
		<hr/>	<hr/>
Net cash flows used in operating activities		(295,535)	(162,619)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		(19,971)	(3,950)
Purchase of intangible assets		(2,064)	(379)
Purchase of financial assets at fair value through profit or loss		(3,642,000)	(4,976,000)
Proceeds from disposal of financial assets at fair value through profit or loss		3,743,219	5,257,108
Proceeds from withdrawal of bank deposits with initial term of over three months		48,876	44,322
Placement of bank deposits with initial term of over three months		(105,432)	(45,147)
		<hr/>	<hr/>
Net cash flows from investing activities		22,628	275,954

Consolidated Statement of Cash Flows (continued)

Year ended 31 December 2025

	<i>Notes</i>	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of new shares		621,783	250,000
Payment of listing expense		(36,148)	(2,383)
New bank loans		172,761	9,900
Repayment of bank loans		(32,400)	(1,000)
Interest paid		(1,717)	(873)
Principal portion of lease payments		(1,911)	(805)
Net cash flows from financing activities		722,368	254,839
NET INCREASE IN CASH AND CASH EQUIVALENTS		449,461	368,174
Cash and cash equivalents at beginning of year		526,511	157,640
Effect of foreign exchange rate changes, net		(6,885)	697
CASH AND CASH EQUIVALENTS AT END OF YEAR	<i>21</i>	969,087	526,511

Notes to Financial Statements

31 December 2025

1. CORPORATE AND GROUP INFORMATION

The Company was established in the People's Republic of China (the "PRC") on 5 December 2014. The registered office address of the Company is Room 409, Building H, Self-numbered Creative Building, No. 2 Tengfei Second Street, China-Singapore Guangzhou Knowledge City, Huangpu District, Guangzhou, Guangdong Province, PRC.

The Company is an investing holding company. The Company and its subsidiaries (the "Group") are principally engaged in the research, development and commercialisation of pharmaceutical products.

The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") effective from 15 August 2025.

Information about subsidiaries

Particulars of the Company's subsidiaries are as follows:

Name	Place and date of incorporation/ registration and place of operations	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Shanghai Innogen Pharmaceutical Technology Co., Ltd. (上海銀諾醫藥技術有限公司) ("Innogen Technology") ^{1,2}	PRC/Chinese mainland 6 March 2015	RMB265,000,000	100%	–	Pharmaceutical R&D, production and sales
Shanghai Innogen Biomedical Engineering Co., Ltd. (上海銀諾生物醫藥工程有限公司) ("Innogen Engineering") ^{1,2}	PRC/Chinese mainland 22 December 2020	RMB400,000,000	100%	–	Pharmaceutical R&D and production
Guangzhou Innogen Biopharmaceutical Manufacturing Co., Ltd. (廣州銀諾生物醫藥製造有限公司) ("Guangzhou Innogen Manufacturing") ^{1,2}	PRC/Chinese mainland 10 July 2024	RMB1,000,000	100%	–	Pharmaceutical R&D and production
Haikou Innogen Pharmaceutical Technology Co., Ltd. (海口銀諾醫藥技術有限公司) ("Haikou Innogen") ^{1,2}	PRC/Chinese mainland 18 February 2025	RMB300,000,000	100%	–	Pharmaceutical production and sales
Beijing Innogen Pharmaceutical Co., Ltd. (北京銀諾醫藥有限公司) ("Beijing Innogen") ^{1,2}	PRC/Chinese mainland 05 December 2025	RMB5,000,000	100%	–	Pharmaceutical R&D and production

Notes to Financial Statements (continued)

31 December 2025

1. CORPORATE AND GROUP INFORMATION (continued)

Information about subsidiaries (continued)

Particulars of the Company's subsidiaries are as follows: (continued)

Name	Place and date of incorporation/ registration and place of operations	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Hong Kong Innogen Pharmaceutical Holdings Company Limited	Hong Kong, 10 April 2025	HKD1,000,000	–	100%	Pharmaceutical production and sales
Innogen Pharmaceutical Holdings PTE. LTD.	Singapore, 2 May 2025	SGD300,000	–	100%	Pharmaceutical R&D
Yinnuo Pharmaceuticals PTY LTD	Australia, 14 July 2025	AUD100	–	100%	Pharmaceutical R&D
Innogen Holdings PTY LTD	Australia, 23 April 2025	AUD100	–	100%	Pharmaceutical R&D

1 The English names of these companies represent the best effort made by the directors of the Company to translate the Chinese names as these companies have not been registered with any official English names.

2 These subsidiaries are limited liability companies under PRC Law.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) as issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for wealth management products which have been measured at fair value. These financial statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

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

Notes to Financial Statements (continued)

31 December 2025

2.1 BASIS OF PREPARATION (continued)

Basis of consolidation (continued)

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

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

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

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

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

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

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

Notes to Financial Statements (continued)

31 December 2025

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS

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

HKFRS 18	<i>Presentation and Disclosure in Financial Statements²</i>
HKFRS 19 and its amendments	<i>Subsidiaries without Public Accountability: Disclosures²</i>
Amendments to HKFRS 9 and HKFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments¹</i>
Amendments to HKFRS 9 and HKFRS 7	<i>Contracts Referencing Nature-dependent Electricity¹</i>
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture³</i>
Amendments to HKAS 21	<i>Translation to a Hyperinflationary Presentation Currency²</i>
<i>Annual Improvements to HKFRS Accounting Standards – Volume 11</i>	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7 ¹

¹ Effective for annual periods beginning on or after 1 January 2026

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

³ No mandatory effective date yet determined but available for adoption

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

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

Notes to Financial Statements (continued)

31 December 2025

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS (continued)

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

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

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

Notes to Financial Statements (continued)

31 December 2025

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS (continued)

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

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

- *HKFRS 7 Financial Instruments: Disclosures*: The amendments have updated certain wording in paragraph B38 of HKFRS 7 and paragraphs IG1, IG14 and IG20B of the *Guidance on implementing HKFRS 7* for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the *Guidance on implementing HKFRS 7* does not necessarily illustrate all the requirements in the referenced paragraphs of HKFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- *HKFRS 9 Financial Instruments*: The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with HKFRS 9, the lessee is required to apply paragraph 3.3.3 of HKFRS 9 and recognise any resulting gain or loss in profit or loss. However, the amendments do not address how a lessee distinguishes between a lease modification as defined in HKFRS 16 and an extinguishment of a lease liability in accordance with HKFRS 9. In addition, the amendments have updated certain wording in paragraph 5.1.3 of HKFRS 9 and Appendix A of HKFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- *HKFRS 10 Consolidated Financial Statements*: The amendments clarify that the relationship described in paragraph B74 of HKFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of HKFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- *HKAS 7 Statement of Cash Flows*: The amendments replace the term "cost method" with "at cost" in paragraph 37 of HKAS 7 following the prior deletion of the definition of "cost method". Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial statements.

Notes to Financial Statements (continued)

31 December 2025

2.4 MATERIAL ACCOUNTING POLICIES

Fair value measurement

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

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

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

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

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

Notes to Financial Statements (continued)

31 December 2025

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Impairment of non-financial assets

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

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

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

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

Related parties

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

- (a) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

Notes to Financial Statements (continued)

31 December 2025

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Related parties (continued)

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

Property, plant and equipment and depreciation

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

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

Notes to Financial Statements (continued)

31 December 2025

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation (continued)

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

Category	Principal annual rate
Office and electronic equipment	19% to 25%
Lab equipment	10% to 20%
Transportation equipment	17%
Leasehold improvement	20%

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

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

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

Intangible assets (other than goodwill)

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

Notes to Financial Statements (continued)

31 December 2025

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Intangible assets (other than goodwill) (continued)

Intellectual property

Intellectual property is recognised as an intangible asset at historical cost and amortised using the straight-line method over its estimated useful life of 10 years, which is determined by reference to the authorised useful life and management's estimation. The estimation is made considering the useful period of the intellectual property. It is subsequently carried at cost less accumulated amortisation and impairment losses.

Software

Purchased software is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful life of 1 year to 3 years.

Research and development expenses

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

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

Leases

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

Group as a lessee

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

Notes to Financial Statements (continued)

31 December 2025

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Leases (continued)

Group as a lessee (continued)

(a) Right-of-use assets

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

Office and laboratory premises	5 years
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If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease.

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

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

Notes to Financial Statements (continued)

31 December 2025

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Leases (continued)

Group as a lessee (continued)

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

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

Investments and other financial assets

Initial recognition and measurement

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

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

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

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

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

Notes to Financial Statements (continued)

31 December 2025

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)

Subsequent measurement

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

Financial assets at amortised cost (debt instruments)

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

Financial assets at fair value through profit or loss

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

Derecognition of financial assets

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

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

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

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

Notes to Financial Statements (continued)

31 December 2025

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Impairment of financial assets

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

General approach

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

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

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

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

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

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

Notes to Financial Statements (continued)

31 December 2025

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

Simplified approach

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

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings, or payables, as appropriate.

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

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

Subsequent measurement

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

Financial liabilities at amortised cost

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

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

Notes to Financial Statements (continued)

31 December 2025

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Derecognition of financial liabilities

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

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

Inventories

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

Cash and cash equivalents

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

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

Income tax

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

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

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

Notes to Financial Statements (continued)

31 December 2025

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Income tax (continued)

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

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

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

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

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

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

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

Notes to Financial Statements (continued)

31 December 2025

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Government grants

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

Revenue recognition

Revenue from contracts with customers

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

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

The Group is mainly engaged in the sale of pharmaceutical products.

Sale of pharmaceutical products

The Group sells pharmaceutical products to third-party contract sales organisations. Revenue from the sale of goods is recognised at the point when control of the products is transferred to the third-party contract sales organisations, generally on receipt of the goods.

Other income

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

Notes to Financial Statements (continued)

31 December 2025

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Share-based payments

The Group operates a restricted share scheme. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments (“equity-settled transactions”).

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer, further details of which are given in note 27 to the financial statements.

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

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

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

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

Notes to Financial Statements (continued)

31 December 2025

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Other employee benefits

Pension scheme

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

Housing fund – Chinese Mainland

The Group contributes on a monthly basis to a defined contribution housing fund plan operated by the local municipal government. Contributions to this plan by the Group are expensed as incurred.

Events after the reporting period

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

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements.

Notes to Financial Statements (continued)

31 December 2025

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Foreign currencies

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

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

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

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

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of the overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of the overseas subsidiaries which arise throughout the reporting period are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

Notes to Financial Statements (continued)

31 December 2025

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgements

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

Research and development expenses

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

Estimation uncertainty

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

Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

Notes to Financial Statements (continued)

31 December 2025

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

Impairment of property, plant and equipment, intangible assets and right-of-use assets

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, intangible assets and right-of-use assets to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss.

The recoverable amount of property, plant and equipment, intangible assets and right-of-use assets is estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

At the end of the reporting period, no indication of impairment for property, plant and equipment, intangible assets and right-of-use assets was identified by the Group.

Useful lives of intangible assets

Management determines the useful lives, residual values and related amortisation charges for the Group's intangible assets. These estimates are based on the historical experience of the actual useful lives and residual values of intangible assets with similar nature and functions. They could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. Management will increase the amortisation charge where useful lives or residual values are less than previously estimated, or it will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives. Periodic reviews could result in changes in amortisable lives and hence amortisation in future periods.

Details of intangible assets carried as assets in the consolidated statement of financial position are disclosed in note 16.

Notes to Financial Statements (continued)

31 December 2025

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

Variable consideration for sales rebates

The Group estimates variable consideration to be included in the transaction price for the sale of pharmaceutical products with rights to sales rebates.

The Group's expected volume rebates are analysed on a per customer basis for contracts. Determining whether a customer is likely to be entitled to a rebate depends on the customer's historical rebate entitlement and estimated sales amount for end users.

The Group has applied a statistical model for estimating expected rebates for contracts. The model uses the historical purchasing patterns and rebate entitlements of customers to determine the expected rebate percentages and the expected value of the variable consideration. Any significant changes in experience as compared to historical purchasing patterns and rebate entitlements of customers will impact the expected rebate percentages estimated by the Group.

The Group updates its assessment of expected rebates monthly. Estimates of expected rebates are sensitive to changes in circumstances and the Group's past experience regarding rebate entitlements may not be representative of customers' actual rebate entitlements in the future. As at 31 December 2025, the amount recognised as rebates was RMB9,612,778.

4. OPERATING SEGMENT INFORMATION

Operating Segment information

The Group's operation is solely the sale of pharmaceutical products. For the purpose of resource allocation and performance assessment, the chief operating decision maker ("CODM") (i.e., the chief executive officer) reviews the overall results and financial position of the Group as a whole prepared based on the same accounting policies set out in note 2.4. Accordingly, the Group has only one single operating segment and no further analysis of the single segment is presented.

Geographical information

Since all of the Group's non-current assets were located in the Chinese mainland and all of the revenue of the Group is derived from operations in the Chinese mainland during the reporting period, no geographical information in accordance with HKFRS 8 *Operating Segments* is presented.

Information about a major customer

Revenue from a major customer which accounted for 10% or more of the Group's revenue during the reporting period is set out below:

	2025 RMB'000
Client A	51,285

Notes to Financial Statements (continued)

31 December 2025

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Revenue from contracts with customers	<u>131,509</u>	<u>–</u>

Revenue from contracts with customers**(a) Disaggregated revenue information**

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Type of goods or services		
Sale of pharmaceutical products	<u>131,509</u>	<u>–</u>
Geographical market		
Chinese mainland	<u>131,509</u>	<u>–</u>
Timing of revenue recognition		
Goods transferred at a point in time	<u>131,509</u>	<u>–</u>

All the revenue from contracts with customers is derived from external customers.

(b) Performance obligation

Information about the Group's performance obligation is summarised below:

Sale of pharmaceutical products

For majority of the sales transactions, customers make advance payment before the products are delivered to them, and for certain sales transactions, payment is due within 30 days from delivery.

Notes to Financial Statements (continued)

31 December 2025

5. REVENUE, OTHER INCOME AND GAINS (continued)

An analysis of other income and gains is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Other income		
Investment income on financial assets at FVTPL	6,027	10,982
Bank interest income	7,469	3,822
Total other income	13,496	14,804
Gains		
Foreign exchange gains	–	697
Fair value gains on financial assets at FVTPL	–	192
Gain on termination of a lease contract	–	4,152
Others	180	210
Total gains	180	5,251
Total other income and gains	13,676	20,055

6. OTHER EXPENSES

An analysis of other expenses is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Foreign exchange losses	6,450	–
Donations	3,992	–
Others	66	50
Impairment losses, net of reversal trade receivables, prepayments, other receivables and other assets under ECL model	47	14
Loss on disposal of items of property, plant and equipment	–	4,451
Total	10,555	4,515

Notes to Financial Statements (continued)

31 December 2025

7. LOSS BEFORE TAX

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

	<i>Notes</i>	2025 RMB'000	2024 <i>RMB'000</i>
Cost of inventories sold		14,452	–
Depreciation of plant and equipment	14	3,163	2,522
Amortisation of intangible assets	16	4,576	12,153
Depreciation of right-of-use assets	15	2,239	2,248
Interest on lease liabilities	15	439	858
Lease payments not included in the measurement of lease liabilities	15	3,007	3,336
Bank interest income	5	(7,469)	(3,822)
Foreign exchange losses/(gains)		6,450	(697)
Listing expense		18,690	18,858
Gain on termination of a lease contract	5	–	(4,152)
Auditors' remuneration		2,500	1,550
Employee benefit expenses (including directors' and chief executive's remuneration (note 9))			
Salaries and bonuses		59,653	45,675
Social welfare and other benefits		10,179	6,683
Staff welfare expenses		513	407
Share-based payment expenses		10,694	16,036
Total		81,039	68,801

8. FINANCE COSTS

	2025 RMB'000	2024 <i>RMB'000</i>
Interest on bank loans	1,278	15
Interest on lease liabilities (note 15(c))	439	858
Total	1,717	873

Notes to Financial Statements (continued)

31 December 2025

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

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

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Fees	<u>760</u>	<u>240</u>
Other emoluments:		
Salaries and bonuses	11,442	11,143
Share-based payment expenses	2,672	12,842
Social welfare and other benefits	<u>438</u>	<u>435</u>
Subtotal	<u>14,552</u>	<u>24,420</u>
Total	<u>15,312</u>	<u>24,660</u>

(a) Independent non-executive directors

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

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Dr. Song Ruilin (a)	320	55
Mr. Tao Wuping (b)	220	130
Ms. Yee Pui Fonk Janet (c)	110	55
Mr. Chan Heung Wing Anthony (d)	<u>110</u>	<u>–</u>
Total	<u>760</u>	<u>240</u>

Notes:

- (a) Dr. Song Ruilin was appointed as an independent non-executive director in October 2024.
- (b) Mr. Tao Wuping was appointed as an independent non-executive director in November 2022.
- (c) Ms. Yee Pui Fonk Janet was appointed as an independent non-executive director in October 2024 and resigned as a non-executive director of the Company in May 2025.
- (d) Mr. Chan Heung Wing Anthony was appointed as an independent non-executive director in May 2025.

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

Notes to Financial Statements (continued)

31 December 2025

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)**(b) Executive directors, non-executive directors and the chief executive**

	Salaries and bonuses <i>RMB'000</i>	Social welfare and other benefits <i>RMB'000</i>	Share-based payment expenses <i>RMB'000</i>	Total <i>RMB'000</i>
2025				
Executive directors:				
Ms. Jiang Fan (a)	3,235	146	2,668	6,049
Dr. Wang Qinghua (b)	4,050	–	–	4,050
Mr. Huang Bing (c)	855	146	1,619	2,620
Ms. Xu Wenjie (d)	3,302	146	(1,615)	1,833
Non-executive directors:				
Mr. Ho Kyung Shik (e)	–	–	–	–
Mr. Heng Lei (f)	–	–	–	–
Total	11,442	438	2,672	14,552
	<i>Salaries and bonuses RMB'000</i>	<i>Social welfare and other benefits RMB'000</i>	<i>Share-based payment expenses RMB'000</i>	<i>Total RMB'000</i>
2024				
Executive directors:				
Ms. Xu Wenjie (d)	3,299	145	5,527	8,971
Ms. Jiang Fan (a)	3,007	145	4,553	7,705
Dr. Wang Qinghua (b)	3,992	–	–	3,992
Mr. Huang Bing (c)	845	145	2,762	3,752
Non-executive directors:				
Mr. Ho Kyung Shik (e)	–	–	–	–
Mr. Heng Lei (f)	–	–	–	–
Total	11,143	435	12,842	24,420

Notes to Financial Statements (continued)

31 December 2025

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

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

Notes:

- (a) Ms. Jiang Fan was appointed as an executive director in November 2022.
- (b) Dr. Wang Qinghua was appointed as an executive director in December 2014. Dr. Wang is also the chief executive officer of the Company and his remuneration disclosed above included the services rendered by him as the chief executive.
- (c) Mr. Huang Bing was appointed as an executive director in November 2022.
- (d) Ms. Xu Wenjie was appointed as an executive director in November 2022.
- (e) Mr. Ho Kyung Shik was appointed as a non-executive director in December 2020.
- (f) Mr. Heng Lei was appointed as a non-executive director in October 2024.

During prior years, certain directors were granted restricted shares, in respect of their services to the Group, under the incentive scheme of the Company, which have been recognised in profit or loss over the vesting period, were determined as at the date of grant and the amount included in the financial statements for the reporting period is included in the above directors' and chief executive's remuneration disclosures.

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2024: Nil).

10. FIVE HIGHEST PAID EMPLOYEES

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

	2025 RMB'000	2024 RMB'000
Salaries and bonuses	1,932	732
Social welfare and other benefits	146	145
Share-based payment expenses	—	1,518
Total	<u>2,078</u>	<u>2,395</u>

Notes to Financial Statements (continued)

31 December 2025

10. FIVE HIGHEST PAID EMPLOYEES (continued)

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

	2025	2024
HKD2,000,001 to HKD2,500,000	<u>1</u>	<u>1</u>
Total	<u>1</u>	<u>1</u>

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

11. INCOME TAX

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

Chinese mainland

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the Enterprise Income Tax ("EIT") rate for the PRC subsidiaries was 25% during the year. No Chinese mainland income tax was provided for as the Company and all its subsidiaries were in a loss position and had no estimated assessable profits.

One of the Group's PRC subsidiaries was qualified as a small and micro enterprise and was entitled to a preferential corporate income tax rate of 20% during the reporting period.

Hong Kong

The subsidiary incorporated in Hong Kong and registered as a Hong Kong tax resident was subject to income tax at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the reporting period. The first HKD2,000,000 of assessable profits of the subsidiary were taxed at 8.25% and the remaining assessable profits were taxed at 16.5%.

Singapore

The subsidiary incorporated in Singapore and registered as a Singapore tax resident was subject to income tax at the rate of 17% on the estimated assessable profits arising in Singapore during the reporting period.

Australia

The subsidiaries incorporated in Australia and registered as Australia tax residents were subject to income tax at the rate of 25% on the estimated assessable profits arising in Australia during the reporting period.

Notes to Financial Statements (continued)

31 December 2025

11. INCOME TAX (continued)

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

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Loss before tax	(341,363)	(174,690)
Tax at the statutory tax rate 25%	(85,341)	(43,673)
Lower tax rate enacted by local authority	435	–
Additional deductible allowance for qualified research and development expenses	(45,905)	(25,609)
Deductible temporary differences and tax losses not recognised	123,021	65,051
Expenses not deductible for tax	7,790	4,231
Tax charge at the Group's effective rate	–	–

The Group has accumulated tax losses arising in the Chinese mainland of RMB1,624,490,000 as at 31 December 2025 that will expire in one to five years for offsetting against future taxable profits of the Group (2024: RMB1,226,768,000).

The Group also has accumulated tax losses in overseas subsidiaries of RMB24,709,000 in aggregate as at 31 December 2025 (2024: Nil), that will be carried forward indefinitely for offsetting against future taxable profits of the companies in which the losses arose.

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

12. DIVIDENDS

No dividend was paid or declared by the Company during the year (2024: Nil).

Notes to Financial Statements (continued)

31 December 2025

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

The calculation of the basic loss per share amount is based on the loss for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares outstanding during the year.

The Group had no potentially dilutive ordinary shares in issue and no adjustment has been made to the basic loss per share amount during the year (2024: Nil).

The calculation of basic loss per share is based on:

	2025 RMB'000	2024 RMB'000
Loss		
Loss attributable to ordinary equity holders of the parent, used in the basic loss per share calculation	(341,363)	(174,690)
Shares		
Weighted average number of ordinary shares outstanding during the year, used in the basic loss per share calculation	434,084	419,646

Notes to Financial Statements (continued)

31 December 2025

14. PROPERTY, PLANT AND EQUIPMENT

	Office and electronic equipment RMB'000	Lab equipment RMB'000	Transportation equipment RMB'000	Construction in progress RMB'000	Leasehold improvement RMB'000	Total RMB'000
As at 31 December 2025						
At 1 January 2025						
Cost	2,415	21,625	520	–	147	24,707
Accumulated depreciation	(1,259)	(9,606)	(520)	–	(22)	(11,407)
Net carrying amount	<u>1,156</u>	<u>12,019</u>	<u>–</u>	<u>–</u>	<u>125</u>	<u>13,300</u>
At 1 January 2025, net of accumulated depreciation	1,156	12,019	–	–	125	13,300
Additions	5	–	–	5,839	5,331	11,175
Transfers	2,804	–	713	(5,320)	–	(1,803)
Depreciation provided during the year	(600)	(2,075)	(76)	–	(412)	(3,163)
At 31 December 2025, net of accumulated depreciation	<u>3,365</u>	<u>9,944</u>	<u>637</u>	<u>519</u>	<u>5,044</u>	<u>19,509</u>
At 31 December 2025:						
Cost	5,224	21,625	1,233	519	5,478	34,079
Accumulated depreciation	(1,859)	(11,681)	(596)	–	(434)	(14,570)
Net carrying amount	<u>3,365</u>	<u>9,944</u>	<u>637</u>	<u>519</u>	<u>5,044</u>	<u>19,509</u>
As at 31 December 2024						
At 1 January 2024:						
Cost	1,543	20,362	520	4,451	–	26,876
Accumulated depreciation	(928)	(7,437)	(520)	–	–	(8,885)
Net carrying amount	<u>615</u>	<u>12,925</u>	<u>–</u>	<u>4,451</u>	<u>–</u>	<u>17,991</u>
At 1 January 2024, net of accumulated depreciation	615	12,925	–	4,451	–	17,991
Additions	872	1,263	–	–	147	2,282
Depreciation provided during the year	(331)	(2,169)	–	–	(22)	(2,522)
Disposals	–	–	–	(4,451)	–	(4,451)
At 31 December 2024, net of accumulated depreciation	<u>1,156</u>	<u>12,019</u>	<u>–</u>	<u>–</u>	<u>125</u>	<u>13,300</u>
At 31 December 2024:						
Cost	2,415	21,625	520	–	147	24,707
Accumulated depreciation	(1,259)	(9,606)	(520)	–	(22)	(11,407)
Net carrying amount	<u>1,156</u>	<u>12,019</u>	<u>–</u>	<u>–</u>	<u>125</u>	<u>13,300</u>

As at 31 December 2025, none of the Group's property, plant and equipment was pledged (2024: Nil).

Notes to Financial Statements (continued)

31 December 2025

15. LEASES**The Group as a lessee**

The Group has lease contracts for office and laboratory premises used in its operations. Leases of office premises generally have lease terms of 5 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

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

	Office and laboratory premises RMB'000
As at 1 January 2024	36,863
Depreciation charge	(2,248)
Disposals	(34,615)
As at 31 December 2024 and 1 January 2025	–
Additions	17,906
Depreciation charge	(2,239)
As at 31 December 2025	15,667

Notes to Financial Statements (continued)

31 December 2025

15. LEASES (continued)

The Group as a lessee (continued)

(b) Lease liabilities

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

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Carrying amount at 1 January	–	45,586
Additions	17,906	–
Accretion of interest recognised during the year	439	858
Disposal	–	(44,781)
Lease payment	(2,350)	(1,663)
	15,995	–
Carrying amount at 31 December	15,995	–
Analysed into:		
Current portion	3,037	–
Non-current portion	12,958	–

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

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

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Lease payments in respect of short-term leases	3,007	3,336
Depreciation of right-of-use assets	2,239	2,248
Interest on lease liabilities	439	858
	5,685	6,442
Total amount recognised in profit or loss	5,685	6,442

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

Notes to Financial Statements (continued)

31 December 2025

16. INTANGIBLE ASSETS

	Intellectual property RMB'000	Software RMB'000	Total RMB'000
31 December 2025			
At 1 January 2025:			
Cost	129,870	772	130,642
Accumulated amortisation	(106,203)	(345)	(106,548)
Net carrying amount	<u>23,667</u>	<u>427</u>	<u>24,094</u>
At 1 January 2025, net of accumulated amortisation	23,667	427	24,094
Additions	–	261	261
Transfers	–	1,803	1,803
Amortisation provided during the year	(4,000)	(576)	(4,576)
At 31 December 2025, net of accumulated amortisation	<u>19,667</u>	<u>1,915</u>	<u>21,582</u>
At 31 December 2025:			
Cost	129,870	2,836	132,706
Accumulated amortisation	(110,203)	(921)	(111,124)
Net carrying amount	<u>19,667</u>	<u>1,915</u>	<u>21,582</u>
31 December 2024			
At 1 January 2024:			
Cost	129,870	393	130,263
Accumulated amortisation	(94,217)	(178)	(94,395)
Net carrying amount	<u>35,653</u>	<u>215</u>	<u>35,868</u>
At 1 January 2024, net of accumulated amortisation	35,653	215	35,868
Additions	–	379	379
Amortisation provided during the year	(11,986)	(167)	(12,153)
At 31 December 2024, net of accumulated amortisation	<u>23,667</u>	<u>427</u>	<u>24,094</u>
At 31 December 2024:			
Cost	129,870	772	130,642
Accumulated amortisation	(106,203)	(345)	(106,548)
Net carrying amount	<u>23,667</u>	<u>427</u>	<u>24,094</u>

Notes to Financial Statements (continued)

31 December 2025

17. INVENTORIES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Finished goods	74,388	–
Raw materials	36,026	29,035
Work in progress	5,527	–
Total	115,941	29,035

18. TRADE RECEIVABLES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Trade receivables	5,571	–
Impairment	(13)	–
Total	5,558	–

The Group's trading terms with its customers are mainly payment within 30 days from delivery. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other enhancements over its trade receivables balances. Trade receivables are non-interest-bearing.

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

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Within 1 year	5,558	–

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Notes to Financial Statements (continued)

31 December 2025

18. TRADE RECEIVABLES (continued)

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

As at 31 December 2025

	Within 1 year	Total
Expected credit loss rate	0.23%	0.23%
Gross carrying amount (RMB'000)	5,571	5,571
Expected credit losses (RMB'000)	<u>13</u>	<u>13</u>

19. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2025 RMB'000	2024 RMB'000
Non-current:		
Prepayments for long-term assets	33,989	46,340
Deposits of lease	1,280	–
Value-added tax recoverable	–	11,851
Total	<u>35,269</u>	<u>58,191</u>
Current:		
Value-added tax recoverable	26,047	6,676
Prepayments for suppliers	15,142	1,854
Deferred listing expense	–	3,591
Other receivables	111,479	1,215
Others	<u>265</u>	<u>129</u>
Impairment allowance	152,933 (200)	13,465 (165)
Total	<u>152,733</u>	<u>13,300</u>

The financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts. The balances are interest-free and are not secured by collateral.

Notes to Financial Statements (continued)

31 December 2025

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Wealth management products	<u>130,000</u>	<u>225,192</u>

As at 31 December 2025, the financial assets at fair value through profit or loss represented wealth management products issued by banks, with expected return rates ranging from 0.6% to 1.91% per annum (2024: 0.5% to 2.46%).

The fair values are based on cash flows discounted using the expected yield rates and are within Level 2 of the fair value hierarchy.

21. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Cash at banks	<u>969,320</u>	526,541
Less: Pledged deposits	<u>(233)</u>	(30)
Cash and cash equivalents	<u>969,087</u>	<u>526,511</u>
Denominated in		
RMB	<u>473,714</u>	526,511
USD	<u>304,766</u>	–
HKD	<u>183,616</u>	–
AUD	<u>6,991</u>	–
Total	<u>969,087</u>	<u>526,511</u>

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

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

Notes to Financial Statements (continued)

31 December 2025

22. TRADE PAYABLES

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

	2025 RMB'000	2024 RMB'000
Current and within 1 year	225,080	91,045

The trade payables are non-interest-bearing and are normally settled on terms of 1 to 3 months.

23. OTHER PAYABLES AND ACCRUALS

	2025 RMB'000	2024 RMB'000
Non-current:		
Other payables	72	72
Current:		
Accrued expenses	70,356	15,011
Deposits	29,200	–
Payroll payable	15,295	14,223
Other payables*	10,135	6,365
Other tax payables	1,220	713
Advances from disposal of property, plant and equipment	–	1,000
Total	126,206	37,312

* Other payables are non-interest-bearing and repayable on demand.

Notes to Financial Statements (continued)

31 December 2025

24. INTEREST-BEARING BANK BORROWINGS

	Effective interest rate (%)	2025 Maturity	2025 <i>RMB'000</i>	Effective interest rate (%)	2024 Maturity	2024 <i>RMB'000</i>
Unsecured bank loans	2.11-2.70	2026	<u>150,261</u>	2.70	February 2025	<u>9,900</u>
					2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Analysed into:						
Bank loans:						
Within one year					<u>150,261</u>	<u>9,900</u>

Bank loans are denominated in RMB. The Group's bank loans are unsecured, bear interest at 2.11% to 2.70% per annum and are repayable within one year.

Notes to Financial Statements (continued)

31 December 2025

25. SHARE CAPITAL**Shares**

	2025 RMB'000	2024 RMB'000
Issued and fully paid: 456,819,349 (2024: 420,262,949) shares of RMB1 each	456,819	420,263

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

	Number of shares in issue	Share capital RMB'000
At 1 January 2024	397,668,166	397,668
Capital contribution from Series B+ investors (note a)	22,594,783	22,595
At 31 December 2024 and 1 January 2025	420,262,949	420,263
Issue of shares from IPO (note b)	36,556,400	36,556
At 31 December 2025	456,819,349	456,819

Notes:

- (a) Pursuant to a share purchase agreement entered into among Series B+ investors and all then shareholders of the Company, Series B+ investors injected RMB250,000,000 into the Company in 2024, with RMB22,594,783, representing 22,594,783 ordinary shares of the Company, and RMB227,405,217 credited to the Company's share capital and share premium, respectively.
- (b) In connection with the Company's Hong Kong Public Offering and the International Offering on 15 August 2025, 36,556,400 ordinary shares of RMB1.00 each were issued and allotted at an offer price of HKD18.68 per share for a total gross consideration of HKD682,873,552 (equivalent to RMB621,783,684).

Notes to Financial Statements (continued)

31 December 2025

26. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity of the financial statements.

(a) Share premium

The share premium of the Group represents the difference between the par value of the shares issued and the consideration received.

(b) Share-based payment reserve

The share-based payment reserve represents the equity-settled share awards as set out in note 27 to the consolidated financial statements.

(c) Exchange fluctuation reserve

The exchange fluctuation reserve represents the difference arising from the translation of financial statements of companies within the Group that have functional currencies different from RMB, the presentation currency of the Group, for the financial statements of the Group.

27. SHARE-BASED PAYMENTS

2023 Employee Incentive Scheme

A share incentive plan ("Employee Incentive Scheme") was approved by the shareholders of the Company on 28 March 2023 and became effective on the same day. Restricted shares under the Employee Incentive Scheme were granted to the employees who promote the success of the Group's operations. Guangzhou Nuopa Enterprise Management Partnership (Limited Partnership) (廣州諾帕企業管理合夥企業(有限合夥)) ("Guangzhou Nuopa"), Guangzhou Nuosu Enterprise Management Partnership (Limited Partnership)(廣州諾蘇企業管理合夥企業(有限合夥)) ("Guangzhou Nuosu") and Guangzhou Nuotai Enterprise Management Partnership (Limited Partnership) (廣州諾肽企業管理合夥企業(有限合夥)) ("Guangzhou Nuotai") were used as restricted share platforms to facilitate the administration of the Employee Incentive Scheme. 65,375,000 shares of the Company, of which 32,775,000 were held by Guangzhou Nuopa, 28,960,000 were held by Guangzhou Nuosu and 3,640,000 were held by Guangzhou Nuotai, were authorised and approved under the Employee Incentive Scheme. Pursuant to the Employee Incentive Scheme, the subscription price was RMB1.00 per restricted share.

Subject to the terms and conditions as set out in the Employee Incentive Scheme, restricted shares vest in portions on 31 December 2023, 2024, 2025 and 2026, respectively, except for Dr. Wang, whose shares vested in full in September 2023. In 2024, 1,940,000 restricted shares were granted and shall vest in portions on 31 December 2025 and 31 December 2026, respectively.

Notes to Financial Statements (continued)

31 December 2025

27. SHARE-BASED PAYMENTS (continued)

The following restricted shares were outstanding under the Employee Incentive Scheme during the year:

	Number of restricted shares
As at 1 January 2024	9,028,426
Granted during the year	1,940,000
Forfeited during the year	(1,897,000)
Vested during the year	(2,367,220)
As at 31 December 2024 and 1 January 2025	6,704,206
Forfeited during the year	(1,499,970)
Vested during the year	(2,269,000)
As at 31 December 2025	2,935,236

Share-based payment expenses of RMB14,959,000 were charged to profit or loss during the year (2024: RMB16,036,000).

The fair value of the restricted shares as at the grant date was determined with reference to the fair value of ordinary shares on the grant date, using the backsolve method.

28. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS**(a) Major non-cash transactions**

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB17,906,000 (2024: Nil) and RMB17,906,000 (2024: Nil), respectively, in respect of lease arrangements for office premises.

Notes to Financial Statements (continued)

31 December 2025

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

(b) Changes in liabilities arising from financing activities

	Lease liabilities <i>RMB'000</i>	Interest- bearing bank borrowings <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2024	45,586	1,000	46,586
Changes from financing cash flows	(1,663)	8,885	7,222
Disposal of lease liabilities	(44,781)	–	(44,781)
Interest expense	–	15	15
Accretion of interest recognised during the year	858	–	858
At 31 December 2024 and 1 January 2025	–	9,900	9,900
Changes from financing cash flows	(2,350)	139,083	136,733
New lease	17,906	–	17,906
Interest expense	–	1,278	1,278
Accretion of interest recognised during the year	439	–	439
At 31 December 2025	15,995	150,261	166,256

(c) Total cash outflow for leases

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

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Within operating activities	3,007	3,336
Within financing activities	2,350	1,663
Total	5,357	4,999

Notes to Financial Statements (continued)

31 December 2025

29. COMMITMENTS

The Group had the following contractual commitments at the end of the year:

	2025 RMB'000	2024 RMB'000
Contracted, but not provided for the purchase of items of property, plant and equipment	18,830	24,893

30. RELATED PARTY TRANSACTIONS

- (a) The Group had no transactions and balances with related parties during the year.
- (b) Compensation of key management personnel of the Group

	2025 RMB'000	2024 RMB'000
Salaries and bonuses	12,827	11,143
Share-based payment expenses	3,561	12,842
Social welfare and other benefits	703	435
Total	17,091	24,420

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

Notes to Financial Statements (continued)

31 December 2025

31. FINANCIAL INSTRUMENTS BY CATEGORY

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

2025

Financial assets

	Financial assets at fair value through profit or loss <i>RMB'000</i>	Financial assets at amortised cost <i>RMB'000</i>	Total <i>RMB'000</i>
Cash and cash equivalents	–	969,087	969,087
Financial assets at fair value through profit or loss	130,000	–	130,000
Financial assets included in prepayments, other receivables and other assets	–	112,559	112,559
Bank deposits with initial term of over three months	–	105,432	105,432
Trade receivables	–	5,558	5,558
Pledged bank deposits	–	233	233
Total	<u>130,000</u>	<u>1,192,869</u>	<u>1,322,869</u>

Financial liabilities

	Financial liabilities at amortised cost <i>RMB'000</i>
Trade payables	225,080
Interest-bearing bank and other borrowings	152,423
Lease liabilities	15,995
Financial liabilities included in other payables and accruals (note 23)	<u>39,407</u>
Total	<u>432,905</u>

Notes to Financial Statements (continued)

31 December 2025

31. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

2024

Financial assets

	Financial assets at fair value through profit or loss <i>RMB'000</i>	Financial assets at amortised cost <i>RMB'000</i>	Total <i>RMB'000</i>
Cash and cash equivalents	–	526,511	526,511
Financial assets at fair value through profit or loss	225,192	–	225,192
Bank deposits with initial term of over three months	–	45,147	45,147
Financial assets included in prepayments, other receivables and other assets	–	1,050	1,050
Pledged bank deposits	–	30	30
Total	<u>225,192</u>	<u>572,738</u>	<u>797,930</u>

Financial liabilities

	Financial liabilities at amortised cost <i>RMB'000</i>
Trade payables	91,045
Interest-bearing bank and other borrowings	9,900
Financial liabilities included in other payables and accruals (note 23)	<u>6,437</u>
Total	<u>107,382</u>

Notes to Financial Statements (continued)

31 December 2025

31. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

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

The Group's finance department is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the finance manager. The valuation process and results are discussed with the directors of the Company twice a year for interim and annual financial reporting.

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

The fair values of the financial assets at FVTPL have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

32. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Fair value hierarchy

Assets measured at fair value:

As at 31 December 2025

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Wealth management products	–	130,000	–	130,000

Notes to Financial Statements (continued)

31 December 2025

32. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)**Fair value hierarchy** (continued)**Assets measured at fair value:** (continued)

As at 31 December 2024

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Wealth management products	–	225,192	–	225,192

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

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments mainly comprise cash and bank balances, wealth management products and interest-bearing bank borrowings. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables, financial assets included in prepayments, other receivables and other assets, and trade payables, which arise directly from its operations.

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

Notes to Financial Statements (continued)

31 December 2025

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Foreign currency risk

Foreign currency risk is the risk of loss resulting from changes in foreign currency exchange rates. Fluctuations in exchange rates between RMB and other currencies in which the Group conducts business may affect the Group's financial condition and results of operations.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in foreign currency exchange rates, with all other variables held constant, of the Group's loss before tax (arising from USD, HKD and AUD denominated financial instruments) and the Group's equity (due to changes in the fair value of monetary assets).

	Increase/ (decrease) in rate of foreign exchange %	(Decrease)/ increase in loss before tax RMB'000	Increase/ (decrease) in equity RMB'000
31 December 2025			
If RMB weakens against the USD	5	(20,511)	20,511
If RMB strengthens against the USD	(5)	20,511	(20,511)
If RMB weakens against the HKD	5	(9,191)	9,191
If RMB strengthens against the HKD	(5)	9,191	(9,191)
If RMB weakens against the AUD	5	(350)	350
If RMB strengthens against the AUD	(5)	350	(350)
31 December 2024			
If RMB weakens against the USD	5	(2,251)	2,251
If RMB strengthens against the USD	(5)	2,251	(2,251)

Credit risk

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

The credit risk of the Group's trade receivables and other financial assets, which comprise cash and cash equivalents and financial assets included in prepayments, other receivables and other assets, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

Notes to Financial Statements (continued)

31 December 2025

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**Maximum exposure and year-end staging**

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

The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2025

	12-month ECLs		Lifetime ECLs		Total RMB'000
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	
Cash and cash equivalents	969,087	–	–	–	969,087
Financial assets included in prepayments, other receivables and other assets**	112,759	–	(200)	–	112,559
Bank deposits with initial term of over three months	105,432	–	–	–	105,432
Trade receivables*	–	–	–	5,571	5,571
Pledged bank deposits	233	–	–	–	233
Total	<u>1,187,511</u>	<u>–</u>	<u>(200)</u>	<u>5,571</u>	<u>1,192,882</u>

Notes to Financial Statements (continued)

31 December 2025

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Maximum exposure and year-end staging (Continued)

As at 31 December 2024

	12-month ECLs Stage 1 RMB'000	Lifetime ECLs Stage 2 Stage 3 RMB'000		Total RMB'000
Cash and cash equivalents	526,511	–	–	526,511
Bank deposits with initial term of over three months	45,147	–	–	45,147
Financial assets included in prepayments, other receivables and other assets**	1,215	–	(165)	1,050
Pledged bank deposits	30	–	–	30
Total	572,903	–	(165)	572,738

* For trade receivables to which the Group applies the simplified approach for impairment, information is disclosed in note 18 to the consolidated financial statements.

** The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be “normal” when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be “doubtful”.

Notes to Financial Statements (continued)

31 December 2025

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**Liquidity risk**

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

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

	As at 31 December 2025		
	Less than 12 months or on demand RMB'000	1 to 5 years RMB'000	Total RMB'000
Trade payables	225,080	–	225,080
Interest-bearing bank borrowings	152,423	–	152,423
Financial liabilities included in other payables and accruals	39,407	–	39,407
Lease liabilities	3,523	13,507	17,030
Total	420,433	13,507	433,940
	As at 31 December 2024		
	Less than 12 months or on demand RMB'000	1 to 5 years RMB'000	Total RMB'000
Trade payables	91,045	–	91,045
Interest-bearing bank borrowings	9,945	–	9,945
Financial liabilities included in other payables and accruals	6,437	–	6,437
Total	107,427	–	107,427

Notes to Financial Statements (continued)

31 December 2025

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital management

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

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

The Group monitors capital using a gearing ratio, which is total debt divided by total assets. Total debt includes current liabilities and non-current liabilities. Total assets include current assets and non-current assets.

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

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Total debt	<u>517,614</u>	<u>138,329</u>
Total assets	<u>1,571,011</u>	<u>934,800</u>
Gearing ratio	<u>33%</u>	<u>15%</u>

Notes to Financial Statements (continued)

31 December 2025

34. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

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

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
NON-CURRENT ASSETS		
Property, plant and equipment	189	372
Intangible assets	19,667	23,667
Investments in subsidiaries	1,337,523	1,241,564
Prepayments, other receivables and other assets	43	261
Total non-current assets	1,357,422	1,265,864
CURRENT ASSETS		
Prepayments, other receivables and other assets	61,661	3,690
Amounts due from subsidiaries	474,471	319,875
Financial assets at FVTPL	20,000	165,150
Bank deposits with initial term of over three months	105,432	45,147
Pledged bank deposits	233	30
Cash and cash equivalents	704,417	378,839
Total current assets	1,366,214	912,731
CURRENT LIABILITIES		
Trade payables	24,003	2,285
Other payables and accruals	13,059	13,883
Amounts due to subsidiaries	10,874	11,523
Interest-bearing bank borrowings	18,950	-
Total current liabilities	66,886	27,691
NET CURRENT ASSETS	1,299,328	885,040
TOTAL ASSETS LESS CURRENT LIABILITIES	2,656,750	2,150,904
NET ASSETS	2,656,750	2,150,904
EQUITY		
Share capital	456,819	420,263
Reserves	2,199,931	1,730,641
Total equity	2,656,750	2,150,904

Notes to Financial Statements (continued)

31 December 2025

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

Note:

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

	Share premium RMB'000	Share-based payment reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2024	1,036,810	593,239	(109,691)	1,520,358
Issue of Series B+ financing	227,405	–	–	227,405
Share-based payment	–	16,036	–	16,036
Total comprehensive loss for the year	–	–	(33,158)	(33,158)
At 31 December 2024 and 1 January 2025	1,264,215	609,275	(142,849)	1,730,641
Issue of shares from IPO	585,227	–	–	585,227
Share issue expenses	(38,018)	–	–	(38,018)
Share-based payment	–	14,959	–	14,959
Total comprehensive loss for the year	–	–	(92,878)	(92,878)
At 31 December 2025	1,811,424	624,234	(235,727)	2,199,931

35. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 23 March 2026.

Three-Year Financial Summary

	2023 <i>RMB'000</i>	2024 <i>RMB'000</i>	2025 <i>RMB'000</i>
Revenue	–	–	131,509
Gross profit	–	–	117,057
Loss for the year	(733,376)	(174,690)	(341,363)
Total assets	1,105,364	934,800	1,571,011
Total liabilities	400,239	138,329	517,614
Total equity	705,125	796,471	1,053,397

Note: The H Shares of the Company were listed on the Main Board of the Stock Exchange on 15 August 2025.

Definitions

“Articles of Association”	the articles of association of the Company
“AGM”	the 2025 annual general meeting of the Company
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Audit Committee”	the Audit Committee of the Board
“Board”	the board of Directors
“Board Committees”	collectively, the Audit Committee, the Remuneration and Appraisal Committee, the Nomination Committee and the Strategy Committee
“CDMO”	the contract development and manufacturing organisation
“CG Code”	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
“CRO”	the contract research organisation
“Chairman”	the chairman of the Board
“Company”	Guangzhou Innogen Pharmaceutical Group Co., Ltd. (廣州銀諾醫藥集團股份有限公司), a joint stock company established in the PRC with limited liability, the H Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 2591)
“Core Product”	the Company’s Core Product (as defined under the Listing Rules) (i.e. Efsabaglutide Alfa)
“connected transaction(s)”	has the meaning ascribed thereto under the Listing Rules
“Corresponding Period”	the year ended 31 December 2024
“Companies Ordinance”	the Companies Ordinance (Cap. 622 of the Laws of Hong Kong)
“Directors”	the directors of the Company
“Dr. Wang”	Dr. WANG QINGHUA, founder of the Group, chairman of the Board, executive Director and general manager of the Company
“Global Offering”	the offer of Shares for subscription as described in the Prospectus
“Group”	collectively, the Company and its subsidiaries from time to time
“H Shares”	ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which are listed on the Stock Exchange
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$” or “HK dollars”	Hong Kong dollars, the lawful currency of Hong Kong

Definitions (continued)

“Independent Third Party(ies)”	a person, persons, company or companies which is or are independent of, and not connected with (within the meaning under the Listing Rules), any directors, chief executive or substantial shareholders of the Company, any of its subsidiaries or any of their respective associate(s)
“Listing”	the listing of the H Shares on the main board of the Stock Exchange
“Listing Date”	15 August 2025, being the H Shares were listed on the Main Board of the Stock Exchange
“Listing Rules”	The Rules Governing the Listing of Securities
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
“Net Proceeds”	the net proceeds from the global offering of the Company in connection with the listing of the H Shares on the Stock Exchange, amounting to approximately HK\$634.7 million, which shall be used for the purposes set out in the Prospectus
“Nomination Committee”	the nomination committee of the Board
“PRC”	the People’s Republic of China
“Prospectus”	the prospectus of the Company for the Global Offering dated 7 August 2025
“Remuneration and Appraisal Committee”	the remuneration and appraisal committee of the Board
“RMB”	Renminbi, the lawful currency of the PRC
“Reporting Period”	the year ended 31 December 2025
“Shares”	ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, including H Shares and Unlisted Shares
“Shareholders”	shareholders of the Company
“SFO”	the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Strategy Committee”	the strategy committee of the Board
“Supervisors”	the supervisors of the Company
“Supervisory Committee”	the supervisory committee of the Company
“treasury shares”	the meaning as defined under the Listing Rules
“Unlisted Shares”	ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which are not listed or traded on any stock exchange
“%”	per cent