



Fujian Haixi Pharmaceuticals Co., Ltd. 福建海西新藥創制股份有限公司

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

Stock code: 2637



ANNUAL
REPORT
2025

The page features a large, stylized teal 'H' shape on the left side. Various medical and scientific icons are scattered around it, including a microscope, a flask, a heart, a pill, a syringe, and a clipboard with a cross. In the background, there is a faint image of a modern building with the text 'HXP' and '海西新药' (Haixi New Medicine) visible.

HXP

海西新药

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COMPANY OVERVIEW

Fujian Haixi Pharmaceuticals Co., Ltd. (“Haixi Pharmaceuticals” or the “Company”, together with its subsidiaries, the “Group”), established on 27 March 2012, is a commercial-stage innovative pharmaceutical company that integrates research and development, clinical research, production and sales capacities. The Group aims to focus on the development of first-in-class innovative drugs with global competitiveness and to realize the Company’s future development vision through the global performance of innovative drugs.

The Group’s business has adopted a dual track model, which is a rare business model for innovative pharmaceutical companies, comprising both generic drugs and innovative drug candidates. For our generic drugs, the Group has established a leading market position by launching a series of products that obtained regulatory approvals in a timely manner and complied with all quality requirements, with technical barriers and substantial market potential. The indication spectrum of the Group’s innovative drug candidates has spanned from oncology to ophthalmology and beyond. The Group will keep exploring new medical fields by introducing more innovative drugs.

As of the end of the reporting period, the Group had obtained approval from the National Medical Products Administration (the “NMPA”) for a total of 15 generic drugs for commercialisation, including those for digestive system diseases, cardiovascular system diseases, endocrine system diseases, nervous system diseases and inflammatory diseases. The Group has established sales and distribution networks with over 18,000 hospitals and other medical institutions (including over 5,100 Grade III or II hospitals and over 22,000 pharmacies), covering all provinces, municipalities and autonomous regions in mainland China. In addition, in the field of innovative drugs, leveraging the Group’s insights in inflammatory response and immune regulation, the Group’s innovative drug pipeline focuses on drug candidates for various indications with significant unmet medical needs and substantial global market potential, including a potential first-in-class investigational oncology drug, a world’s potential first oral drug candidate for the treatment of nAMD/DME/RVO, and two other innovative drug candidates in the preclinical stage for the treatment of oncology and respiratory diseases. All innovative drug candidates under development by the Group are the original drugs developed in-house. To protect the Group’s products and drug candidates throughout their lifecycle, as of the end of the reporting period, the Group had established a global patent portfolio comprising 39 patents, including 20 patents granted in overseas jurisdictions such as the United States, Canada, Australia, Japan, South Korea, Singapore, India and approximately 29 European countries. In addition, the Group plans to actively explore opportunities to collaborate with multinational corporations (“MNCs”) to expand its capabilities in international clinical research and commercialisation.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Dr. Kang Xinshan
(Chairman and Chief Executive Director)
Ms. Feng Yan *(Co-founder)*
Dr. Chen Guangming
Dr. Chen Shuyi

Non-Executive Directors

Mr. Xu Dong
Mr. Wang Xinkun

Independent Non-Executive Directors

Mr. Gong Weimin
Ms. Wang Shan Shan
Ms. Pu Meiting

SUPERVISORY COMMITTEE

Ms. Chen Xia *(Chairwoman)*
Mr. Wu Jiang
Ms. Xu Lixia

JOINT COMPANY SECRETARIES

Ms. Zhang Junhuan
Mr. Lau Kwok Yin

AUTHORISED REPRESENTATIVES

Dr. Kang Xinshan
Mr. Lau Kwok Yin

AUDIT COMMITTEE

Ms. Pu Meiting *(Chairwoman)*
Mr. Gong Weimin
Ms. Wang Shan Shan

REMUNERATION AND APPRAISAL COMMITTEE

Mr. Gong Weimin *(Chairman)*
Dr. Kang Xinshan
Ms. Pu Meiting

NOMINATION COMMITTEE

Dr. Kang Xinshan *(Chairman)*
Ms. Wang Shan Shan
Ms. Pu Meiting

STRATEGY COMMITTEE

Dr. Kang Xinshan *(Chairman)*
Ms. Feng Yan
Mr. Gong Weimin

REGISTERED OFFICE, HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS

Floor 3 & 4, Block B
No. 177 Jinda Road, Jianxin Town
Cangshan District
Fuzhou, Fujian Province
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

40/F, Dah Sing Financial Centre
248 Queen's Road East
Wanchai, Hong Kong

COMPANY'S WEBSITE

www.hxpharma.com

AUDITOR

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditors
35th Floor, One Pacific Place
88 Queensway
Hong Kong



CORPORATE INFORMATION

LEGAL ADVISORS

As to Hong Kong law: Ashurst Hong Kong
Suites 4312-4317 & 4304A
43/F Jardine House
1 Connaught Place
Central Hong Kong SAR

COMPLIANCE ADVISOR

Orient Capital (Hong Kong) Limited
28/F-29/F
100 Queen's Road Central
Central, Hong Kong

STOCK CODE

2637

H SHARE REGISTRAR

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

PRINCIPAL BANKS

China Everbright Bank Co., Ltd.
China Merchants Bank Co., Ltd.
Industrial Bank Co., Ltd.
Shanghai Pudong Development Bank Co., Ltd.
CMB Wing Lung Bank Limited
China CITIC Bank International Limited

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the "Board") of directors (the "Directors") of the Group, I would like to express my sincere gratitude for your continued attention and support for the Company. I am pleased to present the performance of Haixi Pharmaceuticals for the year ended 31 December 2025 and to briefly outline the Company's future development.

Haixi Pharmaceuticals is a commercial-stage pharmaceutical company dedicated to developing, manufacturing and commercialising quality pharmaceutical products in China and globally, providing innovative and accessible treatment solutions for common therapeutic areas such as digestive system diseases, cardiovascular system diseases, endocrine system diseases, nervous system diseases and inflammatory diseases.

In 2025, Haixi Pharmaceuticals continued to maintain strong growth momentum. During the reporting period, the Company recorded revenue of RMB582.4 million, representing a year-on-year increase of 24.8%. Gross profit reached RMB485.6 million, representing a year-on-year increase of 25.4%, with gross profit margin improving to 83.4%. Net profit amounted to RMB177.0 million, representing a year-on-year increase of 30.1%.

Haixi Pharmaceuticals follows a dual-track strategy of "fast-follow fuels innovation, innovation shapes the future (仿製助力創新, 創新驅動未來)". Through the commercialisation of generic drugs, the Company has achieved rapid self-sustained cash generation while providing steady financial support for the development of innovative drugs. In 2025, the Company's 14 commercialised products continued to contribute to its steady growth, with core products such as Anbili (安必力®), Ruiantuo (瑞安妥®) and Haihuitong (海慧通®) demonstrating outstanding performance under the national Volume-Based Procurement ("VBP") schemes.

With respect to innovative drugs, leveraging the Company's insights in inflammatory response and immune regulation, the Company has developed the proprietary MultiSel-Opt platform and focuses on developing drug candidates targeting various indications with significant unmet medical needs and substantial global market potential. As of the end of the reporting period, the Company had four projects related to innovative drug candidates under development, including C019199 (a multi-mechanism tumor immuno-modulator targeting CSF-1R/DDR1/VEGFR2), HXP056 (a potential world's first oral drug for the treatment of ocular fundus diseases such as nAMD/DME/RVO), HXP089 (a single-agent multi-mechanism therapy for glioblastoma) and HXP090 (an oral drug designed specifically targeting idiopathic pulmonary fibrosis (IPF)).

C019199 is a multi-mechanism tumor immuno-oncology modulator targeting CSF-1R/DDR1/VEGFR2 and has the potential to become a first-in-class therapy. Currently, its clinical research program covers a broad range of indications, including osteosarcoma, breast cancer, colorectal cancer, pancreatic cancer and tenosynovial giant cell tumor. C019199 is set to initiate Phase III clinical trials in the first half of 2026. It is poised to fill the treatment gap for third-line and advanced osteosarcoma, potentially becoming a breakthrough therapy specifically for osteosarcoma to address a critical unmet medical need globally.

HXP056 is an original innovative drug designed to treat neovascularization-related retinal diseases, such as neovascular age-related macular degeneration, diabetic macular edema and retinal vein occlusion. It has the potential to become the world's first oral drug in this therapeutic area. HXP056 addresses a major limitation of current retinal disease therapies, which all require intravitreal injections. The Group believes the oral drug can effectively resolve two major clinical pain points: 1) significantly improving patient compliance, ensuring long-term adherence to treatment and preventing disease recurrence or worsening due to treatment interruption; and 2) providing a dual benefit for patients diagnosed with unilateral retinal disease; while treating the affected eye, it potentially offers prophylactic effects for the asymptomatic eye, thereby preventing bilateral vision loss. Furthermore, an oral drug mitigates the side effects and discomfort associated with ocular injections.



CHAIRMAN'S STATEMENT

Looking ahead, Haixi Pharmaceuticals remains committed to the strategy of “fast-follow fuels innovation, and innovation shapes the future (仿製助力創新, 創新驅動未來)”. We leverage the cash flow generated by our generic drugs business to fuel the research and development of innovative drugs, utilizing the global exploration of our innovative drugs to propel the Group’s future ascent. In the long term, the Group aims to develop first-in-class innovative drugs with global competitiveness. To achieve this, the Group plans to increase R&D investment, advance product development and enrich its product portfolio and pipeline; gradually establish the infrastructure for international clinical studies; enhance domestic commercialisation capabilities while building a global commercial footprint; actively explore collaboration opportunities with excellent biopharmaceutical companies of all sizes worldwide; conduct GMP compliance inspections, expand production capacity and further strengthen quality control to establish a global supply capability. The cornerstone of these initiatives is our commitment to continuously recruiting, cultivating, and retaining the industry’s top talent.

Haixi Pharmaceuticals will remain firmly committed to advancing its established strategic objectives at full speed. Through the collective efforts of all Haixi Pharmaceuticals’ employees, we will accelerate the clinical research and global market launch of more original innovative drugs. Our mission is to meet the clinical needs of patients worldwide and create significant clinical value. At the same time, we will proactively pursue strategic collaborations on key projects, thereby supporting the Company’s sustained rapid growth in the future, delivering higher-quality products to society and generating greater returns for our shareholders.

Fujian Haixi Pharmaceuticals Co., Ltd.

Kang Xinshan

Chief Executive Officer and Chairman

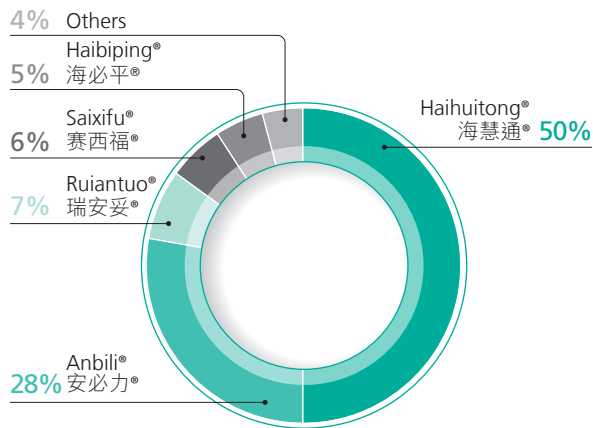
29 April 2026

FINANCIAL HIGHLIGHT

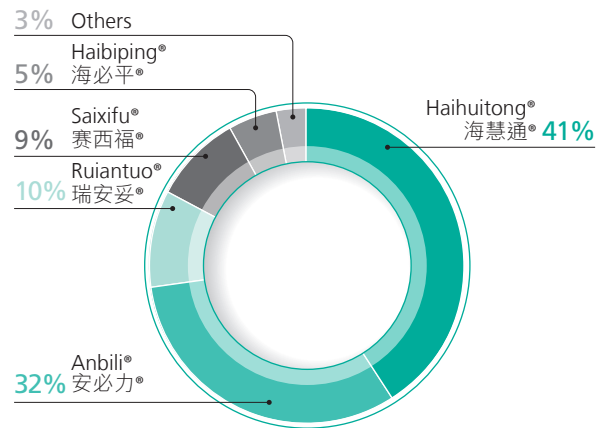
1. REVENUE

The revenue of the Group increased from approximately RMB466.7 million for the year ended 31 December 2024 to approximately RMB582.4 million for the year ended 31 December 2025, representing a year-on-year increase of approximately RMB115.7 million or 24.8%.

Sales amount of products in 2025



Sales amount of products in 2024



2. COST OF SALES

The cost of sales of the Group increased from approximately RMB79.5 million for the year ended 31 December 2024 to approximately RMB96.8 million for the year ended 31 December 2025, accounting for approximately 16.6% of the Group's total revenue for the same year (2024: 17.0%).

3. GROSS PROFIT/GROSS PROFIT MARGIN

Our gross profit increased 25.4% from approximately RMB387.2 million for the year ended 31 December 2024 to approximately RMB485.6 million for the year ended 31 December 2025, mainly due to the revenue growth. The gross profit margin was 83.4% for the year ended 31 December 2025 compared to 83.0% for the year ended 31 December 2024, remaining relatively stable.

FINANCIAL HIGHLIGHT

4. SALES AND DISTRIBUTION EXPENSES

The sales and distribution expenses of the Group increased 19.3% from approximately RMB165.7 million for the year ended 31 December 2024 to approximately RMB197.7 million for the year ended 31 December 2025.

5. RESEARCH AND DEVELOPMENT EXPENSES

The Group recognized an increase in research and development expenses of approximately RMB6.0 million from approximately RMB67.5 million for the year ended 31 December 2024 to approximately RMB73.5 million for the year ended 31 December 2025. This was mainly due to investment growth in R&D as a result of the various key R&D projects of the Group reaching clinical trial.

6. FIVE-YEAR FINANCIAL SUMMARY

Five-year Financial Summary

Items	For the year ended/As at 31 December 2021	For the year ended/As at 31 December 2022	For the year ended/As at 31 December 2023	For the year ended/As at 31 December 2024	For the year ended/As at 31 December 2025
Revenue (RMB million)	122.0	212.5	316.6	466.7	582.4
Gross profit (RMB million)	83.7	172.1	263.6	387.2	485.6
Net profit (RMB million)	23.5	69.0	117.5	136.1	177.0
Total assets (RMB million)	210.2	421.0	561.5	755.8	1,846.7
Total liabilities (RMB million)	149.0	133.2	156.3	214.5	253.0
Equity (RMB million)	61.2	287.8	405.2	541.3	1,593.7

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

The Group is a commercial-stage pharmaceutical company that integrates R&D, production and sales capacities, with a pipeline of innovative drug candidates. We have established a diversified product portfolio and a pipeline of innovative drug candidates in the largest and fastest-growing therapeutic areas in China.

As of 31 December 2025, our commercialised product portfolio primarily consisted of generic drugs for digestive system diseases, cardiovascular system diseases, endocrine system diseases, nervous system diseases and inflammatory diseases.

Our innovative drug pipeline focuses on drug candidates in a variety of indications, including one innovative oncology drug candidate, one potential first oral drug therapy for neovascular age-related macular degeneration (nAMD, a retinal disease caused by abnormal growth of blood vessels under the retina), diabetic macular edema (DME, fluid leakage into macula from diabetes) and retinal vein occlusion (RVO, vision loss from blockage of retinal veins), and two other innovative preclinical-stage drug candidates in oncology and respiratory diseases. All above-mentioned of our innovative drug candidates are proprietary discovered and developed in house.

As of 31 December 2025, the Company had obtained approval from National Medical Products Administration (the “NMPA”) for 15 generic drugs and established a pipeline of four innovative drug candidates, making us a key market participant in the pharmaceutical industry in China. During the Reporting Period, we generated revenue from 14 out of the 15 approved products.

In order to protect our products and drug candidates throughout their lifecycle, the Company had established a global patent portfolio that consisted of 39 patents as of 31 December 2025, including 20 in overseas jurisdictions covering U.S., Canada, Australia, Japan, Korea, Singapore, India and 29 European countries.

In addition, we plan to actively explore opportunities to collaborate with multinational corporations (MNCs) to expand our international clinical research and commercialization capacities.

During the Reporting Period, the Company has persisted in the strategy of “fast-follow fuels innovation, and innovation shapes the future (仿製助力創新, 創新驅動未來)” and has made further progress in all aspects of R&D, sales and marketing.



MANAGEMENT DISCUSSION AND ANALYSIS

2025 ANNUAL REVIEW

Since early 2025, the Group has achieved significant milestones in pipeline development, sales and marketing, manufacturing and business partnerships.

During the Reporting Period, the Group's revenue increased by 24.8% to RMB582.4 million compared to 2024, demonstrating its capacities to continuously commercialise pharmaceutical products and maintain its market share. As at the date of this report, various products of the Group had been successfully launched in mainland China and marketed through more than 18,000 targeted hospitals and institutions in China.

Our commercialised products

Among the 15 generic drugs for which the Group had obtained approval from the NMPA at the end of the Reporting Period, four were selected in the national volume-based procurement (the "VBP") schemes and continued to make significant contributions to our revenue. The Group also has six drug products selected in the provincial VBP schemes. The four products selected in the national VBP scheme are set out below:

Anbili (安必力®): The first-to-market generic of mosapride citrate tablets regarded as passing the consistency evaluation in China and selected in the Fourth National VBP Scheme. Anbili contributed RMB162.4 million to the Group's revenue in 2025, representing an increase of 11.2% year-on-year.

Haihuitong (海慧通®) 5mg/10mg specifications: A generic of amlodipine besilate and atorvastatin calcium tablets selected in the Eighth National VBP Scheme.

Haihuitong (海慧通®) 5mg/20mg specifications: A generic of amlodipine besilate and atorvastatin calcium tablets additionally selected in the Eighth National VBP Scheme. Haihuitong contributed RMB292.2 million to the Group's revenue in 2025.

Ruiantuo (瑞安妥®): A generic of cinacalcet hydrochloride tablets selected in the Fifth National VBP Scheme. Ruiantuo contributed RMB37.7 million to the Group's revenue in 2025.

Saixifu (赛西福®): The second-to-market generic of hydroxychloroquine sulfate tablets regarded as passing the consistency evaluation in China and selected in the Tenth National VBP Scheme. Saixifu contributed RMB35.7 million to the Group's revenue in 2025.

The six products selected in the provincial VBP schemes are set out below:

Haibiping (海必平[®]): A generic of valsartan and amlodipine tablets (I) selected in the VBP scheme of Henan Alliance in 2022. As of 31 December 2025, Haibiping had been listed in more than 20 provincial VBP schemes and contributed RMB28.1 million to the Group's revenue in 2025.

Anyoufan (安优凡[®], a generic of escitalopram oxalate tablets), Haikexi (海可喜[®], a generic of valsartan tablets) and Anliding (安立定[®], a generic of rebamipide tablets) were listed in the provincial VBP schemes in 2022, 2023 and 2024, respectively. Anyoufan and Haikexi were selected in more than 20 provincial VBP schemes as of 31 December 2025.

Anfeiping (安飞平[®]): The first generic of diclofenac sodium enteric-coated tablets passed the consistency evaluation and successfully launched. In October 2025, the drug was selected in the VBP schemes of Guangdong 21-Province Alliance.

Jishuning (及舒宁[®]): A generic of cetirizine hydrochloride oral solution selected in the VBP schemes of Guangdong 21-Province Alliance in October 2025.

The listing of Anfeiping (安飞平[®]) and Jishuning (及舒宁[®]) in the VBP schemes of Guangdong 21-Province Alliance is expected to bring positive impacts on the 2026 results of the Company.

Among these, six products have participated in the renewal of the 1st-8th batches of national centralised procurement, including three national VBP scheme products (Anbili (安必力[®]), Haihuitong (海慧通[®]) and Ruiantuo (瑞安妥[®])) and three provincial VBP scheme products (Haibiping (海必平[®]), Anyoufan (安优凡[®]) and Haikexi (海可喜[®])), with terms valid until 31 December 2028. According to the terms of the renewal agreement, the Company expects to retain its market share and stabilise the product price. Subsequently, sales volume stands a chance of growing through consistent marketing, channel and end-user base expansion in the next three years, solidifying the foundation for the Company's performance.

Updates of our generic drug candidates

Besides the abovementioned generic drugs that have been approved by the NMPA and commercialised, the Group has a pipeline of various generic drug candidates at the ANDA stage for indications including hypertension, electrolyte supplementation, brain dysfunction and peripheral blood circulation disorders, mild to severe pain, gastric mucosal protection, bowel dysfunction, arthritis and others, which are expected to be approved for marketing by 2026 or 2027.

MANAGEMENT DISCUSSION AND ANALYSIS

Pipeline of Several Generic Drug Candidates

Drug Name	Dosage Form	Indication	Expected Time for Obtaining ANDA Approval	Origin
Sodium Potassium Magnesium and Calcium Concentrated Solution for Injection	Injection	Electrolyte supplementation	2026	Collaborative R&D
Pentoxifylline Sustained-release Tablets	Oral	Brain dysfunction and peripheral blood circulation disorders	2026	Developed in-house
Paracetamol Ibuprofen Tablets	Oral	Mild pain	2026	Contracted developed
Polaprezinc Granules	Oral	Gastric mucosal protection	2026	Developed in-house
Pinaverium Bromide Tablets	Oral	Bowel dysfunction	2027	Developed in-house
Iguratimod Tablets	Oral	Arthritis	2027	Developed in-house
Deferasirox Tablets	Oral	Chronic Iron Overload in blood	2027	Collaborative R&D
Lercanidipine Hydrochloride Tablets	Oral	Hypertension	2027	Developed in-house
Teprenone Capsules	Oral	Gastritis and Gastrohelcosis	Submitting for ANDA approval in 2026	Developed in-house
Tizanidine Hydrochloride Tablets	Oral	Central skeletal muscle relaxation	Submitting for ANDA approval in 2026	Developed in-house
Doxycycline Hydrochloride Tablets	Oral	Bacterial infection	Submitting for ANDA approval in 2026	Developed in-house

Updates of our innovative drug candidates

Based on our knowledge of the human immune system, we believe it is an extremely complex three-dimensional network with synergy among multiple channels and multiple mechanisms. Haixi Pharmaceuticals' small-molecule innovative drug candidates platform aims to address inflammation and immunomodulation in the human body, fully leveraging single small-molecule drug to achieve selective multi-mechanism synergy (the "MultiSel-Opt Platform"). The platform has thus enabled the exploration of a new mechanism for disease treatment and achieved original innovation in innovative drug projects and candidate compounds. The Group internally developed all its innovative drug candidates in a proprietary manner.

Top 4 of Innovative Drugs

Project Name	Therapeutic Areas	Target/ MOA	Dosage Form	Intended Indications	Expected registration category	Expected Upcoming Milestone
C019199	Oncology	CSF-1R/ DDR1/ VEGFR2	Oral	Osteosarcoma, HER2- breast Cancer, TGCT and others	Type 1 drug of chemical drug	Plan to initiate Phase III trial of osteosarcoma in the 1H of 2026
HXP056	Ophthalmology	Confidentially	Oral	nAMD, DME and RVO	Type 1 drug of chemical drug	Plan to complete Phase II trial of nAMD by the end of 2026
HXP089	Oncology	Confidentially	Oral	Glioblastoma	Type 1 drug of chemical drug	Plan to submit IND application in 2026
HXP090	Respiratory	Confidentially	To be determined	Idiopathic pulmonary fibrosis (IPF)	Type 1 drug of chemical drug	Plan to submit IND application in 2027



MANAGEMENT DISCUSSION AND ANALYSIS

C019199

C019199 is a new generation of in-house developed drug candidate targeting the modulation of the immunosuppressive tumor microenvironment (TME) with global patent protection. Through multi-mechanism synergy, C019199 exerts its therapeutic effects through multi-mechanism synergy: First, it inhibits the CSF-1R signaling pathway to suppress and repolarize tumor-associated macrophages, thereby relieving T-cell suppression, promoting T-cell infiltration and enhancing T-cell killing capacity. Second, its inhibition of DDR1 breaks down the “physical barrier” of the extracellular matrix in tumor tissues, further increasing the infiltration and penetration of immune cells and therapeutics. Finally, by modulating VEGFR2 to an appropriate degree, C019199 induces tumor vascular normalization to facilitate the delivery of immune cells and drugs via blood vessels, while simultaneously reducing Treg populations to further alleviate immunosuppression, ultimately synergizing to enhance the efficacy of immuno-oncology therapy.

In 2020, C019199 initiated Phase I clinical trials simultaneously at two centers: Beijing Cancer Hospital (北京腫瘤醫院) and the First Affiliated Hospital of Xiamen University (廈門大學附屬第一醫院). Phase I data indicate that the drug exhibits favorable human absorption and significantly fewer adverse effects compared to similar drugs in its class. With preliminary efficacy already observed, C019199 is expected to synergistically relieve tumor immunosuppression through multiple mechanisms, thereby enhancing therapeutic efficacy on various tumor types and demonstrating immense market potential.

In the first half of 2022, Phase Ia clinical trial was completed, and exploratory clinical research was successively launched for solid tumors such as tenosynovial giant cell tumor, osteosarcoma and breast cancer. In the first half of 2023, the IND application for a Phase I/II clinical trial in combination with immune checkpoint inhibitors was approved, with the Phase I dose escalation of the combination therapy completed in December 2023. Subsequently, Phase II research was initiated across various advanced solid tumors, including colorectal cancer, gastric cancer, esophageal cancer, head and neck squamous cell carcinoma, pancreatic cancer, triple-negative breast cancer and osteosarcoma. Regarding the first pivotal clinical trial for osteosarcoma, the EOP2 Meeting (Phase II completion/Pre-Phase III meeting) was successfully held in January 2026. The Company plans to officially launch the Phase III clinical research of C019199 for the treatment of advanced osteosarcoma in the first half of 2026.

HXP056

The HXP056 project is an oral small-molecule drug designed to treat retinopathy-related diseases, with primary indications including neovascular age-related macular degeneration (nAMD), diabetic macular edema (DME), retinal vein occlusion (RVO) and other diseases. From a design perspective, this small-molecule drug overcomes significant, well-known technical challenges in the industry: penetrating the blood-retinal barrier to ensure the drug reaches the retina while optimizing systemic exposure to ensure patient safety. HXP056 is poised to become the world’s first oral drug for these retinal diseases, and an innovative drug characterized by both breakthrough technology and explosive global market potential. Currently, all launched drugs for retinopathy require intravitreal injections. This method is not only highly inconvenient but also carries risks of infection and retinal damage, making long-term patient compliance difficult. HXP056 innovatively offers an oral treatment for retinopathy, addressing a massive unmet clinical need and allowing more patients to manage their condition with oral medication at home. In July 2025, patient recruitment for nAMD was initiated in China. Currently, recruitment for both single ascending dose (SAD) and multiple ascending dose (MAD) cohorts in the Phase I clinical trial has been completed. Dose-limiting toxicity (DLT) assessments and pharmacokinetic (PK) data collection were completed following four weeks of continuous dosing. Preliminary efficacy evaluations are currently underway. In the fourth quarter of 2025, the Group initiated Phase II dose-expansion clinical research. The Company plans to launch nAMD clinical research in the United States, while simultaneously initiating clinical research for another indication, DME, in both the U.S. and China in 2026.

HXP089

The HXP089 project is an oral small-molecule drug designed specifically targeting glioblastoma multiforme (GBM), which is a tumor originating from glial cells, characterized by high rates of disability and recurrence. It poses a severe threat to patients' lives, and current treatment options are extremely limited. Typically, the median overall survival (mOS) following treatment is only 10 to 13 months; the 5-year recurrence rate post-surgery is nearly 100%, and the 5-year survival rate is a mere 6.8%. This disease imposes a heavy burden on patients, their families and society as a whole. GBM is highly aggressive with significant heterogeneity. Furthermore, the presence of the blood-brain barrier makes it exceptionally difficult for drugs to penetrate and exert their effects. The HXP089 project effectively overcomes the technical challenge of crossing the blood-brain barrier. By selectively inhibiting several targets highly expressed in GBM, it exerts a synergistic anti-tumor effect. Significant tumor inhibition has already been observed in preclinical animal efficacy models. The Company plans to submit the IND application in the first half of 2026.

HXP090

The HXP090 project is an oral small-molecule drug designed specifically targeting idiopathic pulmonary fibrosis (IPF), which is referred to as "the cancer that is not cancer". The median survival time of IPF patients is only 2 to 4 years with approximately 80% of patients surviving no more than 5 years after diagnosis. Effective treatment options for IPF remain scarce. Currently marketed drugs, such as pirfenidone and nintedanib, can only slow the decline of lung function and disease progression. They are unable to control or reverse pulmonary fibrosis, and their safety and tolerability profiles leave much to be improved. The development of HXP090 departs from the "one drug for one disease" philosophy. Instead, it utilizes a single drug molecule to achieve a multi-mechanism synergy that is simultaneously anti-inflammatory, anti-epithelial-mesenchymal transition and anti-fibrotic. Currently, the project is scheduled to submit its IND application in 2027.

ROBUST R&D CAPABILITY

With over a decade of experience, the Group has established a R&D team that covers the entire cycle of pharmaceutical R&D, including medicinal chemistry, formulation, preclinical research, quality develop, control and assurance, clinical operation and regulatory affairs. We have built two product development platforms which form the bedrock of our R&D capabilities. These product development platforms include (i) the Multi-target Innovative Drug Development Platform (the MultiSel-Opt platform), through which we facilitate the screening, discovery and optimization of compound candidates in preclinical research and advance development candidates in clinical studies; and (ii) the Generic Drug Development Platform, through which we continue to develop drug candidates with market potential.

As of the end of Reporting Period, the R&D team of the Group consisted of approximately 110 researchers, around 32.7% of whom have obtained a Ph.D. or a master's degree, covering a broad range of scientific disciplines. As of the end of Reporting Period, key members of the Group's R&D team had an average of approximately 19 years of experience in the pharmaceutical industry.

Empowered by our R&D team, we have established a patent portfolio to protect our diversified products and drug candidates. As of the end of Reporting Period, we had been granted 39 patents globally, including 20 in overseas jurisdictions covering U.S., Canada, Australia, Japan, Korea, Singapore, India and 29 European countries.



MANAGEMENT DISCUSSION AND ANALYSIS

STABLE MANUFACTURING EXCELLENCE DRIVEN BY HIGH BENCHMARKS, RIGOROUS STANDARDS AND SUPERIOR EFFICIENCY

The Haixi Changle Facility of the Group adheres to construction and operational standards defined by a **high benchmarks, rigorous requirements, strong execution and a focus on practical results**. Within its approximately 2,000-square-meter D-Class clean area, the facility is equipped with 24 air handling units (AHUs). Each operational zone is independent, allowing for the precise control of temperature and humidity to meet the diverse environmental requirements of multi-product concurrent production. From workshop layout and HVAC management to gowning protocols, every detail is designed to minimize the risks of contamination and cross-contamination to the greatest extent possible.

The designed production capacity of Haixi Changle Facility is approximately 2 billion tablets/capsules. Its core process equipment is sourced from world-class international brands. For instance, the wet granulation process utilizes original Glatt equipment imported from Germany, featuring capabilities for wet granulation, one-step granulation, melt granulation, pellet coating and powder coating. The German-imported Glatt coating machine supports coating for both micro-tablets and standard tablets, with a versatile production capacity covering an extensive range from 25kg to 390kg per unit. Furthermore, Fette tablet presses (菲特壓片機) and Syntegon capsule filling machines (星德科膠囊填充機) (both German brands) ensure high-speed and stable output during the molding and filling stages. The quality control platform is equipped with advanced instruments, including High-Performance Liquid Chromatography (HPLC), Gas Chromatography (GC), UV spectrophotometers, infrared spectrometers and Malvern particle size analyzers. The facility can independently perform physicochemical testing for the vast majority of raw materials, excipients and packaging materials. It also possesses robust capabilities for microbial limit method development and validation, having already completed more than 250 sets of method transfers or validations.

Guided by the principle of “Systems as the foundation, data as the evidence”, we have established and implemented over 800 quality management documents and standard operating procedures. This achieves standardized management across the entire workflow—from material receiving, weighing, and granulation to tableting, coating, blister packaging, and final product dispatch. To ensure the continuous robustness of our processes and facilities, we have systematically conducted more than 600 validation projects. These comprehensively cover utility systems, production equipment, analytical instruments, computerized systems, analytical methods, manufacturing processes and cleaning procedures. Leveraging our high-quality hardware infrastructure and a highly disciplined quality system, the Haixi Changle Facility significantly reduces reliance on manual labor. This minimizes the risk of human error, ensuring consistent process stability and the sustained reliability of product quality.

In March 2023, the Haixi Changle Facility obtained its land use rights of the property and secured the production license (category A) within two years; in May 2025, completed GMP compliance inspections for rebamipide tablets and cobamamide capsules; in September 2025, the site change for the contracted manufactured baclofen tablets had been completed, and the Facility obtained the production license (category C); in November 2025, completed GMP compliance inspections for amlodipine besilate and atorvastatin calcium tablets, and celecoxib capsules. Since 2025, cobamamide capsules have completely transitioned into in-house production, while several other products, including rebamipide tablets in a concurrent model of contracted manufacturing and in-house production. As of 31 December 2025, the Group has secured production licenses for categories A, B and C, and established a quality control system that integrates contracted manufacturing (outsourced), contracted manufacturing (insourced) and in-house production. By unifying the management of production and quality personnel, we continue to unlock labor cost efficiencies. Currently, 21 new products have been introduced, and site-transfer process validations for key generic drug products, such as mosapride citrate tablets and cinacalcet hydrochloride tablets, have been completed.

MANAGEMENT DISCUSSION AND ANALYSIS

As of 31 December 2025, the Haixi Changle Facility completed phase I of its pallet warehouse construction. With over 2,600 storage slots, the Facility has achieved full automation for the inbound storage, picking, outbound dispatch and shelf-life management of raw materials, excipients, packaging materials and finished products. This ensures zero-error material turnover and full-process traceability. With the deployment of stacker cranes and autonomous mobile robots, the warehousing platform now handles a maximum throughput of over 2,000 units per day. The intelligent warehousing system under construction deeply integrates industry standards with technological innovation. It covers core scenarios including supply chain, production, sales, warehousing and compliance, ensuring effective classification, status control and expiration management of materials. Simultaneously, the Group is progressively refining an integrated intelligent platform that synchronizes warehousing, production, sales and financial systems. This platform will enable more efficient and systematic operational management upon completion. AI-driven intelligent decision-making will provide the Group's smart manufacturing chain with dynamic forecasting, including inventory optimisation and sales alerts, as well as intelligent scheduling, including automated path planning within the warehouse. These advancements aim to minimize manual intervention, enhance resource utilization and build a highly collaborative ecosystem.

The Haixi Changle Facility leverages its robust manufacturing capabilities to safeguard the stable supply of VBP products, while laying a solid foundation for the global supply of its in-house innovative drug candidates. Driven by high-quality and high-standard manufacturing expertise, the Haixi Changle Facility continues to expand its influence within the biopharmaceutical industry.

Evolving from a category B marketing authorization holder (MAH) which relied entirely on contract manufacturing to a comprehensive pharmaceutical company integrating R&D, production, warehousing, sales and clinical medicine, we possess a deeper understanding of the pain points and needs of MAH than traditional CMO. As we bridge the gap between R&D and production, our professional technology development and technology transfer teams provide more direct and efficient services for transferred products, assisting MAH in achieving seamless product localization and regulatory filing. With its world-class hardware, rigorous quality systems, and highly efficient service standards, the Haixi Pharma Changle Facility is increasingly becoming the preferred partner for domestic and international MAH seeking CMO collaborations.

MATURE COMMERCIALISATION CAPABILITIES

The successful commercialization of our various products across China is empowered by our professional and efficient sales team, nationwide sales and distribution network and multi-dimensional sales model. As of the end of the Reporting Period, we had a sales team of 36 employees with an average of approximately ten years of experience in the pharmaceutical industry. We treat hospitals and other medical institutions as our focal points and gradually expand into other sales channels, such as retail pharmacies, online pharmacies and internet medical platforms. Through selection of our products in the national and provincial VBP schemes, we were able to significantly expand our sales and distribution network.

As of the end of the Reporting Period, our sales and distribution network was connected to over 18,000 hospitals and other medical institutions, including more than 5,100 Grade III or II hospitals, in addition to over 22,000 pharmacies, covering all of the provinces, municipalities and autonomous regions in China. The triad of our sales team, sales and distribution network and sales model enabled us to respond quickly to evolving market needs, explore new sales channels and facilitate the smooth circulation of our products from production to end customers, deeply penetrating to different tiers of markets.



MANAGEMENT DISCUSSION AND ANALYSIS

PERFORMANCE OUTLOOK AFTER THE PERIOD

For the year ended 31 December 2025, the Group recorded revenue of RMB582.4 million and net profit of RMB177.0 million. Furthermore, several of the Group's generic drug candidates are expected to obtain marketing approval in 2026. These products will continue to enrich the Group's product portfolio and serve as a robust source of growth for the Group's product revenue.

Furthermore, several of the Group's generic drug candidates are expected to obtain marketing approval in 2026. These products will continue to enrich the Group's product portfolio and serve as a robust source of growth for the Group's product revenue.

In terms of innovative drugs, key pipeline candidates have progressed into critical clinical stages. C019199 is undergoing multiple clinical trials, including Phase Ib/II clinical trials for osteosarcoma and breast cancer. We also plan to initiate Phase III clinical trial for osteosarcoma in the second quarter of 2026. HXP056 has received IND approval from the NMPA, initiated Phase I clinical trial in June 2025 and expanded Phase II clinical trial in December 2025 which is expected to be completed by the end of 2026. The Group also intends to publish relevant clinical results in international research journals or present them at academic conferences upon completion. In addition, the Group possesses a diverse portfolio of preclinical candidates with innovative mechanisms of action. The third innovative drug project is expected to submit its IND application to the NMPA in the second quarter of 2026, with the fourth project scheduled for IND application next year. The Group has initiated discussions with various pharmaceutical companies (including multinational corporations) and investment institutions regarding the licensing or co-development of these innovative pipelines.

Finally, the Group's vision is to become a leading pharmaceutical company in China and even the world. To achieve our vision and objectives, the Group will implement the following strategies:

- Continue to invest in R&D to advance our product development and enrich our product portfolio and pipeline
- Gradually establish the infrastructure for international clinical studies and accelerate the overseas listing of products
- Enhance domestic commercialization while building a global commercial footprint
- Expand production capacity, and further strengthen quality control to establish a global supply capability
- Actively explore collaboration opportunities with excellent biopharmaceutical companies of all sizes worldwide
- Continuously recruit, cultivate, and retain the industry's top talent
- Continue to improve earnings and overall profitability

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2025 (the “Report Period”), leveraging its proactive marketing strategies and robust execution capabilities, the Group has built a professional commercialization team, through which it has rapidly established a solid foothold in the domestic market. With the commercialization of multiple products, the Group achieved rapid revenue growth during the Report Period.

The revenue of the Group increased from RMB466.7 million for the year ended 31 December 2024 to RMB582.4 million for the year ended 31 December 2025, representing a year-on-year increase of approximately RMB115.7 million or 24.8%. The increase was primarily attributable to the Group’s enhanced marketing efforts during the year, which drove growth in sales revenue of Haihuitong (海慧通®) and Anbili (安必力®). In particular, Haihuitong (海慧通®) added a newly selected specification (5mg/20mg × 14 tablets) under the national VBP scheme in 2025, which effectively drove hospital channel development and end-market sales growth.

Cost of Sales

The Group’s cost of sales mainly consists of raw materials and consumables, production-related processing fees, utilities and maintenance expenses, as well as depreciation and amortization expenses in respect of production equipment, facilities and intangible assets. The cost of sales/services for the year ended 31 December 2025 amounted to RMB96.8 million, representing an increase of 21.8% from RMB79.5 million for the year ended 31 December 2024, primarily attributable to the growth in revenue during the year. Cost of sales for the year accounted for 16.6% of the total annual revenue (2024: 17.0%).

Other Income and Gains

The Group’s other income and gains mainly comprise government grants, interest income. Other income for the year ended 31 December 2025 amounted to RMB19.7 million, representing a decrease of RMB11.3 million from RMB31.0 million for the year ended 31 December 2024, primarily attributable to a decrease in government grants received by the Group and lower income from research and development collaborations during the year.

Administrative Expenses

Administrative expenses for the year ended 31 December 2025 amounted to RMB22.1 million, compared to RMB21.0 million for the year ended 31 December 2024, representing an increase of RMB1.1 million. The increase was primarily attributable to higher professional services fees during 2025 and the commencement of operations at the Haixi Changle Facility in 2025, which resulted in an increase in day-to-day administrative expenses.

Selling and Distribution Expenses

Selling and distribution expenses of the Group for the year ended 31 December 2025 amounted to RMB197.7 million, representing an increase of RMB32.0 million or 19.30% from RMB165.7 million for the year ended 31 December 2024, primarily due to increased investment in marketing and promotion expenditure in order to maintain and grow the market share of Anbili (安必力®) and Haihuitong (海慧通®) in an increasingly competitive market.



MANAGEMENT DISCUSSION AND ANALYSIS

Finance Costs

The Group's finance costs consist of interest expenses on lease liabilities and bank and other borrowings. Interest expenses on bank and other borrowings primarily represent the payments to the collaborative partners of certain generic drugs pursuant to the relevant R&D collaboration agreements. For the year ended 31 December 2025, the Group's finance costs were RMB5.7 million, comprising interest expenses on lease liabilities of RMB0.3 million and interest expenses on bank and other borrowings of RMB5.4 million. For the year ended 31 December 2024, the Group's finance costs were RMB7.2 million, comprising interest expenses on lease liabilities of RMB0.4 million and interest expenses on bank and other borrowings of RMB6.8 million. The decrease in finance costs for the year ended 31 December 2025 was primarily attributable to a reduction in the carrying amount of other borrowings during the year.

Income Tax Expenses

Income tax expenses for the year ended 31 December 2025 amounted to RMB21.0 million, representing an increase of 62.8% from RMB12.9 million for the year ended 31 December 2024, primarily attributable to a decrease in the amount of deferred tax utilised to offset prior losses and an increase in profit for the year.

Profit for the Year

As a result of the foregoing factors, profit for the year ended 31 December 2025 amounted to RMB177.0 million, compared to RMB136.1 million for the year ended 31 December 2024.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

The Group's primary sources of liquidity comprise cash and cash equivalents, which have historically been generated from the sales of products and the proceeds from the listing of the Company. The Group expects that its cash requirements in the near future will be primarily related to advancing the development of its drug candidates to obtain regulatory approval and commence commercialization, as well as the expansion of the Group's drug candidate portfolio. In 2025, the Group proactively explored financing channels with a view to maintaining the Group's cash position and facilitating the sustainable development of the Group.

The Group's cash and cash equivalents were RMB645.1 million as at 31 December 2025. The Group's net current assets were approximately RMB1,212.2 million as at 31 December 2025. The Group's current ratio increased from approximately 1.9 as at 31 December 2024 to approximately 6.3 as at 31 December 2025.

As at 31 December 2025, the Group had total interest-bearing bank loans and other borrowings of approximately RMB103.7 million, as compared with approximately RMB49.7 million as at 31 December 2024.

Gearing Ratio

As at 31 December 2025, the Group's gearing ratio (calculated as total borrowings divided by total equity) increased from 3.3% as at 31 December 2024 to 4.9%. Such increase was primarily attributable to the increase in share capital and share premium arising from the public listing and issue of shares of the Company during the year, as well as the rise in the closing balance of retained profits resulting from the growth in net profit for the year.

Borrowings and Pledge of Assets

As at 31 December 2025, the Group's bank and other borrowings were RMB103.7 million (comprising current bank and other borrowings of RMB84.0 million and non-current other borrowings of RMB19.8 million), and lease liabilities were RMB6.4 million (comprising current lease liabilities of RMB1.6 million and non-current lease liabilities of RMB4.8 million). The increase in borrowings for the year ended 31 December 2025 was primarily attributable to the increase in short-term borrowings in year 2025.

Funding and Treasury Policies

The Group primarily finances its operations through cash generated from business operations and the net proceeds from the Global Offering. The Group's treasury activities are managed by its finance department in accordance with the Group's internal monetary fund management policies and external investment management policies. The primary objectives of the Group's treasury management are to safeguard the Group's assets, manage its liquidity position and minimise financial risks. The finance department is responsible for monitoring and managing the Group's cash flows, foreign exchange exposures and investment activities under the oversight of the management and the Board.

Currencies of Borrowings and Cash

The Group primarily operates in the PRC and its borrowings are denominated in RMB. As at 31 December 2025, the Group's cash and cash equivalents amounted to approximately RMB645.1 million and short-term fixed deposits amounted to approximately RMB151.9 million, which were principally held in RMB and Hong Kong dollars.

Interest Rate of Borrowings

As at 31 December 2025, the Group's total bank and other borrowings amounted to approximately RMB103.7 million (being RMB78.5 million at fixed interest rates and RMB25.2 million at floating interest rates). Approximately 75.7% of the Group's total borrowings were at fixed interest rates, while approximately 24.3% were at floating interest rates. The Directors consider that the Group's exposure to interest rate risk arising from floating rate borrowings is not material.

Foreign Exchange and Exchange Rate Risk

The Group primarily operates in the PRC and is exposed to foreign currency risk arising from fluctuations in exchange rate between RMB and other currencies in which the Group conducts its business. The Group did not enter into any hedging transactions in respect of foreign currency risk as at 31 December 2025. The Directors expect that the fluctuation of the RMB exchange rate will not have a material adverse effect on the operation of the Group.

Hedging Activities

As at 31 December 2025, the Group did not use any financial instruments for hedging purposes and did not enter into any hedging transactions in respect of foreign currency risk or interest rate risk.

Future Plans for Material Investments or Capital Assets

Save as disclosed in this report, as at the date of this report, the Group did not have any specific plans for any material investments or acquisitions of capital assets.



MANAGEMENT DISCUSSION AND ANALYSIS

Employees and Remuneration Policy

As at 31 December 2025, the Group employed a total of 200 employees, as compared with a total of 164 employees as at 31 December 2024. For the year ended 31 December 2025, the Group's employee costs (including directors' emoluments, but excluding any contributions to pension schemes) amounted to approximately RMB43.6 million, as compared with approximately RMB34.3 million for the year ended 31 December 2024. The Group's remuneration policy is designed to motivate and retain high-calibre employees, with remuneration levels determined with reference to prevailing market practices and the individual performance of employees. The Group also provides training schemes for eligible employees to enhance their skills and professional knowledge.

OTHER INFORMATION

Material Investments

The Group did not make any material investments during the year ended 31 December 2025.

Material Acquisitions and Disposals

The Group did not have any material acquisitions or disposals of subsidiaries, consolidated affiliated entities or associated companies for the year ended 31 December 2025.

Significant Investments, Material Acquisitions and Disposals of Subsidiaries

The Group did not make any significant investments or have any material acquisitions or disposals of subsidiaries, consolidated affiliated entities or associated companies for the year ended 31 December 2025.

Pledge of Assets

As at 31 December 2025, the Group did not have any assets pledged as security for its loans and bank financing.

Litigation and Contingent Liabilities

The Company was not involved in any material litigation or arbitration during the year ended 31 December 2025. The Directors are also not aware of any material litigation or claims that are pending or threatened against the Group as at 31 December 2025 and up to the date of this report. As at 31 December 2025, the Group did not have any material contingent liabilities.

Events After the Reporting Period

There were no significant events affecting the Group that occurred after 31 December 2025 and up to the date of this report.

MANAGEMENT DISCUSSION AND ANALYSIS

Use of Proceeds

The Company completed its Global Offering on the Stock Exchange on 20 October 2025. After deducting underwriting commissions and other expenses payable in connection with the Global Offering, the net proceeds from the Global Offering amounted to approximately HK\$940.13 million.

The intended allocation of net proceeds as set out in the Prospectus and the details of net proceeds of the Global Offering which had been utilised and unutilised as at 31 December 2025, at the total amount of approximately HK\$74.66 million and HK\$865.47 million respectively, are summarised as follows:

No.	Intended Use	Approximate % of net proceeds	Allocated amount (HK\$ million)	Amount utilised as at 31 December 2025 (HK\$ million)	Unutilised amount as at 31 December 2025 (HK\$ million)	Expected timeline for full utilisation
1	Continuous investment in R&D to advance drug candidates in the pipeline and to enrich the product portfolio (including approximately 40.0% for R&D of innovative drugs and approximately 12.0% for R&D of generic drugs)	52.0%	488.87	16.85	472.02	Before 31 December 2027
2	Improvement of the Group's R&D capacities and pursuit of collaboration opportunities	23.0%	216.23	4.14	212.09	Before 31 December 2027
3	Improvement and optimisation of the Group's R&D and manufacturing systems	7.0%	65.81	8.44	57.37	Before 31 December 2027
4	Enhancement of the Group's commercialisation capabilities and expansion of its market presence	8.0%	75.21	33.29	41.92	Before 31 December 2027
5	Working capital and other general corporate purposes	10.0%	94.01	11.94	82.07	Before 31 December 2027
	Total	100.0%	940.13	74.66	865.47	

As at 31 December 2025, the unutilised net proceeds from the Global Offering were deposited with licensed banks in the PRC and Hong Kong. The proceeds from the Global Offering have been and will continue to be utilised in accordance with the intended purposes as disclosed in the Prospectus. There has been no change in the intended use of the net proceeds from the Global Offering, nor has there been any material delay in the utilisation of such proceeds, as compared to the intentions previously disclosed in the Prospectus.



MANAGEMENT DISCUSSION AND ANALYSIS

FINAL DIVIDEND

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

ANNUAL GENERAL MEETING

Reference is made to the annual results announcement for 2025 of the Company dated 30 March 2026 (the “2025 Results Announcement”), which stated that the annual general meeting (the “AGM”) of the Company was scheduled to be held on 21 May 2026. The Company determined that the AGM has been rescheduled to be held on 27 May 2026 due to administration reasons. A notice convening the AGM will be published and dispatched to the shareholders of the Company, upon request, in the manner required by the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) in due course.

CLOSURE OF REGISTER OF SHAREHOLDERS

As disclosed in the 2025 Results Announcement, the register of shareholders of the Company was scheduled to be closed from 18 May 2026 to 21 May 2026, both days inclusive, during which period no transfer of shares of the Company will be registered.

The Company’s annual general meeting will be held on 27 May 2026. For determining eligibility to attend and vote at the annual general meeting, the register of shareholders of the Company will be closed from 21 May 2026 to 27 May 2026, both days inclusive, during which period no transfer of shares of the Company will be registered. The record date for determining the entitlement of the shareholders of the Company to attend and vote at the annual general meeting will be 27 May 2026. In order to be eligible to attend and vote at the annual general meeting, all transfer of shares of the Company, accompanied by the relevant share certificates, must be lodged with the Company’s Hong Kong share registrars, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on 20 May 2026.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

DIRECTORS

Executive Directors

Dr. Kang Xinshan (康心汕), aged 54, is our co-founder. He was appointed as our Director in March 2012 and was re-designated as our executive Director in December 2024. He has served as our general manager since March 2012 and chairman of the Board since November 2017. He is primarily responsible for the overall strategy planning of business operations and making key business and operational decisions of our Group. He has also served as the executive director and general manager of 海西新藥創制(福州)有限公司 Haixi New Drug Creation (Fuzhou) Co., Ltd.* (“Haixi Fuzhou”), our wholly-owned subsidiary since June 2022 and is primarily responsible for its overall business operations. Dr. Kang has more than 26 years of experience in pharmaceutical industry. Prior to co-founding our Company in March 2012, Dr. Kang worked at the University of California, San Francisco, where he was primarily responsible for conducting research on medicinal chemistry and molecular design. Dr. Kang worked as a computational scientist at PTC Therapeutics, Inc. (a company listed on the NASDAQ, stock code: PTCT) from March 2003 to September 2004. In October 2004, Dr. Kang joined BioPredict, Inc. as the head of drug discovery. From September 2008 to March 2012, Dr. Kang worked as the chief pharmacist at Zhejiang Betta Pharmaceutical Co., Ltd.* (浙江貝達藥業有限公司) (currently known as Betta Pharmaceuticals Co., Ltd. (貝達藥業股份有限公司), whose shares are listed on the Shenzhen Stock Exchange since November 2016 (stock code: 300558.SZ)). He also served as the general manager at Beijing Beimeituo New Drug Research and Development Co., Ltd.* (北京貝美拓新藥研發有限公司) from November 2010 to March 2014 and served as a director from March 2014 to March 2024. To better manage our ongoing clinical research, Dr. Kang also founded and served as the chairman of the board of Laibiyi Technology (Xiamen) Co., Ltd.* (萊必宜科技(廈門)有限責任公司) (“Laibiyi Technology”) from April 2016 to July 2021. Dr. Kang obtained his bachelor’s degree in polymer chemistry from the University of Science and Technology of China (中國科學技術大學) in July 1993 and obtained his doctoral degree in chemistry from Princeton University in January 1999. Dr. Kang also obtained the qualification as a professor-grade senior engineer conferred by Fujian Provincial Department of Human Resources and Social Security (福建省人力資源和社會保障廳) in June 2018.

Dr. Kang was previously a director of the following companies at the time of their respective dissolution:

Name of company	Place of incorporation	Date of dissolution	Status	Reasons of dissolution
Xiamen Dihai Pharmaceutical Technology Co. Ltd.* (廈門迪海醫藥科技有限公司)	The PRC	3 September 2020	Dissolved by deregistration	Voluntary dissolution by shareholders’ resolution
Chemtel Development Limited* (康泰捷發有限公司)	Hong Kong	19 May 2016	Dissolved by deregistration	No business operation

Dr. Kang confirmed that (i) to the best of his knowledge, information and belief after making reasonable inquiries, the said company was solvent immediately prior to its dissolution; (ii) there is no wrongful act on his part leading to the dissolutions of the said company; (iii) he is not aware of any actual or potential claim that has been or will be made against him as a result of the dissolutions of the said company; and (iv) no misconduct or misfeasance had been involved on his part in the dissolution of the said company.



DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Ms. Feng Yan, aged 51, is our co-founder. She was appointed as our Director in November 2017 and was re-designated as our executive Director in December 2024. She joined our Group in March 2012 and has served successively as our assistant president and vice president since then to December 2021. She was appointed as our deputy general manager in June 2024. She is primarily responsible for the overall strategy planning of business operations and making key business and operational decisions of our Group. Ms. Feng has more than 22 years of experience in pharmaceutical industry. Prior to co-founding our Group in March 2012, Ms. Feng worked as a lab director at McMaster University from January 2003 to July 2009. In September 2009, Ms. Feng joined the School of Medicine, Yale University as a research manager. Ms. Feng served as the chairwoman of the board of Laibiyi Technology from July 2021 to June 2022 and has served as a consultant since July 2022. Ms. Feng obtained her bachelor's degree in biochemistry from Lanzhou University (蘭州大學) in June 1997 and obtained her master's degree in particle physics and nuclear physics from Chinese Academy of Sciences (中國科學院) in August 2002.

Dr. Chen Guangming, aged 61, was appointed as our Director in October 2023 and was re-designated as our executive Director in December 2024. He joined our Group and was appointed as our vice president in May 2022 and was re-designated as our deputy general manager and chief scientific officer in October 2022. He is primarily responsible for R&D activities, strategic planning and operational management of our Group. Dr. Chen has more than 31 years of experience in pharmaceutical industry. Prior to joining our Group, Dr. Chen worked as a postdoctoral researcher in the laboratory of Prof. Herbert Charles Brown (Nobel Laureate) at Purdue University from September 1993 to September 1996, where he was primarily responsible for the daily operation of the laboratory. He then served at PTC Therapeutics, Inc. (a company listed on the NASDAQ, stock code: PTCT) from February 2001 to April 2022 with his last position as the senior research fellow. Dr. Chen obtained his bachelor's degree in chemistry from Nankai University (南開大學) in July 1984 and his master's degree in agricultural pharmacology from Beijing Agricultural University (北京農業大學) (currently known as China Agricultural University (中國農業大學)) in September 1990. Dr. Chen further obtained a doctoral degree in agricultural pharmacology from China Agricultural University (中國農業大學) in August 1993.

Dr. Chen Shuyi (陳樞儀), aged 45, was appointed as our Director in July 2022 and was re-designated as our executive Director in December 2024. He joined our Group and served as a marketing consultant since December 2020. He is primarily responsible for providing advices related to generic drugs and marketing of our Group. Dr. Chen has more than 16 years of experience in pharmaceutical industry. Dr. Chen served as the general manager at Xiamen KAK Science & Technology Co., Ltd.* (廈門市康奧克科技有限公司) from May 2010 to August 2015 and engaged in pharmaceutical intermediates development and generic drug development. From November 2016 to November 2020, Dr. Chen served as the general manager at Xiamen Shunxie Pharmaceutical Technology Co., Ltd.* (廈門順協醫藥科技有限公司). Dr. Chen obtained his bachelor's degree in chemistry from Nanjing University (南京大學) in June 2003 and obtained his doctoral degree in chemistry from the State University of New York at Stony Brook in May 2008.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Non-executive Directors

Mr. Xu Dong (許冬), aged 42, was appointed as our Director in August 2023 and was re-designated as a non-executive Director in December 2024. He is primarily responsible for providing strategic advice on the overall development of our Group. Mr. Xu joined Fujian Venture Investment Management Co., Ltd.* (福建省創新創業投資管理有限公司) in October 2012 and currently serves as its division deputy general manager. Mr. Xu has also served as a director at Fujian Huaxing Investment Management Co., Ltd.* (福建華興投資管理有限責任公司) since November 2015 and the chairman of the board and manager at Fujian Huaxing Emerging Venture Capital Investment Co., Ltd.* (福建省華興新興創業投資有限公司) since November 2023. Prior to that, Mr. Xu served as a teacher at No.1 High School of Shishi, Fujian* (福建省石獅市第一中學) from August 2005 to June 2008. He then served as a manager at planning and finance department at Industrial Securities Co., Ltd.* (興業證券股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 601377) from June 2010 to October 2012. Mr. Xu obtained his bachelor's degree in mathematics and applied mathematics from Fujian Normal University (福建師範大學) in July 2005 and obtained his master's degree in business administration from Xiamen University (廈門大學) in June 2010. Mr. Xu has qualified as an intermediate accountant conferred by Fujian Province Bureau of Civil Servants and the Office of Human Resources Development of the Fujian Province (福建省公務員局福建省人力資源開發辦公室) in January 2014 and has been a member of the Fujian Institute of Certified Public Accountants (福建省註冊會計師協會) since March 2017.

Mr. Wang Xinkun (王忻琨), aged 33, was appointed as our Director in March 2024 and was re-designated as a non-executive Director in December 2024. He served as our Supervisor from October 2022 to March 2024. He is primarily responsible for providing strategic advice on the overall development of our Group. Mr. Wang served as an investment manager at Fuzhou Financial Holding Group Co., Ltd.* (福州市金融控股集團有限公司) since December 2023. Prior to that, Mr. Wang served as an investment manager at Minsheng Tongli Equity Investment Co., Ltd. (民生通力股權投資有限公司) (currently known as Minsheng Tongli Private Equity Fund Management Co., Ltd.* (民生通力私募基金管理有限公司)) from March 2018 to August 2018. From September 2018 to October 2020, Mr. Wang worked as a deputy director at Industrial Securities Co., Ltd. Shanghai Branch* (興業證券股份有限公司上海分公司). He then worked at Fuzhou Financial Holding Group Co., Ltd.* (福州市金融控股集團有限公司) from November 2020 to July 2022 and Fuzhou Venture Capital Co., Ltd.* (福州市創業投資有限責任公司) from August 2022 to November 2023. Mr. Wang obtained his bachelor's degree in accounting from Anhui University of Finance and Economics (安徽財經大學) in July 2014 and obtained his master's degree in accounting from California State University, San Bernardino in June 2017.

Independent Non-executive Directors

Mr. Gong Weimin (龔為民), aged 54, was appointed as an independent Director in October 2022 and was re-designated as an independent non-executive Director in December 2024. He is responsible for providing independent advice to on the operation and management of our Group. Mr. Gong has served as a lawyer at Fujian Hangjia Law Firm* (福建航嘉律師事務所) since October 2015. Prior to that, he worked at Fujian Tianjun Law Firm* (福建天鈞律師事務所) from January 2001 to November 2003 and served as a lawyer at Fujian Xinzhe Law Firm* (福建信哲律師事務所) from January 2004 to March 2009. From June 2009 to May 2011, Mr. Gong served as a lawyer at Fujian Yuanjian Law Firm* (福建遠見律師事務所). From July 2011 to July 2015, Mr. Gong served as a lawyer at Fujian Qiutuo Law Firm* (福建求拓律師事務所). Mr. Gong obtained his college's degree in law from Xiamen University (廈門大學) in June 1997 and his bachelor's degree in law from Xiamen University (廈門大學) in June 2007. Mr. Gong has been licensed as a lawyer in the PRC by the Ministry of Justice of the PRC (中華人民共和國司法部) in March 2000.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Ms. Wang Shan Shan (王珊珊), aged 42, was appointed as an independent non-executive Director in December 2024. She is responsible for providing independent advice on the operation and management of our Group. From November 2007 to December 2018, Ms. Wang served as the finance manager at Da Changjiang (Fujian) Investment Group Co., Ltd.* (大長江(福建)投資集團有限公司) and was promoted to the finance director in January 2019, where she was primarily responsible for the daily financial management. Ms. Wang obtained her bachelor's degree in managerial economics from University of California, Davis in March 2006.

Ms. Pu Meiting (蒲美婷), aged 39, was appointed as an independent non-executive Director in December 2024. She is responsible for providing independent advice on the operation and management of our Group. Ms. Pu has served as the senior finance manager at Zhizhi Clothing (Shanghai) Co., Ltd.* (致知服飾(上海)有限公司) since September 2022. Prior to that, she worked as a finance manager at Zhuo'ao Investment Consulting (Shanghai) Co., Ltd.* (卓奧投資諮詢(上海)有限公司) from October 2011 to December 2018. She then served as the general manager of the finance department at Guizhou Chenlong Digital Intelligence Technology Co., Ltd.* (貴州宸隆數智科技股份有限公司) (previously known as Tianan (Guizhou Province) Internet Financial Assets Trading Center Co., Ltd.* (天安(貴州省)互聯網金融資產交易中心股份有限公司)) from March 2020 to August 2022. Ms. Pu obtained her college's degree in accounting from Southwestern University of Finance and Economics (西南財經大學) in January 2007 and obtained her bachelor's degree in accounting from Shanghai Lixin University of Accounting and Finance (上海立信會計金融學院) in June 2019. Ms. Pu has qualified as a junior accountant and intermediate accountant by Shanghai Municipal Bureau of Human Resources and Social Security (上海市人力資源和社會保障局) since October 2013 and September 2015, respectively. Ms. Pu has been a certified public accountant of the Chinese Institute of Certified Public Accountants (中國註冊會計師協會) in the PRC since March 2020.

SUPERVISORS

Ms. Chen Xia (陳霞), aged 40, was appointed as our employee representative Supervisor and chairwoman of the Supervisory Committee in November 2017. She has also served as the deputy director of operation center and the manager of human resources department of our Group since February 2013. She is responsible for the overall operation of the Supervisory Committee and overseeing the performance of our Directors and senior management. Prior to joining our Group, Ms. Chen served as a clerk at Fujian Straits West-Coast Human Resources Service Co., Ltd.* (福建海峽西岸人力資源服務有限公司) from September 2005 to January 2013. Ms. Chen obtained her college's degree in human resource management from Fujian Economic Management Cadre College (福建經濟管理幹部學院) in July 2006 and obtained her bachelor's degree in economics from Fujian Normal University (福建師範大學) through correspondence courses in January 2010. Ms. Chen has been a intermediate human resource management professional accredited by the Ministry of Human Resources and Social Security of the PRC (中華人民共和國人力資源和社會保障部) since November 2023.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Wu Jiang (吳江), aged 55, was appointed as a shareholders' representative Supervisor in November 2020. He is responsible for supervising the performance of our Directors and senior management, and performing other supervisory duties as a shareholders' representative Supervisor. In addition to a supervisorship held with our Group, Mr. Wu worked at Guangzhou Keli Electronic Information Co., Ltd.* (廣州科力電子信息有限公司) from January 2000 to April 2001. He then worked at Guangzhou Yingfu Chuangzhan Investment Co., Ltd.* (廣州市盈富創展投資有限公司) from June 2001 to February 2004 and worked at Guangzhou Xinglong Investment Development Co., Ltd.* (廣州興隆投資發展有限公司) from March 2004 to November 2008. Mr. Wu has served as a managing partner of Shenzhen Zhongtian Fortune Fund Management Co., Ltd.* (深圳中天匯富基金管理有限公司) since December 2015. He has been a supervisor of IPGoal Microelectronics (Sichuan) Co., Ltd.* (四川和芯微電子股份有限公司) since June 2020, a director of Wuxi Yangpai Technology Co., Ltd.* (無錫洋湃科技有限公司) since November 2022, a supervisor of Shenzhen Uni Plasma Technology Co., Ltd.* (深圳優普萊等離子體技術有限公司) since January 2022, a supervisor of Jiangsu Fengsun Quartz Technology Co., Ltd.* (江蘇風日石英科技有限公司) since February 2023 and a director of Tanbu Technology (Shanghai) Co., Ltd.* (探步科技(上海)有限公司) since April 2023. Mr. Wu obtained his bachelor's degree in radio technology from the University of Science and Technology of China (中國科學技術大學) in July 1993. Mr. Wu was the legal representative, director and general manager of Guangzhou Chucai Exhibition Co. Ltd.* (廣州出彩展覽有限公司), a company established under the laws of the PRC, which had its business license revoked due to failure to complete annual inspection. Mr. Wu confirmed that (i) to the best of his knowledge, information and belief after making reasonable inquiries, the said company was solvent immediately prior to its dissolution; (ii) there is no wrongful act on his part leading to the dissolutions of the said company; (iii) he is not aware of any actual or potential claim that has been or will be made against him as a result of the dissolutions of the said company; and (iv) no misconduct or misfeasance had been involved on his part in the dissolution of the said company.

Ms. Xu Lixia (許麗霞), aged 49, was appointed as a shareholders' representative Supervisor in March 2024. She is responsible for supervising the performance of our Directors and senior management, and performing other supervisory duties as a shareholders' representative Supervisor. In addition to a supervisorship held with our Group, Ms. Xu has been the general manager of human resources department at Fujian Pharmaceutical (Group) Co., Ltd.* (福建省醫藥集團有限責任公司) since December 2022, prior to which she successively served as officer, director of general office, assistant general manager, deputy general manager and general manager of Fujian Medicinal Materials Co., Ltd.* (福建省藥材有限責任公司) from August 1994 to December 2022. Ms. Xu obtained her college's degree in pharmacy from China Pharmaceutical University (中國藥科大學) in July 2001 and obtained her bachelor's degree in pharmacy from China Pharmaceutical University (中國藥科大學) on a part-time course basis in January 2014. Ms. Xu has been a licensed pharmacist as approved by Fujian Provincial Department of Human Resources (福建省人事廳) (currently known as Fujian Provincial Department of Human Resources and Social Security (福建省人力資源和社會保障廳) since December 2004.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

During the Reporting Period, the senior management of the Group is comprised of Executive Directors and below persons:

Dr. Kang Xishan, Ms. Feng Yan and Dr. Chen Guangming. For the biographical details of Dr. Kang Xishan (康心汕), Ms. Feng Yan and Dr. Chen Guangming, see “— Executive Directors” in this section.

Mr. Hu Kai (胡凱), aged 62, joined our Company in May 2012 and has served successively as assistant president and deputy general manager since then. Mr. Hu has resigned from his position on 31 March 2026. He served as our Director from January 2019 to July 2022. He is primarily responsible for overseeing the operation of our Company. Prior to joining our Company, Mr. Hu worked as a staff at Industrial and Commercial Bank of China Fuzhou Branch* (中國工商銀行福州分行) from December 1980 to November 1987. He then served as an investment manager at Fujian Provincial Economic Development Corporation* (福建省經濟發展總公司) from December 1992 to October 1993 and served as a staff at Huatong international Development Holding Co., Ltd.* (華通國際招商股份有限公司) until May 1995. Mr. Hu then served as a director at Fuzhou Canglian City Credit Union* (福州市倉聯城市信用合作社) until December 1996. Mr. Hu served as a deputy governor at Fuzhou City Cooperation Bank Cangshan Branch* (福州市城市合作銀行倉山支行) from December 1996 to December 1999. From January 2001 to October 2001, Mr. Hu worked as a deputy manager at business development department in China Merchants Bank Fuzhou Branch (Nanmen Sub-branch)* (招商銀行福州分行南門支行). He then served as a deputy general manager at Fujian Yinhong Media Co., Ltd.* (福建銀宏傳媒有限公司) from March 2004 to July 2004. From December 2008 to May 2009, Mr. Hu served as a deputy general manager at Fuzhou Fan'an Marketing Planning Co., Ltd.* (福州泛安市場行銷策劃有限公司). Mr. Hu obtained his college's degree in finance from the Open University of Fujian (福建開放大學) (previously known as Fujian Broadcasting and Television University (福建廣播電視大學)) in July 1986 and he has studied a postgraduate course in political economics at Fujian Normal University (福建師範大學) from September 1998 to November 2000.

Ms. Zhang Junhuan. For the biographical details of Ms. Zhang, see “- Joint Company Secretaries” in this section.

JOINT COMPANY SECRETARIES

Mr. Lau Kwok Yin has been appointed as the joint company secretary of the Company on 6 March 2026. The major associate of Mr. Lau is Ms. Zhang Junhuan. During the Reporting Period, Ms. Chan Hiu Lam served as the joint company secretary, and she has resigned on 21 November 2025. The biographical details of Mr. Lau and Ms. Zhang are as follows:

Mr. Lau is a vice president of SWCS Corporate Services Group (Hong Kong) Limited. He has over 15 years of experience in corporate secretarial services, finance and banking operations. He holds a bachelor's degree in business administration (accounting and finance) from The University of Hong Kong, and is a member of the Hong Kong Institute of Certified Public Accountants, a Chartered Financial Analyst charterholder, and a fellow of each of The Chartered Governance Institute and The Hong Kong Chartered Governance Institute.

Ms. Zhang Junhuan (張俊環), aged 56, joined our Group in October 2021 and has served as our finance director since then and has been appointed as our secretary of the Board since October 2022. She was appointed as the joint company secretary of the Company in December 2024. She also serves as our finance director of Haixi Fuzhou, our wholly-owned subsidiary since June 2022. She is primarily responsible for overseeing the financial management and the company secretarial matters of our Group. Ms. Zhang has more than 30 years of experience in finance management. Prior to joining our Group, Ms. Zhang served as a chief accountant at Fujian Hualong Group Feedstuff Co., Ltd.* (福建省華龍集團飼料有限公司) from July 1993 to December 2002. From January 2003 to February 2004, Ms. Zhang served as a manager at planning and finance department at Taikang Life Insurance Co., Ltd. Fujian Zhangzhou Central Branch* (泰康人壽保險有限責任公司福建漳州中心支公司). She then served as a finance manager at Fujian Kewei Technical Development Co., Ltd.* (福建省科威技術發展有限公司) from March 2004 to May 2005 and a finance manager at Fuzhou Chaoda Modern Agriculture Development Co., Ltd.* (福州超大現代農業發展有限公司) (currently known as Fujian Chaoda Modern Agriculture Group Co., Ltd.* (福建超大現代農業集團有限公司)) from May 2005 to August 2007. From September 2007 to August 2011, Ms. Zhang served as a director at accounting department of Fujian Metropolis Media Co., Ltd.* (福建都市傳媒股份有限公司). And she then served as a vice president and finance director at Shenghui Logistics Group Co., Ltd.* (盛輝物流集團有限公司) from September 2011 to March 2019 and the head of finance department at Sichuan Huiyu Pharmaceutical Co., Ltd.* (四川匯宇製藥股份有限公司) (a company listed on the STAR market of Shanghai Stock Exchange, stock code: 688553) from March 2019 to October 2019. Ms. Zhang obtained her college's degree in financial management from Wuhan University (武漢大學) in July 1993 and her bachelor's degree in accounting from Fuzhou University (福州大學) in December 2005. Ms. Zhang has qualified as a senior accountant conferred by Fujian Provincial Department of Human Resources (福建省人事廳) (currently known as Fujian Provincial Department of Human Resources and Social Security (福建省人力資源和社會保障廳) since May 2007.



REPORT OF THE DIRECTORS

The Directors are pleased to present the report of the Directors and the audited consolidated financial statements of the Group for the year ended 31 December 2025.

COMPANY INFORMATION

Our Company was established in the PRC on 27 March 2012 and was converted into a joint stock limited company in 2022 under the laws of the PRC. The H Shares of the Company have been listed on the Main Board of the Stock Exchange since 20 October 2025.

PRINCIPAL ACTIVITIES

The principal activities of the Group are the development, production and sale of premium pharmaceutical products. Details of the principal activities of the Company's subsidiaries are set out in note 35 to the consolidated financial statements in this report.

BUSINESS REVIEW AND PERFORMANCE

A fair review of the business of the Group during the year ended 31 December 2025, including an analysis using key financial performance indicators and the future prospects of the business of the Group, is set out in the section headed "Management Discussion and Analysis" of this report. Such discussion forms part of this "Report of the Directors".

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 other comprehensive income on page 63 of this report.

DIVIDEND POLICY AND FINAL DIVIDEND

No dividend was declared for the year ended 31 December 2025.

In determining the dividend distribution, the policy adopted by the Board is, on the one hand, to allow shareholders to share the profits of the Group and, on the other hand, to retain sufficient reserves for the future development of the Group.

Before declaring or recommending the payment of dividends, the Board shall consider the following factors:

- the actual and expected financial results of the Company;
- the retained earnings and distributable reserves of the Company and each of the subsidiaries of the Group;

- the expected working capital requirements, capital expenditure requirements and future expansion plans of the Group;
- the liquidity position of the Group;
- the general economic conditions, the business cycle of the business of the Group, and internal or external factors that may affect the business, financial results and position of the Company; and
- such other factors as the Board may consider relevant.

The payment of dividends by the Company is also subject to compliance with applicable laws and regulations, including the laws and regulations of the PRC and the Articles of Association. The Board will review this dividend policy from time to time and does not guarantee that dividends of any particular amount will be paid in any specified period.

The Board confirms that the decision not to declare a dividend for the year ended 31 December 2025 was made in accordance with the Company's dividend policy, having taken into account the factors described therein. As the Company is in its early growth stage and listed on the Main Board of the Stock Exchange in October 2025, the Board considers it is prudent to retain available funds for the Company's business development and to enhance long-term returns for shareholders. The Board will continue to review the Company's financial position and dividend policy on a regular basis, and expects to recommend dividends to shareholders as the Company's financial performance and cash flows develop.

No arrangement under which any shareholder of the Company has waived or agreed to waive any dividend was entered into during the year ended 31 December 2025.

PRINCIPAL RISKS AND UNCERTAINTIES RELATING TO THE BUSINESS OF THE GROUP

Market Risk

Market risk is the risk that deteriorates the Group's profitability or affects its ability to meet business objectives arising from the movement in market prices. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. Responsibility for managing operational risks rests with every function at divisional and departmental levels.

Investment Risk

Investment risk is the likelihood of occurrence of losses relative to the expected return on any particular investment. Proper authorisation system has been set up and detailed analysis will be made before approving investments.

Manpower and Retention Risk

The Group may face the risk of not being able to attract and retain key personnel and talents with appropriate and required skills, experience and competence which could meet the business objectives of the Group. The Group will provide attractive remuneration package to suitable candidates and personnel.



REPORT OF THE DIRECTORS

Financial Risk

The Group also faces financial risks relating to interest rate, foreign currency, credit, and liquidity. Details of these financial risks are set out in note 30 to the consolidated financial statements of the Group.

In light of the above risks which are relevant to and may potentially affect the Group's business, the Group has certain risk management procedures with a view to minimise the risks and to manage, but not eliminate, the risk of failure to fulfil the Group's business objectives. Please refer to the section headed "Risk Management and Internal Control" in the Corporate Governance Report for policies concerning the Group's risk management system.

ENVIRONMENTAL POLICIES AND PERFORMANCE

Our Group is committed to achieving environmental sustainability. Our commitment to protect the environment is well reflected by our continuous efforts in promoting green measures and awareness in our daily business operations. Our Group's business is subject to national, provincial and local environmental laws and regulations of the PRC. During the year ended 31 December 2025, so far as our Directors are aware, there were no material breaches of applicable environmental laws and regulations of the PRC that have a significant adverse impact on the business and operations of our Group.

Our Group also encourages environmental protection and promotes awareness of the same to the employees. Our Group adheres to the principle of recycling and reducing. It implements green office practices such as doublesided printing and copying, setting up recycling bins, promoting the use of recycled paper, and reducing energy consumption by switching off idle lightings and electrical appliances.

Our Group endeavours to comply with the relevant laws and regulations regarding environmental protection and adopts effective measures to achieve efficient use of resources, waste reduction and energy saving. Our Group will review its environmental practices from time to time and will consider implementing further eco-friendly measures and practices in the operation of our Group's businesses to move towards adhering to the 3Rs – reduce, recycle and reuse, and enhance environmental sustainability.

In accordance with paragraph 4(1) of Appendix C2 of the the Rules Governing the Listing of Securities on The Stock Exchange (the "Listing Rules"), the Company's Environmental, Social and Governance Report ("ESG Report") will be available on its website at the same time as the publication of this report. The 2025 ESG Report, in electronic form only, is published on the website of the Company at www.hxpharma.com under the section "Investors" and the website of the Stock Exchange at www.hkexnews.hk.

KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

Being people-oriented, our Group ensures all staffs are reasonably remunerated and our Group also continue to improve and regularly review and update its policies on remuneration and benefits, training, occupational health and safety.

Our Group maintains a good relationship with its customers. A customer complaint handling mechanism is in place to receive, analyse and study complaints and make recommendations on remedies with the aim of improving service quality.

Our Group is in good relationship with its suppliers and conducts a fair and strict appraisal of its suppliers on an annual basis.

MAJOR CUSTOMERS AND SUPPLIERS

Sales to the Group's five largest customers accounted for approximately 69.4% (2024: 73.4%) of the total sales for the year ended 31 December 2025 and sales to the largest customer included therein amounted to 41.1% (2024: 46.0%) of the total sales for the year ended 31 December 2025. The largest customer is a group of companies under the control of the same holding company.

For the year ended 31 December 2025, purchases from the five largest suppliers of the Group accounted for approximately 45.7% of total purchases (2024: 51.7%), of which purchases from the largest supplier of the Group accounted for 12.8% of the total purchases for the year ended 31 December 2025 (2024: 19.3%).

None of the Directors or any of their close associates or any Shareholder (who, to the knowledge of the Directors, owns more than 5% of the issued share capital of the Company) had any interest in any of the five largest customers and suppliers of the Group.

SUBSIDIARIES OF THE COMPANY

Details of the Company's subsidiaries are set out in note 35 to the consolidated financial statements in this annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year ended 31 December 2025 are set out in note 14 to the consolidated financial statements in this annual report.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year ended 31 December 2025 are set out in note 26 to the consolidated financial statements in this annual report.

RESERVE

As at 31 December 2025, the Company did not have any distributable reserve. Details of movements in the reserves of the Group during the year are set out on pages 65 to 66 in the consolidated statement of changes in equity of this report and in note 34 to the consolidated financial statements in this annual report.

BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans of the Group as at 31 December 2025 are set out in note 23 to the consolidated financial statements in this report.



REPORT OF THE DIRECTORS

DONATION

For the year ended 31 December 2025, the Company did not make any charitable donations (For the year ended 31 December 2024: nil).

DIRECTORS

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

Executive Directors:

Kang Xinshan
Feng Yan
Chen Guangming
Chen Shuyi

Non-executive Directors:

Xu Dong
Wang Xinkun

Independent non-executive Directors:

Gong Weimin
Wang Shan Shan
Pu Meiting

BOARD OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Biographies of the Directors, Supervisors and senior management of the Group are set out on pages 25 to 31 of this report.

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive Directors an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules and considers all of the independent non-executive Directors to be independent in accordance with Rule 3.13 of the Listing Rules.

DIRECTORS' SERVICE CONTRACTS

Each of the Directors entered into an appointment service contract with the Company on 8 October 2025. The principal particulars of these service contracts comprise (a) a term of three years which is equivalent to the term of the Board; and (b) termination provisions in accordance with their respective terms. Our Directors may be re-appointed subject to Shareholders' approval. The service contracts can be renewed pursuant to our Articles of Association and applicable rules.

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

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

As at 31 December 2025 or at any time during the year, other than those transactions disclosed in note 32 to the consolidated financial statements in this report, (a) no transactions, arrangements and contracts of significance in relation to the Group's business to which the Company, Company's subsidiaries, fellow subsidiaries or its parent companies was a party and in which a Director and/or Supervisor or his or her connected entity had a material interest, whether directly or indirectly, subsisted; and (b) there is no contract of significance (i) between the Company or its subsidiaries and the Company's controlling shareholder or its subsidiaries; and (ii) for the provision of services to the Company or any of its subsidiaries by the Company's controlling shareholder or its subsidiaries.

DEBENTURES

The Company did not have any debentures in issue during the year ended 31 December 2025.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 December 2025.



REPORT OF THE DIRECTORS

EQUITY-LINKED AGREEMENTS

Save as disclosed in this report, no equity-linked agreement that will or may result in the Company issuing Shares nor require the Company to enter into an agreement that will or may result in the Company issuing Shares was entered into by the Company during the year ended 31 December 2025 or subsisted at the end of the year.

EMOLUMENT POLICY

The objective of the Group's remuneration policy is to motivate and retain talented employees so as to achieve the Group's long term corporate goals and objectives. The Group's employee remuneration policy is determined by considering factors such as remuneration in respect of the overall remuneration standard in the industry and the employee's performance. The management reviews the Group's employee remuneration policy and arrangements on a regular basis. In addition, social insurance contributions are made by the Group for its PRC employees in accordance with the relevant PRC regulations. For employee retirement benefits, please refer to note 25 to the consolidated financial statements in this report. A remuneration and Appraisal committee of the Board was set up for reviewing the Group's emolument policy and structure for all remuneration of the Directors and senior management of the Group, having regard to the Group's operating results, individual performance of the Directors and senior management, and comparable market practices. Our Group participates in the national pension schemes as defined by the laws of the countries in which it operates. The Company's subsidiaries established and operating in Mainland China are required to participate in central pension schemes operated by the local municipal government and the central government, respectively.

For the defined contribution plans, contributions forfeited by the original employer in respect of employees who left before such contributions became fully vested have been used to reduce the level of existing contributions. During the year ended 31 December 2025, no such forfeited contributions were used to reduce the level of contributions, nor were any such forfeited contributions available for such use as at the balance sheet date.

REMUNERATION OF DIRECTORS, SUPERVISORS AND FIVE INDIVIDUALS WITH HIGHEST EMOLUMENTS

Details of the emoluments of the Directors, Supervisors and the five highest paid individuals of the Group are set out in notes 11 and 12 to the consolidated financial statements in this report.

SHARE SCHEME

During the year ended 31 December 2025 and up to the date of this report, the Group had not adopted any share scheme (as defined under Chapter 17 of the Listing Rules).

CHANGES IN INFORMATION OF DIRECTORS AND SUPERVISORS

Save as disclosed above and in the section headed "Directors, Supervisors and Senior Management" in this report, during the year ended 31 December 2025, there was no change in information of any Director and Supervisor required to be disclosed pursuant to paragraphs (a) to (e) and paragraph (g) of Rule 13.51(2) of the Listing Rules.

INTERESTS AND SHORT POSITIONS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVES IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2025, the Directors, Supervisors or chief executives of the Company had the following interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required to be recorded in the register required to be kept pursuant to Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules, as follows:

Name	Nature of Interest	Number of Securities	Approximate Percentage of Shareholding in the Total Issued Share Capital
Dr. Kang Xinshan	Beneficial owner, interest of spouse and interest in controlled corporation	12,752,264 H Shares (beneficial owner), 9,918,426 H Shares (interest of spouse) and 5,000,000 H Shares (interest in controlled corporation)	16.20%, 12.60% and 6.35% (in aggregate: 35.15%)
Ms. Feng Yan	Beneficial owner and interest of spouse	9,918,426 H Shares (beneficial owner) and 17,752,264 H Shares (interest of spouse)	12.60% and 22.55% (in aggregate: 35.15%)

Notes:

- (1) All interests are long positions.
- (2) Ms. Feng Yan is the spouse of Dr. Kang Xinshan. Accordingly, they are deemed to be interested in the same number of Shares of each other for the purpose of the SFO.
- (3) Xiamen Tairuihe Investment Partnership (Limited Partnership) ("Tairuihe Investment") directly holds a total of 5,000,000 Shares of the Company and is one of the employee shareholding platforms. Dr. Kang Xinshan is the sole general partner of Tairuihe Investment. Accordingly, Dr. Kang Xinshan is deemed to be interested in such Shares held by Tairuihe Investment.

Save as disclosed above, as at 31 December 2025, none of the Directors, Supervisors and chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be recorded in the register required to be kept pursuant to Section 352 of the SFO; or (ii) were otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

REPORT OF THE DIRECTORS

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in this report, no rights to acquire benefits by means of the acquisition of shares in or debentures of the Company were granted to any Director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company and any of its subsidiaries a party to any arrangement to enable the Directors, or their respective spouse or children under 18 years of age, to acquire such rights in any other body corporate for the year ended 31 December 2025.

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

As at 31 December 2025, to the best knowledge of the Directors, the following persons (other than the Directors, Supervisors and chief executives of the Company) had or were deemed or taken to have interests and/or short positions in the Shares or underlying Shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept pursuant to Section 336 of the SFO:

Name	Nature of Interest	Number of Securities	Approximate Percentage of Shareholding in the Total Issued Share Capital
Mr. Tu Liandong ⁽²⁾	Interest in controlled corporation	16,003,450 H Shares	20.33%
Xiamen Zhanhongda Investment Partnership (Limited Partnership) ("Zhanhongda Investment") ⁽²⁾	Beneficial owner	7,593,750 H Shares	9.65%
Fujian Huaxing Venture Investment Co., Ltd. ("Huaxing Venture") ⁽³⁾	Beneficial owner	7,000,000 H Shares	8.89%
Fuzhou Venture Capital Co., Ltd. ("Fuzhou Capital") ⁽⁴⁾	Beneficial owner	4,680,000 H Shares	5.95%

Notes:

- (1) All interests are long positions.
- (2) Zhanhongda Investment directly holds a total of 7,593,750 Shares in the Company. Mr. Tu Liandong is the sole general partner of Zhanhongda Investment and none of the limited partners of Zhanhongda Investment has contributed more than one third of the partnership interest in Zhanhongda Investment. Accordingly, Mr. Tu is deemed to be interested in such Shares held by Zhanhongda Investment by virtue of the SFO.

- (3) Huaxing Venture directly holds a total of 7,000,000 Shares in the Company. It is wholly owned by Fujian Province Investment Development Group Co., Ltd.* (福建省投資開發集團有限責任公司), which in turn is controlled by Fujian SASAC, a PRC Government body. As such, Fujian Province Investment Development Group Co., Ltd.* (福建省投資開發集團有限責任公司) is deemed to be interested in such Shares held by Huaxing Venture by virtue of the SFO.
- (4) Fuzhou Capital directly holds a total of 4,680,000 Shares in the Company. It is wholly owned by Fuzhou Financial Holding Group Co., Ltd.* (福州市金融控股集團有限公司), which in turn is controlled by Fuzhou Municipal Finance Bureau (福州市財政局), a PRC Government body. As such, Fuzhou Financial Holding Group Co., Ltd.* (福州市金融控股集團有限公司) is deemed to be interested in such Shares held by Fuzhou Capital by virtue of the SFO.

Save as disclosed above, as at 31 December 2025, the Directors were not aware of any person who had any interests or short positions in the Shares or underlying Shares of the Company which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or recorded in the register required to be kept pursuant to Section 336 of the SFO.

CONVERTIBLE SECURITIES, SHARE OPTIONS, WARRANTS OR SIMILAR RIGHTS

During the year ended 31 December 2025, the Company had not issued any convertible securities, share options, warrants or similar rights.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Save as otherwise disclosed elsewhere in this annual report, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2025.

In addition, the Company had no treasury shares as at 31 December 2025.

TAX RELIEF

The Company is not aware of any tax relief available to the shareholders by reason of their holding of the Shares.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association requiring the Company to offer new shares of the Company to existing shareholders in proportion to their shareholdings.

PERMITTED INDEMNITY PROVISION

During the year ended 31 December 2025, there was no permitted indemnity provision which was in force for the benefit of the Directors of the Company (whether made by the Company or otherwise) or for the benefit of any directors of an associated company of the Company (if made by the Company). The Company has arranged appropriate insurance cover in respect of legal action against its Directors.



REPORT OF THE DIRECTORS

INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS IN COMPETING BUSINESS

During the year ended 31 December 2025, none of the Directors had any interest in any business which competed directly with the business of the Company or any of its jointly controlled entities and subsidiaries.

CONNECTED TRANSACTIONS

During the year ended 31 December 2025, the Group had not entered into any connected transactions or continuing connected transactions which were required to be disclosed in this annual report pursuant to the Listing Rules.

AUDIT COMMITTEE

The audit committee (the "Audit Committee") has reviewed, together with the management, the accounting standards and policies adopted by the Group and the audited consolidated financial statements for the year ended 31 December 2025.

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted a code of conduct for securities transactions by Directors and Supervisors on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules. Having made specific enquiries with all Directors and Supervisors, they have confirmed that they had complied with the Model Code during the year ended 31 December 2025.

CORPORATE GOVERNANCE

The Company is committed to maintaining the highest standards of corporate governance practices. Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 46 to 58 of this annual report.

SUFFICIENCY OF PUBLIC FLOAT

During the year ended 31 December 2025 and at the latest practicable date prior to the printing of this report, the Company had maintained the prescribed public float of not less than 25% of the issued Shares as required under the Listing Rules, based on the information publicly available to the Company and to the best knowledge of the Directors.

AUDITOR

Deloitte Touche Tohmatsu has been appointed as the auditor of the Company for the year ended 31 December 2025.

Deloitte Touche Tohmatsu will retire at the forthcoming annual general meeting and, being eligible, will offer itself for re-appointment. A resolution for the re-appointment of Deloitte Touche Tohmatsu as the independent auditor of the Company will be proposed at the annual general meeting. There has been no change in the auditor of the Company since the listing of the Company.

COMPLIANCE WITH LAWS AND REGULATIONS

During the reporting period, the Company has complied with the relevant laws and regulations that have a significant impact on the Company.

On behalf of the Board
Kang Xinshan
Chief Executive Officer and Chairman
Fuzhou, Fujian Province, the People's Republic of China
29 April 2026



REPORT OF THE SUPERVISORY COMMITTEE

All members of the Supervisory Committee have, in accordance with the requirements of the Company Law, the Articles of Association and the Rules of Procedures of the Supervisory Committee, and other relevant laws and regulations, conscientiously performed their duties with a responsible attitude towards all shareholders, effectively safeguarded the interests of the shareholders of the Company, prudently and diligently fulfilled the functions of the Supervisory Committee, independently exercised their powers in accordance with the law, actively carried out relevant work, ensured the standardised operation of the Company, and protected the interests of the Company and investors. During the year ended 31 December 2025, the Supervisory Committee supervised and inspected the Company's production and operation, connected transactions, various decision-making procedures, financial position and internal management systems, thereby effectively safeguarding the lawful rights and interests of the Company and its shareholders. The principal work of the Supervisory Committee for the year ended 31 December 2025 is hereby reported as follows:

I. MEETINGS OF THE SUPERVISORY COMMITTEE

During the year ended 31 December 2025, the Supervisory Committee convened one meeting. The convening and holding procedures of the meeting, the qualifications of attendees, the voting procedures, voting results and the contents of the resolutions were all in compliance with the requirements of laws and regulations and the Articles of Association.

On 5 June 2025, the Company convened the ninth meeting of the first session of the Supervisory Committee. Three Supervisors were required to attend the meeting and three Supervisors attended the meeting in person. The meeting considered and approved the Resolution in Relation to the Work Report of the Supervisory Committee for 2024, the Resolution in Relation to the Final Financial Accounts Report of the Company for 2024, the Resolution in Relation to the Financial Budget Report of the Company for 2025, the Resolution in Relation to the Annual Report of the Company for 2024, the Resolution in Relation to the Profit Distribution of the Company for 2024, the Resolution in Relation to the Remuneration of Supervisors of the Supervisory Committee for 2025, the Resolution in Relation to the Re-appointment of the Auditor of the Company for 2025, the Resolution in Relation to the Application for Banking Credit Facilities of the Company for 2025 and the Resolution in Relation to the Use of Idle Self-owned Funds by the Company to Purchase Wealth Management Products.

II. SUPERVISION BY THE SUPERVISORY COMMITTEE OVER RELEVANT MATTERS OF THE COMPANY IN 2025

In 2025, in accordance with the relevant provisions of the Company Law, the Securities Law and the Articles of Association, the Supervisory Committee conscientiously performed its duties with a responsible attitude towards shareholders, and supervised and inspected major matters such as the financial position, internal control system construction and connected transactions of the Company. The details are as follows:

(I) Lawful Operation of the Company

Members of the Supervisory Committee conscientiously performed their duties and exercised due diligence, and supervised the decision-making procedures and internal control systems of the Company in accordance with the law. By attending Board meetings as observers, the Supervisory Committee supervised the performance of duties by the Board and the implementation of the Company's decision-making procedures. The Supervisory Committee is of the opinion that the Company has operated in strict compliance with the requirements of the Company Law, the Articles of Association and relevant national laws and regulations. The Company's decision-making procedures are lawful and effective, the operation of the Board is standardised and its decisions are reasonable, and the Board and management are able to exercise their powers in accordance with the Company's rules and regulations. The Company attaches importance to system construction and has established and continuously improved internal control and management systems, thereby promoting the further standardisation of the Company's operation and management.



REPORT OF THE SUPERVISORY COMMITTEE

(II) Financial Position of the Company

The Supervisory Committee carefully reviewed the annual financial report issued by the accounting firm engaged by the Company. The Supervisory Committee is of the opinion that: the Company has a relatively sound financial system, with improving institutional arrangements, and its financial operations are generally standardised; the Company's periodic financial reports truly, accurately and fairly reflect the Company's financial position, operating results and cash flows, and comply with the requirements of the Accounting Standards for Business Enterprises and the Accounting System for Business Enterprises.

(III) Connected Transactions of the Company

The Company had no connected transactions in 2025, and the relevant matters were not subject to the requirements of reporting, announcement, circular and shareholders' approval.

(IV) Opinions of the Supervisory Committee on the Internal Control Self-assessment Report

The Company has operated in strict compliance with the Company Law, the Securities Law, the Code of Corporate Governance for Listed Companies, and relevant regulations of the Shanghai Stock Exchange, continuously improving its corporate governance framework and effectively enhancing its operational management standards and risk prevention capabilities. The Supervisory Committee reviewed the internal control evaluation report of the Company, as well as the establishment and implementation of the Company's internal management systems.

III. KEY WORK PRIORITIES OF THE SUPERVISORY COMMITTEE FOR 2026

In 2026, all members of the Supervisory Committee will continue to strictly comply with the relevant provisions of the Company Law, the Securities Law, the Listing Rules and the Articles of Association, faithfully and diligently perform their duties, strengthen supervision over major decisions, financial position and connected transactions of the Company in strict accordance with laws and regulations, and enhance the implementation of supervisory functions. The Supervisory Committee will attend general meetings of the Company in accordance with the law and attend Board meetings as observers, stay promptly informed of major decision-making matters and the legality of decision-making procedures, urge the Company to further improve the quality of information disclosure, enhance the effectiveness of supervision over the standardised operation of the Company, effectively safeguard the lawful rights and interests of all investors of the Company, and promote the sustainable and stable development of the Company.

The Supervisory Committee
Fujian Haixi Pharmaceuticals Co., Ltd.
Chen Xia
Chairman

Fuzhou, Fujian Province, The People's Republic of China
29 April 2026



CORPORATE GOVERNANCE REPORT

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

The Company recognises the importance of good corporate governance to the long-term sustainable development of the Company and is committed to maintaining and enhancing its corporate governance standards. The Company believes that high corporate governance standards are essential in providing a framework for the Company to safeguard the interests of shareholders and to enhance corporate value and accountability. During the year ended 31 December 2025, save as disclosed otherwise in this report, the Company has complied with all code provisions set out in the Corporate Governance Code (the “CG Code”) contained in Appendix C1 to the Listing Rules.

CORPORATE CULTURE

The Company believes that a strong and healthy corporate culture is essential to achieving long-term sustainable development and the continuous creation of value for shareholders. In assuming primary responsibility for leading the corporate culture, the Board strives to align the Company’s core values, mission and vision, and strategic objectives, and to promote the effective implementation of cultural values throughout its business activities under its effective governance.

The Company upholds the corporate spirit of “results-oriented, hard-working (以結果為導向, 艱苦奮鬥)” and adheres to the core values of “innovation, integrity, sharing and goodness (創新、誠信、分享、向善)”. The Company’s vision is to “Best medicine made available to people”. In line with its strategy of “fast-follow fuels innovation, and innovation shapes the future (仿製助力創新, 創新驅動未來)”, the Board has ensured that the Company’s purpose, values and strategy are aligned with its corporate culture by continuously investing in research and development, maintaining rigorous quality standards in manufacturing, fostering talent development, and promoting ethical business conduct throughout the Group’s operations.

The Board has reviewed the Company’s corporate culture during the Reporting Period and considers that the Company’s culture is aligned with its purpose, values and strategy.

CORPORATE GOVERNANCE STRUCTURE

The Company has established a sound corporate governance structure comprising the general meeting of shareholders, the Board of Directors, the Supervisory Committee and senior management, each performing their respective duties and exercising checks and balances to jointly promote the healthy development of the Company.

BOARD OF DIRECTORS

Composition of the Board

As at 31 December 2025, the Board of the Company comprised nine Directors, including four executive Directors, two non-executive Directors and three independent non-executive Directors. During the Reporting Period, the Board has complied with the requirements of Rules 3.10(1) and 3.10(2) of the Listing Rules relating to the appointment of at least three independent non-executive Directors, with at least one independent non-executive Director possessing appropriate professional qualifications or accounting or related financial management expertise. The Company has also complied with the requirement under Rule 3.10A of the Listing Rules that independent non-executive Directors shall represent at least one-third of the members of the Board. Pursuant to Rule 3.13 of the Listing Rules, each of the independent non-executive Directors has confirmed his/her independence and, accordingly, the Company considers all of them to be independent.

Save for the biographies of the Directors set out in the section headed “Directors, Supervisors and Senior Management” of this annual report, none of the Directors has any personal relationship (including financial, business, family or other material or relevant relationship) with any other Director or chief executive of the Company.

All Directors (including independent non-executive Directors) bring a wide range of valuable business experience, knowledge and professionalism to the Board, which facilitates the efficient and effective operation of the Board. Independent non-executive Directors are invited to serve on the Audit Committee, the Remuneration and Appraisal Committee, the Nomination Committee and the Strategy Committee.

With respect to the CG Code provisions requiring Directors to disclose the number and nature of offices held in public companies or organisations and other significant commitments, as well as the identity of the public companies or organisations concerned and the time involved to be devoted to the issuer, each Director has agreed to disclose to the Company in a timely manner his/her commitments and any subsequent changes.

Responsibilities of the Board

The Board is primarily responsible for formulating the overall business strategies of the Company, overseeing the performance of management and maintaining effective internal control systems. The Board has delegated to management the authority to handle the day-to-day business operations of the Company while reserving matters requiring the approval of the Board.

The Directors acknowledge their responsibility for the preparation of the consolidated financial statements for the Reporting Period.

Roles of the Chairman and the General Manager

According 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.

Since the listing date and up to the date of this annual report, Dr. Kang Xinshan has served as both the chairman of the Board and the general manager of the Company. Although the roles of chairman and general manager are both performed by Dr. Kang Xinshan, which constitutes a deviation from code provision C.2.1 of the CG Code, the Board considers that, as Dr. Kang is the founder of the Company and has been responsible for the overall strategic planning of the Company's business operations and making key business and operational decisions from the inception of Company's business, the arrangement whereby the roles of chairman and general manager are both performed by Dr. Kang Xinshan, with the same individual serving as chairman and general manager, is beneficial in ensuring consistent leadership within the Company and enhancing the effectiveness and efficiency of the overall strategic planning of the Company. 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.

Attendance at Board Meetings

The Company has adopted the practice of holding regular Board meetings at least four times a year at approximately quarterly intervals. Notices of all regular Board meetings will be given at least 14 days in advance to provide all Directors with the opportunity to attend and to include matters in the agenda for regular meetings.

For other Board and meetings of Board committees, reasonable notice will generally be given. The agenda and accompanying Board papers will be sent to Directors or Board committee members at least three days prior to the meeting to ensure that they have sufficient time to review the relevant documents and be adequately prepared for the meeting. Where Directors or Board committee members are unable to attend a meeting, they will be advised of the matters to be discussed before the meeting and will be given the opportunity to convey their views to the chairman. The joint company secretary keep minutes of meetings and circulate them to all Directors for their information and records.



CORPORATE GOVERNANCE REPORT

Minutes of Board and Board committee meetings record in sufficient detail the matters considered and decisions reached by the Board and meetings of Board committees, including any concerns raised by Directors. Draft minutes of each Board and meeting of Board committees are sent to Directors for their comment within a reasonable time after the meeting is held. Final versions of the minutes of Board meetings are open for inspection by Directors.

During 2025, the Board of the Company convened three meetings. The procedures for convening and holding the meetings, the qualifications of attendees, the voting procedures, voting results and contents of the resolutions were all in compliance with the requirements of the relevant laws and regulations and the Articles of Association.

1. On 5 June 2025, the Company convened the twelfth meeting of the first session of the Board. Nine Directors were required to attend the meeting and nine Directors attended the meeting in person. The meeting considered and approved the Resolution in Relation to the Report of the Board for 2024, the Resolution in Relation to the Report on the Performance of Independent Directors for 2024, the Resolution in Relation to the Work Report of the General Manager for 2024, the Resolution in Relation to the Annual Report of the Company for 2024, the Resolution in Relation to the Financial Final Accounts Report of the Company for 2024, the Resolution in Relation to the Financial Budget Report of the Company for 2025, the Resolution in Relation to the Profit Distribution Plan of the Company for 2024, the Resolution in Relation to the Remuneration of Directors of the Board for 2025, the Resolution in Relation to the Remuneration of Senior Management of the Company for 2025, the Resolution in Relation to the Re-appointment of the Auditor of the Company for 2025, the Resolution in Relation to the Application by the Company for Bank Credit Facilities for 2025, the Resolution in Relation to the Use of Idle Self-owned Funds of the Company to Purchase Wealth Management Products, the Resolution in Relation to the Formulation of the Company's Insider Information Management Policy and the Resolution in Relation to the Convening of the Annual General Meeting for 2024.
2. On 25 September 2025, the Company convened the thirteenth meeting of the first session of the Board. Nine Directors were required to attend the meeting and nine Directors attended the meeting in person. The meeting considered and approved the Resolution in Relation to the Arrangements and Related Authorisations for the Global Offering of H Shares of Fujian Haixi Pharmaceuticals Co., Ltd. in Connection with Its Initial Public Offering and Overseas Listing, the Resolution in Relation to the Confirmations and Undertakings Relating to the Global Offering of H Shares of Fujian Haixi Pharmaceuticals Co., Ltd. in Connection with Its Initial Public Offering and Overseas Listing, the Resolution in Relation to the Amendments to the Articles of Association (Draft) of Fujian Haixi Pharmaceuticals Co., Ltd. and the Resolution in Relation to the Waiver of the Notice Period for Convening This Board Meeting.
3. On 21 November 2025, the Company convened the fourteenth meeting of the first session of the Board. Nine Directors were required to attend the meeting and nine Directors attended the meeting in person. The meeting considered and approved the acceptance of the resignation of Ms. Chan Hiu Lam as joint company secretary, authorised representative and process agent with immediate effect; the appointment of Ms. Lam Wai Yee Sophie as joint company secretary, authorised representative and process agent with immediate effect; and the approval of the announcement and the authorisation of any one Director or joint company secretary to arrange for the publication of the announcement on the websites of the Stock Exchange and the Company.

General Meeting of Shareholders

From the listing date to the end of the Reporting Period, the Company did not hold any general meeting of shareholders.

Continuous Professional Development of Directors

Directors should keep abreast of regulatory developments and changes in order to effectively discharge their responsibilities and ensure that their contributions to the Board remain informed and relevant. Each newly appointed Director has received formal and comprehensive induction training upon his/her first appointment to ensure that he/she has an appropriate understanding of the business and operations of the Company and is fully aware of the responsibilities and obligations of Directors under the Listing Rules and relevant statutory requirements. Such induction training also includes visits to the major plant sites of the Company and meetings with senior management of the Company. Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills. The Company arranges internal briefings for Directors and provides them with reading materials on relevant topics, where appropriate. The Company encourages all Directors to attend relevant training courses at the Company's expense. During the relevant period, the Company arranged continuous learning for all Directors on regulatory information relating to Directors' duties and responsibilities, corporate governance updates; and ESG reporting requirements etc.. In addition, the Company provided Directors with relevant reading materials covering Directors' duties and responsibilities for their reference and learning. A summary of the training records of Directors during the relevant period and up to the date of this annual report is set out below:

Directors	Types of training	Total Hours of CPD
Dr. Kang Xinshan	A · B	30 hours
Ms. Feng Yan	A · B	30 hours
Dr. Chen Guangming	A · B	30 hours
Dr. Chen Shuyi	A · B	30 hours
Mr. Xu Dong	A · B	30 hours
Mr. Wang Xinkun	A · B	30 hours
Mr. Gong Weimin	A · B	30 hours
Ms. Wang Shan Shan	A · B	30 hours
Ms. Pu Meiting	A · B	30 hours

Notes: Types of training

A: Attending training courses, including but not limited to briefings, seminars, conferences and workshops

B: Reading relevant news updates, newspapers, journals, magazines and relevant publications

Note: For any Director who was appointed during the year ended 31 December 2025, the Director obtained the legal advice referred to in Rule 3.09D of the Listing Rules prior to his/her appointment, and such Director has confirmed he/she understood his/her obligations as a director of a listed issuer.



CORPORATE GOVERNANCE REPORT

Independent Views

The Company has established the following mechanisms to ensure that independent views and input are available to the Board:

- (a) Three out of nine members of the Board are independent non-executive Directors, representing one-third of the Board members. All independent non-executive Directors have confirmed their independence pursuant to Rule 3.13 of the Listing Rules.
- (b) The Audit Committee, the Remuneration and Appraisal Committee and the Nomination Committee are chaired by or composed of independent non-executive Directors, who provide objective and independent views on matters considered by these committees.
- (c) All Directors, including independent non-executive Directors, are encouraged to express their views independently at Board meetings and committee meetings. Independent non-executive Directors have separate and independent access to the Company's senior management and the joint company secretaries to obtain adequate and timely information.
- (d) The Company ensures that the Board receives professional advice, where necessary, from external advisors at the Company's expense.
- (e) The Company provides a channel for all Directors to seek independent professional advice in the performance of their duties at the Company's expense.

The Board has reviewed the implementation and effectiveness of such mechanisms during the year ended 31 December 2025 and considers them to be effective.

Board Performance Evaluation

The Board has conducted a review of its performance during the year ended 31 December 2025. The review covered the structure, composition, effectiveness and governance of the Board and its committees. The Board is satisfied with the results of the review and considers that the Board has been functioning effectively during the year.

Model Code for Securities Transactions by Directors and Supervisors

The Company has compiled its own Corporate Code by adopting the Model Code as the blueprint, with provisions no less exacting than that of the Model Code. The Company has made specific enquiries to all Directors and Supervisors, and all Directors and Supervisors have confirmed that they have complied with the Corporate Code and the Model Code during the year ended 31 December 2025.

Board Diversity Policy

The Company has adopted a Board Diversity Policy which sets out the objective and approach to achieve and maintain diversity of the Board. Pursuant to the Board Diversity Policy, the Company seeks to achieve Board diversity through the consideration of a number of factors when selecting the candidates to the Board, including, but not limited to, gender, skills, age, professional experience, knowledge, cultural background, education background, ethnicity and length of service. The ultimate decision of the appointment will be based on merit and the contribution which the selected candidates will bring to the Board.

The Board currently consists of three female Directors and six male Directors with a balanced mix of knowledge and skills, including overall management and strategic development, quality assurance and control, finance and accounting and corporate governance in addition to industry experience relevant to the Group's operations and business. They obtained degrees in various majors including chemistry, biology and business administration. The Company has three independent non-executive Directors with different industry backgrounds, representing one third of the members of the Board. Furthermore, the Board has a diverse age and gender representation. Taking into account the existing business model and specific needs of the Company as well as the different background of the Directors, the composition of the Board satisfies the Board Diversity Policy of the Company.

The Nomination Committee of the Company is responsible for reviewing the structure and diversity of the Board and selecting individuals to be nominated as Directors. The Nomination Committee will monitor and evaluate the implementation of the Board Diversity Policy from time to time to ensure its continued effectiveness, and, when necessary, make any revisions that may be required and recommend any such revisions to the Board for consideration and approval. The Nomination Committee will also include in annual reports a summary of the Board Diversity Policy, including any measurable objectives set for implementing the Board Diversity Policy and the progress on achieving these objectives.

Workforce Diversity

The Company recognises the importance of workforce diversity and has adopted a workforce diversity policy applicable to its employees, including senior management. The Company is committed to creating an inclusive workplace and considers a range of diversity perspectives when making hiring decisions, including but not limited to gender, age, cultural and educational background, professional experience and skills.

As at 31 December 2025, the gender ratio of the Company's employees was as follows:

Category	Male	Female	Total
Senior Management (excluding Directors)	3	2	5
Workforce (excluding senior management)	96	99	195

The Company will continue to take steps to promote gender diversity across all levels of its workforce and will review the effectiveness of its workforce diversity policy on a regular basis.

BOARD COMMITTEES

The Board of the Company has established the Audit Committee, the Remuneration and Appraisal Committee, the Nomination Committee and the Strategy Committee. Each committee carries out its work in accordance with its respective terms of reference and provides professional advice to the Board in support of its decision-making.

Audit Committee

The Company has established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the CG Code set out in Appendix C1 to the Listing Rules. The Audit Committee comprises three members (i.e. three independent non-executive Directors), namely Ms. Pu Meiting, Mr. Gong Weimin and Ms. Wang Shan Shan, with Ms. Pu Meiting as the chairperson of the Audit Committee and majority members possess the appropriate qualifications required under Rules 3.10(2) and 3.21 of the Listing Rules.

CORPORATE GOVERNANCE REPORT

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, and monitoring the independence of external auditors; (ii) monitoring and evaluating the performance of the external auditors; (iii) monitoring and evaluating the internal audit work of the Company; (iv) reviewing financial reports of the Company and giving comments on relevant matters; (v) monitoring and evaluating the effectiveness of internal control of the Company; (vi) coordinating the communication among management, internal audit department, related departments and external auditors; and (vii) dealing with other matters authorised by the Board or involved in relevant laws and regulations.

For the year ended 31 December 2025, one Audit Committee meeting was held and the attendance record of each member of the Audit Committee is as follows:

	Number of attendance
Directors	
Pu Meiting	1/1
Gong Weimin	1/1
Wang Shan Shan	1/1

On May 22, 2025, the Audit Committee convened its fifth meeting. Three members were required to attend, and all three were present. The meeting reviewed and approved the following proposals: the Proposal on the Company's 2024 Annual Report, the Proposal on the Company's 2024 Annual Financial Closing Report, the Proposal on the Company's 2025 Annual Financial Budget Report, and the Proposal on the Company's 2024 Annual Profit Distribution.

Remuneration and Appraisal Committee

The Company has established the Remuneration and Appraisal Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the CG Code set out in Appendix C1 to the Listing Rules. The Remuneration and Appraisal Committee comprises three members (i.e. one executive Director and two independent non-executive Directors), namely Mr. Gong Weimin, Dr. Kang Xinshan, and Ms. Pu Meiting, with Mr. Gong Weimin as the chairperson of the Remuneration and Appraisal Committee.

The primary duties of the Remuneration and Appraisal Committee include, but are not limited to, the following: (i) researching the criteria for performance evaluation of Directors, Supervisors, general manager and other members of senior management, conducting performance evaluation and making recommendations; (ii) formulating the job responsibilities for the members of senior management; (iii) researching and reviewing the remuneration plans and incentive schemes for Directors, Supervisors, general managers and other members of senior management and making recommendations to the Board; (iv) reviewing matters relating to the incentive schemes; (v) examining the performance of Directors (other than the independent non-executive Directors), Supervisors and members of senior management and conducting annual performance evaluation; (vi) supervising the implementation of the remuneration plans of the Company; and (vii) dealing with other matters authorised by the Board.

For the year ended 31 December 2025, one Remuneration and Appraisal Committee meeting was held and the attendance record of each member of the Remuneration and Appraisal Committee is as follows:

	Number of attendance
Directors	
Pu Meiting	1/1
Gong Weimin	1/1
Kang Xinshan	1/1

On May 22, 2025, the Remuneration and Appraisal Committee held its eighth meeting. Three members were required to attend, and all three were present. The meeting reviewed and approved the Proposal on the Annual Remuneration of Directors of the Board of Directors for 2025, the Proposal on the Annual Remuneration of Supervisors of the Supervisory Board for 2025, and the Proposal on the Annual Remuneration of Senior Management of the Company for 2025.

The remuneration of the senior management of the Company (including the executive Directors) for the year ended 31 December 2025, including salaries, allowances and benefits in kind, performance-related bonuses and pension scheme contributions, fell within the following bands:

Remuneration band	Number of person(s)
RMB400,000 to RMB1,000,000	4
RMB1,000,001 to RMB1,500,000	2

For additional information on the Directors' remuneration for the year ended 31 December 2025, please refer to note 11 to the consolidated financial statements in this annual report.

Nomination Committee

The Company has established a Nomination Committee with written terms of reference in compliance with the CG Code set out in Appendix C1 to the Listing Rules. The Nomination Committee comprises three members (i.e. one executive Director and two independent non-executive Directors), namely Dr. Kang Xinshan, Ms. Wang Shan Shan and Ms. Pu Meiting, with Dr. Kang Xinshan as the chairperson of the Nomination Committee.

The primary duties of the Nomination Committee include, but are not limited to, the following: (i) researching standards and procedures for the election of Directors, general managers and other members of senior management and making recommendations; (ii) conducting extensive search and providing suitable candidates for Directors, general managers and other members of senior management; (iii) examining the candidates for Directors, general managers and members of the senior management and making recommendations to the Board; and (iv) dealing with other matters authorised by the Board.

The Nomination Committee regularly assesses each Director's time commitment, contribution and ability to discharge his/her responsibilities effectively. The Nomination Committee reviews each Director's attendance record at Board meetings, committee meetings and other significant corporate events. The Nomination Committee also takes into account the time spent by Directors on reviewing corporate documents, conducting independent research and communicating with management and other Directors. During the Year, the Directors have devoted sufficient time to diligently discharge their duties. The contribution of each Director is assessed based on the level of his/her participation in discussions, the quality of suggestions and opinions provided, and his/her efforts in facilitating the implementation of Board decisions. Directors who actively contribute to the Company's strategic planning, risk management and corporate governance are recognised and appreciated. The Nomination Committee assesses each Director's ability to understand complex business issues, make independent and informed decisions, and communicate effectively with various stakeholders. The Nomination Committee also considers each Director's efforts to update his/her knowledge and his/her ability to adapt to evolving market conditions and regulatory requirements. Based on the assessment results, the Nomination Committee may recommend appropriate training or, where necessary, recommend changes to the composition of the Board, so as to ensure the overall effectiveness of the Board. The Nomination Committee did not hold any meeting during the Year since the Company was only listed in October 2025.

Director Nomination Policy

The Board has delegated its responsibilities and authority for selection and appointment of Directors to the Nomination Committee of the Company. The Company has adopted a Director Nomination Policy, as contained in the terms of reference of the Nomination Committee, which sets out the selection criteria and nomination process and the Board succession planning considerations in relation to nomination and appointment of Directors of the Company and aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company and the continuity of the Board and appropriate leadership at Board level.

The nomination process of appointment of new Director set out in the Director Nomination Policy is as follows: (i) the Nomination Committee shall actively communicate with relevant departments of the Company, analyse the demand of the Company for new Directors and managers, and prepare a written report; (ii) the Nomination Committee may extensively identify candidates for the Directors and managers inside the Company and its branch companies as well as the talent market; (iii) collect the information on preliminary candidates, including career, academic degree, job title, detailed working experience and all part-time positions, and prepare a written report; (iv) seek the consent of nomination from the nominees regarding the nomination; otherwise, such nominees shall not be considered as the candidates for Directors and managers; (v) convene a meeting of the Nomination Committee, and review qualifications of preliminary candidates pursuant to the requirements for the positions for the Directors and managers; (vi) submit suggestions and relevant documents related to the candidates for the Directors and those for new managers to the Board of Directors one to two months before the election of new Directors and appointment of new managers; and (vii) carry out other follow-up work according to the decisions and feedbacks from the Board of Directors. The Nomination Committee shall submit its decisions, recommendations and/or proposals to the Board for consideration and decision. Among which, the nomination of director candidates must be submitted to the general meeting of shareholders for review and approval after being reviewed by the Board and before implementation. The criteria for assessing the suitability and the potential contribution to the Board of a proposed candidate as set out in the Board Diversity Policy are, including but not limited to, the following: gender, age, cultural and educational background, industry experience, technical capabilities, professional qualifications and skills, knowledge and length of service. The Nomination Committee will review the Director Nomination Policy as appropriate to ensure its effectiveness.

Strategy Committee

The Company has established a Strategy Committee with written terms of reference. The Strategy Committee comprises three members (i.e. two executive Directors and one independent non-executive Director), namely Dr. Kang Xinshan, Ms. Feng Yan and Mr. Gong Weimin, with Dr. Kang Xinshan as the chairperson of the Strategy Committee.

The primary duties of the Strategy Committee include, but are not limited to, the following: (i) researching and making recommendations to the long-term development strategies of the Company; (ii) researching and making recommendations to the major investments and financing plans which are required to be approved by the Board as prescribed in the Articles of Association; (iii) researching and making recommendations to the major capital operations and capital management projects which are required to be approved by the Board as prescribed in the Articles of Association; (iv) researching and making recommendations to the other major matters affecting the development of the Company; (v) Supervising the implementation of the above matters; and (vi) dealing with other matters authorised by the Board. The Strategy Committee did not hold any meeting during the Year since the Company was only listed in October 2025.

COMPLIANCE WITH THE CG CODE AND THE MODEL CODE FOR SECURITIES TRANSACTIONS

Save as disclosed in the section headed “Roles of the Chairman and the General Manager” above, the Company has complied with all the code provisions and adopted the recommended best practices set out in the CG Code contained in Appendix C1 to the Listing Rules during the year ended 31 December 2025. The Company has adopted a code of conduct for securities transactions by Directors and Supervisors (the “Code of Conduct”) on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules. Having made specific enquiries with all Directors and Supervisors, they have confirmed that they had complied with the Model Code and the Code of Conduct during the year ended 31 December 2025.

CORPORATE GOVERNANCE FUNCTIONS

In accordance with Code Provision A.2.1 of the Corporate Governance Code, the Board is responsible for performing the corporate governance duties including:

- (a) to develop and review the Group’s policies and practices on corporate governance;
- (b) to review and monitor the training and continuous professional development of Directors and senior management;
- (c) to review and monitor the Group’s policies and practices on compliance with legal and regulatory requirements;
- (d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and
- (e) to review the Group’s compliance with the Corporate Governance Code and disclosure in the Corporate Governance Report.

The Board has performed the above duties during the Reporting Period.

JOINT COMPANY SECRETARIES

Ms. Zhang Junhuan and Mr. Lau Kwok Yin, the joint company secretaries of the Company, have undertaken no less than 15 hours of relevant professional training during the year ended 31 December 2025 in compliance with Rule 3.29 of the Listing Rules.

Ms. Zhang Junhuan, a joint company secretary of the Company, has been designated as the primary contact person of Mr. Lau Kwok Yin at the Company who would work and communicate with Mr. Lau on the Company’s corporate governance and secretarial and administrative matters. All Directors have access to the advice and services of the joint company secretaries of the Company on corporate governance and board practices and matters.

SHAREHOLDERS' RIGHTS

The Company respects and safeguards the lawful rights and interests of shareholders and ensures that shareholders are able to exercise their rights, including voting rights, rights to information and rights to dividends, in accordance with the law. Pursuant to the Articles of Association, shareholders may request the convening of extraordinary general meetings, submit proposals at general meetings and inspect the Articles of Association, register of shareholders and minutes of meetings. Shareholders who have any enquiries may contact the Company through the Company's website at www.hxpharma.com.

In particular, pursuant to the Articles of Association,

- (i) *Procedures for Shareholders to Convene an Extraordinary General Meeting:* Shareholders individually or collectively hold 10% or more of the Company's shares shall have the right to request the Board of Directors to convene an extraordinary general meeting. Such request should be made in writing and submitted to the Board at the Company's principal place of business in Hong Kong.
- (ii) *Procedures for Putting Forward Proposals at General Meetings:* The shareholders who individually or collectively hold 1% or more of the Company's shares shall have the right to submit proposals to the Company. Shareholders who individually or collectively hold 1% or more of the Company's shares may submit ad hoc proposals in writing to the convener ten days before the convening of the shareholders' meeting. The convener shall, within two days of receiving the proposal, issue a supplementary notice of the shareholders' meeting announcing the contents of the ad hoc proposal, except where the ad hoc proposal does not comply with the Company's Articles of Association. The shareholders who wish to submit proposals to the Company may do so by writing to the Company at Floor 3 & 4, Block B, No. 177 Jinda Road, Jianxin Town, Cangshan District Fuzhou, Fujian Province, the PRC, or by sending an email to ir@hxpharma.com.
- (iii) *Procedures for Making Enquiries to the Board:* The shareholders who wish to make enquiries to the Board may do so by writing to the Company at Floor 3 & 4, Block B, No. 177 Jinda Road, Jianxin Town, Cangshan District Fuzhou, Fujian Province, the PRC, or by sending an email to ir@hxpharma.com. Enquiries will be directed to the appropriate member of the Board or management for response.

COMMUNICATION WITH SHAREHOLDERS

The Company has adopted a shareholders' communication policy to ensure that shareholders are provided with timely, fair and complete access to information of the Company. The Company has reviewed the implementation and effectiveness of the shareholders' communication policy and considers that the policy was effectively implemented during the year ended 31 December 2025. The Company strictly complies with the requirements of the Listing Rules and relevant laws and regulations to disclose information in a timely, fair and complete manner, ensuring that all shareholders have simultaneous access to the same information.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges its responsibility for the risk management and internal control systems of the Company and confirms that the Company's risk management and internal control systems are adequate and effective. The Board has reviewed the effectiveness of the Company's risk management and internal control systems, and the scope of the review covered financial, operational and compliance controls. The Board considers that the Company has established and maintained adequate and effective risk management and internal control systems.

The Audit Committee assisted the Board in monitoring the implementation of the Company's risk management policies on an ongoing basis, with the objective of ensuring that the Company's internal control system is adequate and effective in identifying, managing, and mitigating risks arising from its business operations and financial reporting. To further strengthen its internal controls framework, the Company has established a dedicated internal audit department and has engaged an independent advisory firm to assist in assessing the design and effectiveness of the Company's internal controls and to support continuous improvement initiatives.

The Company's risk management and internal control systems have been developed in accordance with the following key principles and processes. With respect to risk identification and assessment, the Company identifies internal and external factors that may affect the achievement of its objectives, analyzes the associated risks and opportunities, evaluates the likelihood of occurrence and the potential degree of impact, and determines appropriate risk response strategies. In relation to business control, the Company implements a series of measures and procedures informed by the results of its risk assessment, including the segregation of authority and responsibility, transaction authorization systems, adequate documentation and record-keeping, safeguarding of assets, independent verification, and appropriate segregation of duties, in order to maintain risks within acceptable levels. Regarding information and communication, the Company identifies and gathers relevant information from both internal and external sources and ensures its timely transmission to the appropriate personnel. In terms of monitoring, the Company supervises and evaluates the establishment and implementation of its internal controls, identifies any deficiencies, and pursues continuous improvements.

The Board reviews the Company's risk management and internal control systems on an annual basis. The Board is of the view that all internal control and risk management policies and procedures have been properly designed and are effective in enabling the Company to strengthen the compliance of its overall monitoring framework, thereby reducing operational risk. The Company is committed to the continuous monitoring and improvement of its management procedures to ensure that its internal control system remains effective and aligned with the growth of the Company's business. During the Reporting Period, the Company did not suffer any material liability resulting from deficiencies in its internal control system.

The Board, with the support of the Audit Committee and the management report, has reviewed the Company's risk management and internal control systems, encompassing financial, operational, and compliance controls, for the year ended 31 December 2025, and has determined that such systems are effective and adequate.

CONSTITUTIONAL DOCUMENTS

Save for the amendments made in connection with the listing of the H Shares on the Main Board of the Stock Exchange, there were no other significant changes to the Company's constitutional documents during the year ended 31 December 2025.

PUBLICATION OF INSIDE INFORMATION

With respect to the procedures and internal controls for the handling and dissemination of inside information, the Group has established stringent internal policies and procedures strictly prohibiting the unauthorised use of inside information, which have been communicated to all employees. The Board is aware of its obligation to disclose any inside information in accordance with the Listing Rules and conducts its affairs with reference to the "Guidelines on Disclosure of Inside Information" issued by the Securities and Futures Commission in June 2012. In addition, only Directors and designated senior officers are authorised to act as spokespersons of the Group and to respond to external enquiries relating to the affairs of the Group.



CORPORATE GOVERNANCE REPORT

AUDITOR'S REMUNERATION

For the year ended 31 December 2025, the remuneration paid or payable to the auditor of the Company, Deloitte Touche Tohmatsu, in respect of their services was as follows: (i) the amount of RMB1.39 million for audit services; and (ii) the amount of RMB0 for non-audit services.

WORK OF THE AUDIT COMMITTEE IN REVIEWING THE ANNUAL REPORT

The Audit Committee has reviewed the consolidated financial statements of the Company for the year ended 31 December 2025. The Audit Committee has discussed with management the audit planning and approach, key audit matters and other audit-related issues. The Audit Committee has also reviewed the accounting standards and practices adopted by the Company, as well as the internal control and risk management relating to financial reporting. The Audit Committee recommended the re-appointment of Deloitte Touche Tohmatsu as the external auditor of the Company and has made a recommendation to the Board in this regard. Based on the recommendation of the Audit Committee, the Board has approved the aforesaid consolidated financial statements.

CONTINUING CONNECTED TRANSACTIONS

During the year ended 31 December 2025, the Company did not have any connected transactions or continuing connected transactions that were required to be disclosed under Chapter 14A of the Listing Rules.

Deloitte.

德勤

TO THE SHAREHOLDERS OF FUJIAN HAIXI PHARMACEUTICALS CO., LTD.
福建海西新藥創制股份有限公司
(incorporated in the People's Republic of China with limited liability)

OPINION

We have audited the consolidated financial statements of Fujian Haixi Pharmaceuticals Co., Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 63 to 122, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

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

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), as applicable to audits of the 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.

Independent Auditor's Report

Key audit matter	How our audit addressed the key audit matter
<p><i>Fair value measurement of the convertible note issued by the Equity Investment (defined below)</i></p> <p>We identified the fair value measurement of the convertible note issued by the Equity Investment as a key audit matter due to the significant management judgement and estimates involved and the significance of the convertible note.</p> <p>The Group completed the subscription of the convertible note issued by a private entity principally engaged in the business of providing therapeutic technologies for the treatment of neural injury and degenerative diseases (the "Equity Investment"), which is an independent third party, for a principal amount of RMB20,000,000 during the year ended 31 December 2025. This investment is recognised as a financial asset at fair value through profit or loss in the consolidated statement of financial position of the Group. As of 31 December 2025, the carrying amount of the convertible note held by the Group was RMB 23,384,000. The management determined the fair value of the convertible note based on a valuation performed by an independent external valuer engaged by the Group, using binomial valuation model. The key inputs to the model include coupon interest rate, conversion price of the convertible note, and expected volatility of comparable companies. Details are disclosed in notes 20 and 30(c) to the consolidated financial statements.</p>	<p>Our procedures in relation to the fair value measurement of the convertible note issued by the Equity Investment included:</p> <ul style="list-style-type: none">• Obtaining an understanding of management's process in measuring the fair value of the convertible note;• Examining the relevant investment agreement and subscription document of the convertible note to understand the contractual terms and features of the convertible note relevant to the fair value measurement;• Evaluating the competence, capabilities and objectivity of the independent external valuer engaged by the Group;• Involving our internal valuation specialist to evaluate the appropriateness of the valuation model used, and the reasonableness of key inputs adopted in the valuation model; and• Checking the arithmetic accuracy of the valuation model.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include 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 DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

Those charged with governance are responsible 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 solely to you, as a body, in accordance with our agreed terms of engagement, 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 HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAAs, we exercise professional judgment and maintain professional skepticism 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.



Independent Auditor's Report

- 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 group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purpose of the group audit. We remain solely responsible for our audit opinion.

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

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

The engagement partner on the audit resulting in this independent auditor's report is CHUNG, Chi Man (practising certificate number: P06557).

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

30 March 2026

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2025

	NOTES	2025 RMB'000	2024 RMB'000
Revenue	5	582,358	466,683
Cost of sales/services		(96,801)	(79,489)
Gross profit		485,557	387,194
Research and development expenses		(73,504)	(67,525)
Distribution and selling expenses		(197,660)	(165,682)
Administrative expenses		(22,133)	(20,961)
Finance costs	6	(5,736)	(7,221)
Other income, expenses, gains and losses, net	7	19,672	31,023
Listing expenses		(8,120)	(7,834)
Profit before tax		198,076	148,994
Income tax expense	8	(21,047)	(12,915)
Profit for the year	9	177,029	136,079
<i>Other comprehensive income for the year, net of income tax</i>			
Fair value gain on investment in an equity instrument at fair value through other comprehensive income ("FVTOCI"), an item that will not be reclassified subsequently to profit or loss		281	—
Total comprehensive income for the year, attributable to owners of the Company		177,310	136,079
Earnings per share			
– Basic (RMB)	13	2.55	2.02

Consolidated Statement of Financial Position

At 31 December 2025

	NOTES	2025 RMB'000	2024 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	295,227	275,057
Deposits for acquisition of property, plant and equipment/right-of-use assets		1,601	12,479
Intangible assets		128	—
Right-of-use assets	15	33,189	34,491
Deferred tax assets	16	4,420	5,867
Equity instrument at FVTOCI	17	20,281	20,000
Long-term fixed deposits	21(a)	—	30,890
Restricted bank deposits	21(b)	—	7,078
Others receivables	19	27,978	23,699
Financial assets at fair value through profit or loss ("FVTPL")	20	23,384	—
		406,208	409,561
CURRENT ASSETS			
Inventories	18	56,100	35,333
Trade and other receivables	19	52,619	35,044
Contract assets	19	1,303	2,643
Financial assets at FVTPL	20	533,554	234,956
Short-term fixed deposits	21(c)	151,862	—
Cash and cash equivalents	21(d)	645,054	38,282
		1,440,492	346,258
CURRENT LIABILITIES			
Trade and other payables	22	131,919	144,317
Contract liabilities	22	1,914	8,045
Bank and other borrowings	23	83,981	23,123
Lease liabilities	24	1,621	1,511
Tax payable		8,847	5,077
		228,282	182,073
NET CURRENT ASSETS		1,212,210	164,185
TOTAL ASSETS LESS CURRENT LIABILITIES		1,618,418	573,746

Consolidated Statement of Financial Position

At 31 December 2025

	NOTES	2025 RMB'000	2024 RMB'000
NON-CURRENT LIABILITIES			
Other borrowings	23	19,768	26,624
Lease liabilities	24	4,776	5,624
Deferred income		141	171
		24,685	32,419
NET ASSETS			
		1,593,733	541,327
CAPITAL AND RESERVES			
Share capital	26(a)	78,707	67,207
Reserves		1,515,026	474,120
TOTAL EQUITY			
		1,593,733	541,327

The consolidated financial statements on pages 63 to 122 were approved and authorised for issue by the board of directors on 30 March 2026 and are signed on its behalf by:

DIRECTOR
Kang Xinshan

DIRECTOR
Feng Yan

Consolidated Statement of Changes in Equity

For the Year Ended 31 December 2025

	Share capital RMB'000	Capital reserve RMB'000 (Note i)	FVTOCI reserve RMB'000	Surplus reserve RMB'000 (Note ii)	Retained profits RMB'000	Total RMB'000
As at 1 January 2024	67,207	219,526	—	13,584	104,930	405,247
Profit and total comprehensive income for the year	—	—	—	—	136,079	136,079
Recognition of equity-settled share-based payments (note 29)	—	1	—	—	—	1
Transfer to surplus reserve	—	—	—	14,075	(14,075)	—
As at 31 December 2024	67,207	219,527	—	27,659	226,934	541,327
Profit for the year	—	—	—	—	177,029	177,029
Other comprehensive expense for the year	—	—	281	—	—	281
Total comprehensive income for the year	—	—	281	—	177,029	177,310
Issue of shares	11,500	896,422	—	—	—	907,922
Transaction costs attributable to issue of shares	—	(32,826)	—	—	—	(32,826)
Transfer to surplus reserve	—	—	—	11,735	(11,735)	—
As at 31 December 2025	78,707	1,083,123	281	39,394	392,228	1,593,733

Notes:

- (i) Amount as at 1 January 2024 represents the surplus of the equity contributions from shareholders over the registered capital of the Company, accumulated from prior years, of RMB246,152,000, contribution from a shareholder for equity-settled share incentive schemes (details of which are disclosed in note 29) of the Company of RMB250,000, less the effect of conversion of the Company into a joint stock company with limited liability of RMB26,876,000.
- (ii) According to the relevant laws in the People's Republic of China (the "PRC"), companies established in the Mainland China with limited liability are required to transfer at least 10% of their net profit after taxation, as determined under the PRC accounting regulations, to a non-distributable reserve fund until the reserve balance reaches 50% of their respective registered capital. The transfer to this reserve must be made before the distribution of a dividend to owners. Such reserve fund can be used to offset the previous years' losses, if any, and is non-distributable other than upon liquidation.

Consolidated Statement of Cash Flows

For the Year Ended 31 December 2025

	2025 RMB'000	2024 RMB'000
OPERATING ACTIVITIES		
Profit before tax	198,076	148,994
Adjustments for:		
Interest expenses	5,736	7,221
Interest income	(8,930)	(5,640)
Depreciation of property, plant and equipment	5,638	2,929
Depreciation of right-of-use assets	2,079	2,051
(Reversal of) allowances for inventories, net	314	(125)
(Reversal of) impairment losses under expected credit loss ("ECL") model, net	(10)	129
Loss on disposal of property, plant and equipment	153	—
Gain on fair value change of financial assets at FVTPL	(6,655)	(1,141)
Equity-settled share-based payments	—	1
Release of deferred income to profit or loss	(30)	(31)
Change in the carrying amount of other borrowings measured at amortised cost	(7,874)	—
Unrealised foreign exchange losses	9,979	—
Operating cash flows before movements in working capital	198,476	154,388
Increase in inventories	(21,081)	(10,407)
Increase in trade and other receivables	(23,218)	(22,757)
Decrease (increase) in contract assets	1,389	(25)
Increase in trade and other payables	17,347	33,901
(Decrease) increase in contract liabilities	(6,131)	7,784
Cash generated from operations	166,782	162,884
Income tax paid	(15,830)	(4,284)
Interest received	8,930	5,342
NET CASH FROM OPERATING ACTIVITIES	159,882	163,942
INVESTING ACTIVITIES		
Purchase of financial assets at FVTPL	(1,107,451)	(583,764)
Placement of short-term and long-term fixed deposits	(155,000)	(30,592)
Purchase of property, plant and equipment	(44,791)	(138,218)
Purchase of intangible assets	(128)	—
Withdrawal of restricted bank balances	7,078	43,978
Proceeds from withdrawal of short-term fixed deposits	34,028	20,274
Proceeds from maturity of financial assets at FVTPL	787,028	349,949
Deposit paid for property, plant and equipment	—	(40,343)
NET CASH USED IN INVESTING ACTIVITIES	(479,236)	(378,716)

Consolidated Statement of Cash Flows

For the Year Ended 31 December 2025

	2025 RMB'000	2024 RMB'000
FINANCING ACTIVITIES		
Issues of new shares	907,922	—
Proceeds from bank borrowings	78,514	17,831
Repayment of lease liabilities	(1,515)	(1,440)
Repayment of bank and other borrowings	(8,118)	(3,394)
Interest paid	(14,256)	(13,426)
Payment of accrued issue costs	(31,538)	(839)
NET CASH FROM (USED IN) FINANCING ACTIVITIES	931,009	(1,268)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	611,655	(216,042)
CASH AND CASH EQUIVALENTS AS AT 1 JANUARY	38,282	254,324
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(4,883)	—
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by cash and cash equivalents	645,054	38,282

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

1. GENERAL INFORMATION

福建海西新藥創制股份有限公司 (Fujian Haixi Pharmaceuticals Co., Ltd., being translation for identification purpose only)(the “Company”; together with its subsidiaries, the “Group”) was established in the Mainland China as a limited liability company under the Company Law of the People’s Republic of China (the “PRC”) and was converted into a joint stock company with limited liability in prior years. The address of the registered office and the principal place of business of the Company is Floor 3&4, Block B, No. 177 Jinda Road, Jianxin Town, Cangshan District, Fuzhou, Fujian Province, the PRC. Its ultimate controlling party is Mr. Dr. Kang Xinshan, who is also the Chairman and an executive director of the Company.

The Group engages in the businesses of research and development, and manufacture and sale of pharmaceutical products.

The consolidated financial statements are presented in Renminbi (“RMB”), which is also the functional currency of the Company and its subsidiaries.

The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 20 October 2025 (the “Listing”).

2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS

The Group has consistently applied all the new and amendments to IFRS Accounting Standards and interpretations issued by the International Accounting Standards Board (the “IASB”) which are effective for the accounting periods beginning on 1 January 2025.

New and amendments to IFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following new and amendments to IFRS Accounting Standards that have been issued but are not yet effective:

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments ²
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity ²
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards - Volume 11 ²
Amendments to IAS 21	Translation to a Hyperinflationary Presentation Currency ³
IFRS 18	Presentation and Disclosure in Financial Statements ³

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2026.

³ Effective for annual periods beginning on or after 1 January 2027.



Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS (CONTINUED)

New and amendments to IFRS Accounting Standards in issue but not yet effective (continued)

IFRS 18 *"Presentation and Disclosure in Financial Statements"* ("IFRS 18") sets out requirements on presentation and disclosures in financial statements and it will replace IAS 1 *"Presentation of Financial Statements"*. The new IFRS 18 introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss and other comprehensive income; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some IAS 1 paragraphs have been moved to IAS 8 *"Accounting Policies, Changes in Accounting Estimates and Errors"* (the title of which will be changed to *"Basis of Preparation of Financial Statements"* upon effective of IFRS 18) and IFRS 7 *"Financial Instruments and Disclosures"*. Minor amendments to IAS 7 *"Statement of Cash Flows"* and IAS 33 *"Earnings per Share"* are also made.

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. IFRS 18 requires retrospective application with specific transition provisions. The application of the new standard is not expected to have significant impact on the financial performance and positions of the Group in terms of recognition and measurement. However, it is expected to affect the structure and presentation of the consolidated statement of profit or loss.

Except as described above, the directors of the Company consider that the application of all the amendments to IFRS Accounting Standards is unlikely to have a material impact on the Group's financial position and performance in foreseeable future.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the IASB. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("Listing Rules") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Fair value for measurement and/or disclosure purposes in the consolidated financial statements are determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 "Share-based Payment", leasing transactions that are accounted for in accordance with IFRS 16 "Leases", and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 "Inventories" or value in use in IAS 36 "Impairment of Assets".

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for asset or liability.



Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

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 listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Company ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Revenue from contracts with customers

Information about the Group's accounting policies relating to revenue from contracts with customers is provided in notes 5 and 22.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (continued)

Leases

The Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Short-term leases

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight-line basis unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Right-of-use assets

The cost of right-of-use assets include:

- the amounts of the initial measurement of the lease liabilities;
- any lease payments made at or before the commencement date; and
- any initial direct costs incurred by the Group.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (continued)

Leases (continued)

The Group as a lessee (continued)

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include fixed payments.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

Borrowing costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (continued)

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic basis over the useful lives of the related assets.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under "other income, expenses, gains and losses, net".

Employee benefits

Retirement benefit costs

Payments to state-managed retirement benefits scheme are classified as defined contribution plans and are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS Accounting Standard requires or permits the inclusion of the benefit in the cost of an asset. A liability is recognised for benefits accruing to employees (such as wages and salaries) after deducting any amount already paid.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (continued)

Share-based payments

Equity-settled share-based payment transactions: restricted share units (“RSU”) granted to employees

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group’s estimate of equity instruments that will eventually vest, with a corresponding increase in equity (included in capital reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the capital reserve.

When RSUs are exercised, the amount previously recognised in capital reserve will be transferred to retained profits. When the RSUs are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in capital reserve will be transferred to retained profits.

Taxation

Income tax expense represents the sum of current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (continued)

Taxation (continued)

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

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of each reporting period, to recover or settle the carrying amount of its assets and liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 "Income Taxes" requirements to the lease liabilities and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized and a deferred tax liability for all taxable temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes to the same taxable entity levied by the same taxation authority.

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes. Property, plant and equipment are stated in the consolidated statements of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Properties in the course of construction for production or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of assets other than construction in progress less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.



Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (continued)

Property, plant and equipment (continued)

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Intangible assets

Intangible assets acquired separately with finite useful lives, representing rights of emission for certain pollutants, are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for these intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives of five years. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

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

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets with finite useful lives to determine whether there is any indication that those 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 (if any).

Recoverable amount is the higher of fair value less costs of disposal and value in use.

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. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amount of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash generating units. An impairment loss is recognised immediately in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (continued)

Impairment losses on property, plant and equipment, right-of-use assets and intangible assets (continued)

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position include (i) cash, which comprises of cash on hand and demand deposits; and (ii) cash equivalents, which comprises of short-term (generally with original maturity of three months or less). Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15 "Revenue from Contracts with Customers". Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.



Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (continued)

Financial instruments (continued)

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a settlement date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established generally by regulation or convention in the market place concerned.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 "Business Combinations" applies.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (continued)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (continued)

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(ii) Equity investment designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the FVTOCI reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained profits.

(iii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the "other income, expenses, gains and losses, net" line item.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets and contract assets subject to impairment assessment under IFRS 9 "Financial Instruments"

The Group performs impairment assessment under ECL model on financial assets (including trade and other receivables, short-term and long-term fixed deposits, restricted bank balances, bank balances) and contract assets which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of past events and current conditions at the reporting date as well as the forecast of future economic conditions.

The Group always recognises lifetime ECL for trade receivable and contract assets.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets and contract assets subject to impairment assessment under IFRS 9 "Financial Instruments" (continued)

- (i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, 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. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, based on information in economic expert reports, financial analysts' reports, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets and contract assets subject to impairment assessment under IFRS 9 "Financial Instruments" (continued)

(i) Significant increase in credit risk (continued)

Despite the foregoing, the Group assumes that the credit risk on bills receivables has not increased significantly since initial recognition if the bills receivable is determined to have low credit risk at the reporting date. Bills receivables are determined to have low credit risk if i) it has a low risk of default, ii) the issuer has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the issuer to fulfil its contractual cash flow obligations. The Group considers a bills receivable to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definitions.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group). Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets and contract assets subject to impairment assessment under IFRS 9 "Financial Instruments" (continued)

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognized in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Lifetime ECL for not credit-impaired trade receivables and contract assets are assessed on a collective basis, taking into consideration historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and forward-looking information, including time value of money where appropriate, that is available without undue cost or effort. When formulating the grouping, the Group considers past-due status; nature, size and industry of the debtors; and external credit ratings where available. The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables and bills receivables where the corresponding adjustment is recognized through a loss allowance account.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (continued)

Financial instruments (continued)

Financial assets (continued)

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically, for financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the "Other income, expenses, gains and losses, net" line item as part of the gain (loss) from changes in fair value of financial assets.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an investment in equity instrument designated at FVTOCI, the cumulative gain or loss previously accumulated in the FVTOCI reserve is transferred to retained profits.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (continued)

Financial instruments (continued)

Financial liabilities and equity (continued)

Financial liabilities at amortised cost

Financial liabilities including trade and other payables and bank and other borrowings are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

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

Fair value measurement of financial instruments

As at 31 December 2025, certain of the Group's financial assets, including an unlisted equity investment classified as equity instruments designated as at FVTOCI (note 17), investments in money market funds classified as financial assets at FVTPL (note 20) and investment in the convertible note issued by a private entity classified as financial assets at FVTPL (note 20) are measured at fair value, with fair value being determined based on observable market data inputs using valuation techniques. Judgement and estimation are required in establishing the relevant valuation techniques and the relevant inputs thereof. Changes in assumptions relating to these factors could result in material adjustments to the fair value of these instruments. See note 30(c) for further disclosures.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

5. REVENUE AND SEGMENT INFORMATION

(a) Disaggregation of revenue from contracts with customers

	2025 RMB'000	2024 RMB'000
Type of goods/services:		
– sale of pharmaceutical products	581,055	461,529
– service income	1,303	5,154
Total	582,358	466,683
Timing of revenue recognition for contracts with customers:		
– at point in time	581,055	461,529
– over time	1,303	5,154
Total	582,358	466,683

(b) Revenue accounting policies and performance obligations for contracts with customers

Sale of pharmaceutical products

Revenue from the sale of pharmaceutical products is recognised at point in time when control of the goods has transferred, being when the goods have been shipped to the customers' specific locations and accepted. Following delivery, the customers have the primary responsibility for the risks of obsolescence and loss in relation to the goods while they can request for return only if the goods delivered do not meet the required quality standards.

The credit period granted to customers by the Group is determined based on the characteristics of customers' credit risks. Sales are typically due for payment on delivery and no credit period is typically granted to customers. A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

All the sales contracts that are unsatisfied are for periods of one year or less. As the Group applies the practical expedient in IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

(b) Revenue accounting policies and performance obligations for contracts with customers (continued)

Service income

The Group enters into research and development agreements with customers. The Group earns revenues by providing research services to the customers. Upfront payments of no more than 30% of the contract sums received by the Group was initially recognised as a contract liability. When the Group satisfies its performance obligations by providing services to a customer before the customer pays consideration and before payment is due, the Group recognises its rights to consideration as a contract asset. The management of the Group considers that there is no significant financing component. Service income is recognised as a performance obligation satisfied over time. The Group uses services transferred to the customer to date (output method) to measure progress towards complete satisfaction of these performance obligations.

All the service contracts that are unsatisfied are for periods of one year or less. As the Group applies the practical expedient in IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

(c) Segment information

In previous years, for the purposes of resources allocation and performance assessment, the executive directors of the Company, being the chief operating decision makers ("CODM"), reviewed the consolidated results and financial position when making decisions about allocating resources and assessing performance of the Group as a whole and accordingly, the Group had only one reportable segment and no further analysis of this single segment is presented. With the shifting focus towards research and developments of innovative drugs, the CODM determines that the business units of innovative drugs and generic drugs should be reviewed separately from each other to better reflect the relevant businesses of the Group, assessments of performance across different operating units and allocations of resources thereto. Discrete financial information of the operating results of the business units of innovative drugs and generic drugs are therefore reported separately and regularly reviewed by the CODM separately in current year. Prior year segment disclosures are restated to conform with the current year presentation.

Specifically, the Group's reportable segments under IFRS 8 "Operating Segments" in the current year are as follows:

- Innovative Drugs segment focus in research and developments of innovative drugs; and
- Generic Drugs segment focus in research and developments, production and sales of generic drugs.

Individual operating segments for which discrete financial information is available are identified by the CODM. No individual operating segment is aggregated in arriving at the reportable segments of the Group.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

(c) Segment information (continued)

The following is an analysis of the Group's revenue and results by reportable and operating segments:

	Innovative Drugs RMB'000	Generic Drugs RMB'000	Total RMB'000
<i>For the year ended 31 December 2025</i>			
External Revenue	—	582,358	582,358
Segment (loss) profit	(48,954)	272,164	223,210
Finance costs			(5,736)
Unallocated corporate income and expenses			(11,278)
Listing expenses			(8,120)
Profit before tax			198,076
<i>For the year ended 31 December 2024 (restated)</i>			
External Revenue	—	466,683	466,683
Segment (loss) profit	(47,804)	218,508	170,704
Finance costs			(7,221)
Unallocated corporate income and expenses			(6,655)
Listing expenses			(7,834)
Profit before tax			148,994

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. Segment profit/(loss) represents the profit earned by/loss from each segment without allocation of administration costs, finance costs, certain other income, expenses, gains and losses and listing expense. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

The CODM makes decisions according to operating results of each segment. No analysis of segment asset and segment liability is presented as the CODM does not regularly review such information for the purposes of resources allocation and performance assessment. Therefore, only segment revenue and segment results are presented.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

(c) Segment information (continued)

	Innovative Drugs RMB'000	Generic Drugs RMB'000	Unallocated RMB'000	Total RMB'000
Other segment information				
<i>For the year ended 31 December 2025</i>				
<u>Amounts included in the measure of segment profit or loss</u>				
Research and developments expenses	(48,954)	(24,550)	—	(73,504)
Marketing expenses	—	(187,552)	—	(187,552)
Depreciation of property, plant and equipment and right-of-use assets	(1,595)	(4,148)	(1,974)	(7,717)
Changes in carrying amount of other borrowings measured at amortised cost	—	7,874	—	7,874
Gains from partners of collaborative arrangements	—	943	—	943
<u>Amounts regularly provided to the CODM marker but not included in the measure of segment profit or loss:</u>				
Interest income	—	—	8,930	8,930
Finance costs	—	—	(5,736)	(5,736)
Income tax	—	—	(21,047)	(21,047)
<i>For the year ended 31 December 2024 (restated)</i>				
Research and developments expenses	(47,804)	(19,721)	—	(67,525)
Marketing expenses	—	(156,353)	—	(156,353)
Depreciation of property, plant and equipment and right-of-use assets	(1,542)	(1,539)	(1,899)	(4,980)
Gains from partners of collaborative arrangements	—	16,717	—	16,717
<u>Amounts regularly provided to the CODM marker but not included in the measure of segment profit or loss:</u>				
Interest income	—	—	5,640	5,640
Finance costs	—	—	(7,221)	(7,221)
Income tax	—	—	(12,915)	(12,915)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

(d) Geographical information

All of the Group's non-current assets are located in the Mainland China and all of the Group's external customers are based in the Mainland China as well. Accordingly, no analysis of the operations of its external customers' geographical segment is presented.

(e) Information about major customers

Revenue from customers contributing over 10% of total revenue of the Group is as below:

Customer	Type of revenue	2025 RMB'000	2024 RMB'000
Customer A	Sale of pharmaceutical products	238,972	212,664

Note: Revenue from Generic Drugs segment. Based on the best knowledge of the directors of the Company, Customer A is a group of companies under the control of the same holding company.

6. FINANCE COSTS

	2025 RMB'000	2024 RMB'000
Interest expense on:		
– bank and other borrowings	5,422	6,842
– lease liabilities	314	379
Total	5,736	7,221

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

7. OTHER INCOME, EXPENSES, GAINS AND LOSSES, NET

	2025 RMB'000	2024 RMB'000
Other income (expenses):		
– interest income from		
– short-term and long-term fixed deposits	3,786	4,364
– bank deposits	5,144	1,276
– government grants		
– related to assets (Note i)	30	31
– related to expense items (Note ii)	5,135	7,569
– others	227	54
	14,322	13,294
Impairment losses (recognised) reversed on:		
– trade receivables	(114)	81
– contract assets	49	11
– bills receivables	74	(221)
– other receivables	1	—
	10	(129)
Other gains (losses):		
– gains from partners of collaborative arrangements (Note iii)	943	16,717
– loss on disposal of property, plant and equipment	(153)	—
– fair value gain of financial assets at FVTPL	1,559	1,141
– change in the carrying amount of other borrowings measured at amortised cost	7,874	—
– net foreign exchange losses	(4,883)	—
	5,340	17,858
Total	19,672	31,023

Notes:

- (i) Amount being granted by a local government in the Mainland China for the addition of property, plant and equipment, which is recognised as deferred income and is transferred to profit or loss on a systematic basis over the estimated useful life of the property, plant and equipment related to the government grants on capital expenditure.
- (ii) Amount recognised mainly represent subsidies granted by certain local government authorities to support the operating activities of the Group, in which no future related cost is expected to be incurred. These government grants with no unfulfilled conditions are recognized when payments were received or became receivable.
- (iii) Amount recognised represents gain on derecognition of the payables to partners of collaborative generic drug research and development arrangements (under trade and other payables) that are not required to be returned to the relevant counterparties.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

8. INCOME TAX EXPENSE

	2025 RMB'000	2024 RMB'000
PRC Enterprise Income Tax ("EIT")		
– current year	19,260	9,361
– under provision in prior years	340	—
Deferred tax (note 16)	1,447	3,554
Total	21,047	12,915

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the Company and its subsidiary established in the Mainland China (other than those as described below) is 25% for both years.

The Company is granted with the "Certificate of New Hi-tech Enterprise" during the years ended 31 December 2025 and 2024. Accordingly, the Company is subject to the preferential EIT rate of 15% for both years.

No provision for taxation in Hong Kong has been made as the Group's income neither arises in, nor is derived from, Hong Kong.

The income tax expense for the year can be reconciled to profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2025 RMB'000	2024 RMB'000
Profit before tax	198,076	148,994
Tax at applicable tax rate of 25%	49,519	37,249
Tax effect of expenses not deductible for tax purposes	41	84
Under provision in respect of prior years	340	—
Tax effect of tax losses not recognised	1,128	1,168
Extra deduction of research and development expenses (Note)	(9,783)	(9,801)
Tax effect of income tax at concessionary rate	(20,198)	(15,785)
Income tax expense	21,047	12,915

Note: The eligible expenditures of research and development costs incurred in the Mainland China and charged to profit or loss is subject to an additional 100% tax deduction in the calculation of income tax expense for the years ended 31 December 2025 and 2024.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

9. PROFIT FOR THE YEAR

	2025 RMB'000	2024 RMB'000
Profit for the year has been arrived at after charging (crediting):		
Directors', chief executive's and supervisors' remuneration (note 11)	4,153	3,438
Other staff costs		
– salaries, wages and allowances	33,885	27,543
– performance-related bonus	5,583	3,385
– retirement benefits	1,455	869
Total staff costs	45,076	35,235
Less: capitalised in inventories	(1,028)	(730)
	44,048	34,505
Depreciation of property, plant and equipment	5,638	2,929
Depreciation of right-of-use assets	2,079	2,051
Total depreciation	7,717	4,980
Less: capitalised in inventories	(2,904)	(256)
	4,813	4,724
(Reversal of) allowances for inventories, net (included in cost of sales/services)	314	(125)
Marketing expenses (included in distribution and selling expenses) (Note)	187,552	156,353
Auditor's remuneration:		
– Auditor of the Company	1,390	10

Note: Amounts mainly represent service fees paid to third-party marketing service providers for various marketing services.

10. DIVIDENDS

No dividend was paid or declared by the Company during the years ended 31 December 2025 and 2024, nor proposed after the end of the reporting period.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

11. DIRECTORS', CHIEF EXECUTIVES', SUPERVISORS' EMOLUMENTS

Directors', chief executives' and supervisors' remuneration for the year, disclosed pursuant to the applicable Listing Rules and the Hong Kong Companies Ordinance, is as follows:

	Fees RMB'000	Salaries, wages and allowances RMB'000	Performance-related salaries RMB'000	Retirement benefit RMB'000	Total RMB'000
<i>For the year ended 31 December 2025</i>					
Executive Directors:					
Dr. Kang Xinshan (Note ii)	—	962	354	18	1,334
Ms. Feng Yan (Note ii)	—	423	151	—	574
Dr. Chen Guangming (Note ii)	—	1,047	101	—	1,148
Dr. Chen Shuyi (Note ii)	—	408	51	12	471
Non Executive Directors:					
Mr. Xu Dong (Note ii)	—	—	—	—	—
Mr. Wang Xinkun (Note iii)	—	—	—	—	—
Independent Non Executive Director:					
Mr. Gong Weimin (Note iv)	120	—	—	—	120
Ms. Wang Shan Shan (Note v)	120	—	—	—	120
Ms. Pu Meiting (Note v)	120	—	—	—	120
Supervisors:					
Ms. Chen Xia	—	185	73	8	266
Mr. Wu Jiang	—	—	—	—	—
Ms. Xu Lixia (Note vi)	—	—	—	—	—
	360	3,025	730	38	4,153

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

11. DIRECTORS', CHIEF EXECUTIVES', SUPERVISORS' EMOLUMENTS (CONTINUED)

	Fees RMB'000	Salaries, wages and allowances RMB'000	Performance- related salaries RMB'000	Retirement benefit RMB'000	Total RMB'000
<i>For the year ended 31 December 2024</i>					
Executive Directors:					
Dr. Kang Xinshan (Note ii)	—	933	354	18	1,305
Ms. Feng Yan (Note ii)	—	246	—	—	246
Dr. Chen Guangming (Note ii)	—	799	304	1	1,104
Dr. Chen Shuyi (Note ii)	—	405	50	12	467
Non-Executive Directors:					
Mr. Xu Dong (Note ii)	—	—	—	—	—
Mr. Wang Xinkun (Note iii)	—	—	—	—	—
Independent Non-Executive Director:					
Mr. Gong Weimin (Note iv)	10	33	—	—	43
Ms. Wang Shan Shan (Note v)	10	—	—	—	10
Ms. Pu Meiting (Note v)	10	—	—	—	10
Supervisors:					
Ms. Chen Xia	—	180	65	8	253
Mr. Wu Jiang	—	—	—	—	—
Ms. Xu Lixia (Note vi)	—	—	—	—	—
	30	2,596	773	39	3,438

Notes:

- (i) The emoluments of executive directors shown above were mainly for their services in connection with the management of the affairs of the Company and the Group. The non-executive directors' emoluments shown above were for their services as directors of the Company. The independent non-executive directors' and supervisors' emoluments shown above were for their services as directors and supervisors of the Group, respectively. The performance-related bonuses were determined by the management of the Group by reference to the performance.
- (ii) Being appointed as directors of the Company in prior years and were re-designated as an executive directors or a non-executive director, as appropriate, in December 2024.
- (iii) Mr. Wang Xinkun was appointed as a director of the Company in March 2024 and was re-designated as a non-executive director in December 2024. Mr. Wang Xinkun served as a supervisor of the Company from October 2022 to March 2024.
- (iv) Mr. Gong Weimin was appointed as a director of the Company in October 2022 and was re-designated as an independent non-executive director in December 2024.
- (v) Ms. Wang Shan Shan and Ms. Pu Meiting were appointed as independent non-executive directors of the Company in December 2024.
- (vi) Ms. Xu Lixia was appointed as a supervisor of the Company in March 2024.
- (vii) No emoluments were paid by the Group to the directors or the supervisors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office for both years. None of the directors or supervisors waived any emoluments any of the years.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

12. EMPLOYEES' EMOLUMENTS

The five highest paid individuals of the Group included 3 (2024: 2) directors and supervisors for the years ended 31 December 2025, whose emoluments are included in note 11. The emoluments of the remaining 2 (2024: 3) individuals for the years ended 31 December 2025 are as follows:

	2025 RMB'000	2024 RMB'000
Salaries, wages and allowances	690	1,073
Performance-related bonuses	672	825
Retirement benefits	9	15
	1,371	1,913

The number of the highest paid employees for both years who are not the directors nor the supervisors of the Company whose remuneration fell within the following bands is as follows:

	2025 No. of employees	2024 No. of employees
<i>Emolument band</i>		
Nil to Hong Kong Dollar ("HK\$")1,000,000	2	3

13. EARNINGS PER SHARE

The calculation of the basic earnings per share from operations attributable to owners of the Company is based on the following data:

	2025	2024
<i>Earnings for the year (RMB'000)</i>		
Earnings for the purpose of basic earnings per share	177,029	136,079
<i>Number of shares ('000)</i>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	69,507	67,207

No diluted earnings per share were presented as there were no potential ordinary shares in issue for any of the year ended 31 December 2025 or 2024.

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14. PROPERTY, PLANT AND EQUIPMENT

	Construction in progress RMB'000	Laboratory equipment RMB'000	Leasehold improvement RMB'000	Building RMB'000	Others RMB'000	Total RMB'000
Cost						
As at 1 January 2024	80,081	24,510	2,723	—	1,943	109,257
Additions	183,118	1,358	363	—	161	185,000
As at 31 December 2024	263,199	25,868	3,086	—	2,104	294,257
Additions	18,366	7,455	—	—	140	25,961
Transfer	(245,296)	62,191	—	183,105	—	—
Disposals	—	(269)	—	—	—	(269)
As at 31 December 2025	36,269	95,245	3,086	183,105	2,244	319,949
Depreciation						
As at 1 January 2024	—	14,294	884	—	1,093	16,271
Provided for the year	—	2,362	289	—	278	2,929
As at 31 December 2024	—	16,656	1,173	—	1,371	19,200
Provided for the year	—	3,585	294	1,450	309	5,638
Eliminated on disposals	—	(116)	—	—	—	(116)
As at 31 December 2025	—	20,125	1,467	1,450	1,680	24,722
Carrying values						
As at 31 December 2025	36,269	75,120	1,619	181,655	564	295,227
As at 31 December 2024	263,199	9,212	1,913	—	733	275,057

The above items of property, plant and equipment of the Group, except for construction in progress, after taking into account the residual values, are depreciated on a straight-line basis over their estimated useful lives at the following rates per annum:

Laboratory equipment	10%-20%
Leasehold improvement	10%
Building	4.75%
Others	20%-33.3%

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15. RIGHT-OF-USE ASSETS

	Leased properties RMB'000	Leasehold land RMB'000	Total RMB'000
As at 1 January 2024	7,711	28,831	36,542
Depreciation	(1,465)	(586)	(2,051)
As at 31 December 2024	6,246	28,245	34,491
Addition	777	—	777
Depreciation	(1,491)	(588)	(2,079)
As at 31 December 2025	5,532	27,657	33,189

	2025 RMB'000	2024 RMB'000
Total cash outflow for leases	1,829	1,819

During the years ended 31 December 2025 and 2024, the Group leases buildings for its operations. Lease contracts are entered into for fixed term of 3 to 10 years (2024: 3 to 10 years). Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

The above items of right-of-use-assets are depreciated on a straight-line basis over their estimated useful lives based on lease terms at the following rates per annum:

Leased properties	10%-33.3%
Leasehold land	2%

16. DEFERRED TAX ASSETS

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The followings are the major deferred tax assets and liabilities recognised and movements thereon during the year:

	Right-of-use assets RMB'000	Lease liabilities RMB'000	Tax losses RMB'000	Other borrowings RMB'000	Others RMB'000	Total RMB'000
As at 1 January 2024	(1,156)	1,287	2,955	5,392	943	9,421
Credit (Charge) to profit or loss	219	(216)	(2,955)	(605)	3	(3,554)
As at 31 December 2024	(937)	1,071	—	4,787	946	5,867
(Charge) credit to profit or loss	(1,727)	1,728	—	(1,002)	(446)	(1,447)
As at 31 December 2025	(2,664)	2,799	—	3,785	500	4,420

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For the year ended 31 December 2025

16. DEFERRED TAX ASSETS (CONTINUED)

As at 31 December 2025, the Group had unused tax losses of RMB10,629,000 (2024: RMB6,117,000) under PRC EIT available to offset against future profits. No deferred tax asset (2024: nil) has been recognised in respect of such balance as at 31 December 2025 due to the unpredictability of future profit streams. The balances of the unused tax losses as at 31 December 2024 and 2025 will expire between 2028 and 2031.

17. EQUITY INSTRUMENT AT FVTOCI

	2025 RMB'000	2024 RMB'000
An unlisted equity investment	20,281	20,000

In prior years, the Company completed the capital injection into a private entity incorporated in the Cayman Islands, an independent third party, for an aggregate consideration of RMB20,000,000 in cash, for 4.58% of equity interest therein. The investee is principally engaged in the business of providing therapeutic technologies for the treatment of neural injury and degenerative diseases whose operations have commenced since 2019 (the "Equity Investment").

In the opinion of the directors of the Company, this Equity Investment is for long-term strategic purposes and not for trading. The directors of the Company elect to present subsequent changes in fair value of this equity investment in other comprehensive income. Accordingly, the Equity Investment is classified as equity investment designated as at FVTOCI.

18. INVENTORIES

	2025 RMB'000	2024 RMB'000
Raw materials	22,221	16,207
Work in progress	18,482	8,104
Finished goods	15,397	11,022
	56,100	35,333

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For the year ended 31 December 2025

19. TRADE AND OTHER RECEIVABLES AND CONTRACT ASSETS

	2025 RMB'000	2024 RMB'000
Trade receivables from contracts with customers	9,693	8,189
Less: allowance for credit losses	(484)	(370)
	9,209	7,819
Bills receivables	19,538	12,488
Less: allowance for credit losses	(425)	(499)
	19,113	11,989
<i>Deposits, prepayments and other receivables</i>		
Rental deposit	477	477
Other receivables	329	280
Prepayments to suppliers	17,813	9,213
Other tax recoverables	33,656	27,640
Deferred issue cost	—	1,325
	52,275	38,935
Total	80,597	58,743
Analysed as:		
Current	52,619	35,044
Non-current	27,978	23,699
	80,597	58,743
Contract assets for service income	1,303	2,643

As at 1 January 2024, the carrying amount of trade receivables net of allowance for credit losses from contracts with customers and contract assets for service income amounted to RMB9,976,000 and RMB2,607,000, respectively.

The following is an aging analysis of trade and bills receivables presented based on the dates of goods delivery at the end of each reporting period:

	2025 RMB'000	2024 RMB'000
Less than 90 days	19,469	13,456
More than 90 days	8,853	6,352
	28,322	19,808

No credit period is typically granted to customers, other than certain reputable customers only where credit period granted ranging from 30 to 90 days. The Group does not hold any collateral over these balances.

Details of impairment assessment of trade receivables, bills receivables and other receivables are set out in note 30.

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20. FINANCIAL ASSETS AT FVTPL

	2025 RMB'000	2024 RMB'000
Money market funds, unlisted (Note i)	352,368	234,956
Structured financial product (Note ii)	181,186	—
Convertible note issued by the Equity Investment (Note iii)	23,384	—
	556,938	234,956
Analysed as:		
Current	533,554	234,956
Non-current	23,384	—
	556,938	234,956

Notes:

- (i) The unlisted money market funds at 31 December 2025 represent a portfolio of investments managed by a number of fund managers in Hong Kong and Mainland China. The underlying assets of by those funds in Hong Kong including principally relatively conservative asset classes such as cash and short term U.S. treasury bills while for those in Mainland China including principally relatively conservative asset classes such as cash, short term debt instruments issued by municipal governments in the Mainland China and other financial instruments. Balance at 31 December 2024 represents the same investments in Mainland China.
- (ii) The structured financial product at 31 December 2025 represents a fund linked note issued by an independent investment entity incorporated in the Cayman Islands, which holds the underlying assets managed by another fund manager incorporated Hong Kong including principally relatively conservative asset classes such as cash and short term U.S. treasury bills. Based on the relevant investment agreements between the said investment entity and investors of the fund linked note (including the Group), the investment entity would pass through the rights and obligations arising from the underlying assets, including any investment returns thereon, to the investors of the fund linked note.
- (iii) During the year ended 31 December 2025, the Group completed the subscription of the convertible note issued by the Equity Investment, for a principal amount of RMB20,000,000. The convertible note is classified as non-current as of 31 December 2025 as the directors of the Company expects to realise this financial asset more than twelve months after the end of the reporting period. The management determined the fair value of the convertible note based on a valuation performed by an independent external valuer engaged by the Group.
- (iv) Other than the amounts of money market funds and structured financial product as set out in note 30(b)(i)(II) at 31 December 2025 that are denominated in US\$ or HK\$, the remaining balances of the above financial assets at FVTPL are denominated in RMB, which is the same as the functional currency of the relevant entities of the Group.

Details of the fair value measurement for the financial assets at FVTPL are set out in note 30.

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21. RESTRICTED BANK BALANCES, SHORT-TERM FIXED DEPOSITS AND CASH AND CASH EQUIVALENTS

(a) Long-term fixed deposits

Long-term fixed deposits of the Group represent deposits with a bank which mature in 2026 and are therefore classified as non-current assets as at 31 December 2024 and being reclassified as current assets as at 31 December 2025. The deposits carry an interest rate of 2.9% per annum upon maturity or carry a floating rate based on daily bank deposit rate if the Group redeems them early at any time before the maturity date.

(b) Restricted bank balances

Restricted bank balances of the Group as at 31 December 2024 represent bank balances placed in a designated bank account of the Group whose uses were restricted for acquisition of certain laboratory equipment from an independent third party. The restricted bank balances was released after the settlements for the acquisition of the laboratory equipment during the year ended 31 December 2025.

(c) Short-term fixed deposits

Short-term fixed deposits of the Group as at 31 December 2025 are deposits with financial institutions with a maturity period within twelve months when acquired.

(d) Cash and cash equivalents

Cash and cash equivalents consist of bank balances and demand deposits for the purpose of meeting the Group's short term cash commitment.

	2025	2024
The ranges of effective interest rate per annum of the bank balances and deposits	0.05%-2.90%	0.20%-3.90%

Details of impairment assessment of the above balances are set out in note 30.

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22. TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES

	2025 RMB'000	2024 RMB'000
Trade payables	15,862	5,744
Bills payables	—	10,039
Total trade and bills payables	15,862	15,783
<i>Other payables and accruals</i>		
Salaries and wages payables	9,753	8,902
Other tax payables	6,218	2,641
Deposits received from suppliers	913	1,148
Payables for research services	25,490	11,109
Payables for marketing expenses	36,015	29,867
Payables for purchases of property, plant and equipment	15,838	45,546
Payables to partners of collaborative arrangements	18,290	23,867
Accrued listing expenses	2,543	4,711
Accrued issue costs	449	486
Others	548	257
	116,057	128,534
Total	131,919	144,317
Contract liabilities from		
- sale of pharmaceutical products	1,914	7,609
- service income	—	436
	1,914	8,045

The credit period on trade and bills payables is 0 to 90 days (2024: 0 to 90 days). The following is an aging analysis of trade and bills payables presented based on the invoice date/issuance date at the end of the reporting period:

	2025 RMB'000	2024 RMB'000
Less than 90 days	14,660	15,703
More than 90 days	1,202	80
	15,862	15,783

As at 1 January 2024, the Group had contract liabilities of RMB261,000 arising from the sale of pharmaceutical products.

The contract liabilities for sales of goods and service income are classified as current based on the Group's earliest obligation to transfer goods or services, as appropriate, to its customers.

Contract liabilities are expected to be settled within the Group's normal operating cycle and revenue recognised during each reporting period with performance obligation satisfied includes the entire balance of contract liability at the beginning of the relevant reporting period.

Notes to the Consolidated Financial Statements

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23. BANK AND OTHER BORROWINGS

	2025 RMB'000	2024 RMB'000
<i>Bank borrowings</i>		
Advances drawn on bills receivables discounted with recourse, secured and unguaranteed	18,432	9,713
Borrowing, unsecured and unguaranteed	60,082	8,118
	78,514	17,831
<i>Other borrowings (Note)</i>		
Advances from third parties, unsecured and unguaranteed	25,235	31,916
	103,749	49,747

Note: In prior years, agreements were entered into by the Group with independent third parties which entitled each of the counterparty to certain percentages of the profit from the sales of specific drug candidates upon commercialisation. In consideration, the Group is entitled to receive upfront fees from these counterparties on entering into the respective agreements. In the opinion of the directors of the Company, these amounts are considered as borrowings for the Group based on the substance of the contractual arrangements and satisfaction of the definition of a financial liability. These amounts are subsequently measured at amortised costs.

During the year ended 31 December 2025, an adjustment of RMB7,874,000 (2024: nil) to the amortised cost of the other borrowings has been made to reflect the actual contractual cash flows and is recognised in the profit or loss (note 7).

Carrying amount of bank and other borrowings repayable based on scheduled repayment dates set out in the loan agreements are as follows:

	2025			2024		
	Bank borrowings RMB'000	Other borrowings RMB'000	Total RMB'000	Bank borrowings RMB'000	Other borrowings RMB'000	Total RMB'000
Within one year	78,514	5,467	83,981	17,831	5,292	23,123
Within a period of more than one year but not exceeding two years	—	6,712	6,712	—	5,467	5,467
Within a period of more than two years but not exceeding five years	—	5,378	5,378	—	10,308	10,308
Within a period of more than five years	—	7,678	7,678	—	10,849	10,849
Total	78,514	25,235	103,749	17,831	31,916	49,747
Less: amount due for settlement within 12 months shown under current liabilities	(78,514)	(5,467)	(83,981)	(17,831)	(5,292)	(23,123)
Amount due for settlements after 12 months shown under non-current liabilities	—	19,768	19,768	—	26,624	26,624

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24. LEASE LIABILITIES

	2025 RMB'000	2024 RMB'000
Within one year	1,621	1,511
Within a period of more than one year but not more than two years	1,160	1,586
Within a period of more than two years but not more than five years	2,714	3,331
More than five years	902	707
	6,397	7,135
Less: amount due for settlement within 12 months shown under current liabilities	(1,621)	(1,511)
Amount due for settlement after 12 months shown under non-current liabilities	4,776	5,624

The weighted average incremental borrowing rates applied to lease liabilities is 4.87% (2024: 4.87%).

25. RETIREMENT BENEFIT PLANS

In accordance with the rules and regulations in the Mainland China, the employees of the Group based in the Mainland China participate in various defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in the Mainland China under which the Group and the relevant employees are required to make monthly contributions to these plans calculated at a certain percentage of the employees' salaries.

The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired Mainland-China-based employees' payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post-retirement benefit of its employees. The assets of these plans are held separately from those of the Group in independently administrated funds managed by the PRC government. The contributions to these plans are recognized as employee benefit charged to profit or loss and capitalised where applicable.

Contributions to the above schemes for the years ended 31 December 2025 made by the Group amounted to RMB1,493,000 (2024: RMB908,000).

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26. SHARE CAPITAL OF THE COMPANY

	Number of shares		Share capital	
	2025 '000	2024 '000	2025 RMB'000	2024 RMB'000
<i>Ordinary shares of RMB1.0 each, issued and fully paid</i>				
As at beginning of year	67,207	67,207	67,207	67,207
Issue of new shares upon Listing (Note)	11,500	—	11,500	—
At end of year	78,707	67,207	78,707	67,207

Note: On 20 October 2025, the shares of the Company were listed on the Stock Exchange with an offer price of HK\$86.40 per share. Upon Listing, the Company issued a total of 11,500,000 shares for total proceeds (before related fees and expenses) of HK\$993,600,000 (equivalent to RMB907,922,000). The newly issued shares rank pari passu with the existing shares in all respects.

27. CAPITAL COMMITMENT

	2025 RMB'000	2024 RMB'000
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	—	27,015

28. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes bank and other borrowings disclosed in note 23 and lease liabilities disclosed in note 24, net of long-term fixed deposits, restricted bank balances, short-term fixed deposits and cash and cash equivalents disclosed in note 21, and equity attributable to owners of the Company, comprising share capital and various reserves.

The management of the Group reviews the capital structure from time to time. As a part of this review, the management considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the management, the Group will balance its overall capital structure through the payment of dividends, issue of new shares or new debts and redemption of existing debts.

29. SHARE-BASED PAYMENTS

Equity-settled share incentive scheme of the Company

In 2017, a share incentive plan was established by the Company and Dr. Kang Xinshan to grant RSUs to eligible employees of the Group (the “2017 Equity Incentive Scheme”) for the purpose of incentivising them for the interests of the substantiable growth of the Group. According to the 2017 Equity Incentive Scheme, the grantees will become limited partners of an established limited liability partnership, Xiamen Tairuihe Investment Partnership (Limited) Partnership (the “RSU Platform”, which is controlled and managed by its sole general partner, Dr. Kang Xinshan) on the grant date. The RSU Platform in turn is a shareholder of the Company.

Eligible persons of the Group participated in the 2017 Equity Incentive Scheme by obtaining partnership interests of the RSU Platform through transfer of interest therein from Dr. Kang Xinshan. Based on the 2017 Equity Incentive Scheme entered into by each of Dr. Kang Xinshan, the RSU Platform and the eligible participants, the RSUs were granted to each eligible participant over a five-year period, with 20% of the total RSUs granted on each of the five anniversary since November 2017. Each RSU will vest in three years following the relevant grant date provided that the grantee continued to be an employee of the Group by then. If a grantee ceases to be employed by the Group within the vesting period, the granted RSUs should be repurchased by Dr. Kang Xinshan, who also determines the transaction prices.

In 2021, eligible persons of the Group were invited to participate in another share incentive plan (the “2021 Equity Incentive Scheme”) under which the grantees were granted with RSUs in the RSU Platform. All of the RSUs granted under the 2021 Equity Incentive Scheme were vested and exercised in 2021. The fair value of the RSUs as at the grant date of the 2021 Equity Incentive Scheme was RMB10.83 per RSU.

The fair value of the RSUs granted under the 2017 Equity Incentive Scheme as at different grant dates were estimated using the Black-Scholes model by an independent valuer, Yinxin Appraisal Co., Ltd., as of respective grant dates while the fair value of the RSU granted under the 2021 Equity Incentive Scheme was estimated by reference to the then latest round of financing of the Group. These equity incentive schemes are considered as equity-settled share-based payments to employees by the Group. As the grantees became the limited partners of the RSU Platform, being a shareholder of the Company, the issuance of the RSUs to the Group’s employees is regarded as a contribution from a shareholder and was credited to the capital reserve in the equity.

The following table discloses movements of the RSUs under the 2017 Equity Incentive Scheme during the year ended 31 December 2025 and 2024:

Tranche	Vesting period	Exercise date	Grant date Fair value per RSU RMB	Outstanding at 1 January 2024 RMB'000	Vested and exercise during the year RMB'000	Outstanding at 31 December 2024 and 2025 RMB'000
Lot i	30.11.2017 - 29.11.2024	30.11.2024	0.63	42,896	(42,896)	—

No share-based payment expense is recognised during the year ended 31 December 2025 while a total expense of RMB1,000 was recognised for the year ended 31 December 2024.

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30. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2025 RMB'000	2024 RMB'000
Financial assets		
Equity instruments at FVTOCI	20,281	20,000
Financial assets at FVTPL	556,938	234,956
At amortised cost	825,715	96,610
	1,402,934	351,566
Financial liabilities		
At amortised cost	219,697	182,521
Lease liabilities	6,397	7,135
	226,094	189,656

(b) Financial risk management objectives and policies

The Group's major financial instruments include equity instrument at FVTOCI, trade and bills receivables, certain other receivables, financial assets at FVTPL, long-term fixed deposits, restricted bank balances, short-term fixed deposits, cash and cash equivalents, trade payables, certain other payables, bank and other borrowings and lease liabilities. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include (i) market risks (interest rate risk, currency risk and other price risk), (ii) credit risk and (iii) liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner. The directors of the Company consider the Group do not subject to foreign exchange rate risk.

(i) Market risks

(1) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to short-term fixed deposits, long-term fixed deposits, fixed-rate bank and other borrowings and lease liabilities. The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances and restricted bank balances. The Group manages its interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and outlook. The management of the Group considers that the impacts of interest rate risk to profit or loss for the years ended 31 December 2025 and 2024 are insignificant for a reasonable change in the market interest rate. Accordingly, no sensitivity analysis is prepared.

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30. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (continued)

(i) Market risks (continued)

(ii) Currency risk

The Group's businesses are principally conducted in RMB and substantially all of the Group's monetary assets and liabilities are denominated in RMB. The Group is exposed to foreign exchange risk primarily through its cash and cash equivalents, and investments in unlisted money market funds and structured financial product at FVTPL that are denominated in currencies other than RMB, which is the functional currency of all group entities. The Group considers the foreign currency exposure is mainly arising from the exposures of RMB against US\$ and RMB against HK\$. The Group currently does not have a foreign currency hedging policy. However, the Group manages to ensure that the exposures to foreign exchange risk is kept to an acceptable level from time to time and will consider hedging significant foreign currency exposure when the need arises.

The carrying amounts of the Group's monetary assets at the end of the reporting period that are denominated in foreign currencies are as follows:

	2025 RMB'000	2024 RMB'000
US\$	388,502	—
HK\$	484,035	—
	872,537	—

Sensitivity analysis

The following table details the Group's sensitivity to a 5% (2024: n/a) increase and decrease in the relevant foreign currency against the functional currency of the relevant group entities. 5% (2024: n/a) represents the reasonably possible change in foreign exchange rates if currency risk is to be assessed by the management. The sensitivity analysis includes only outstanding relevant foreign currency denominated monetary items. The sensitivity analysis adjusts their translation at the year-end for a 5% (2024: n/a) change in foreign currency rates. A positive number below indicates an increase in post-tax profit where the relevant foreign currency strengthens 5% (2024: 5%) against RMB. For a 5% (2024: n/a) weakening of the relevant foreign currency against RMB, there would be an equal and opposite impact on the profit.

	As at 31 December	
	2025 RMB'000	2024 RMB'000
US\$ impact	16,511	—
HK\$ impact	20,571	—

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

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30. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (continued)

(i) Market risks (continued)

(III) Other price risk

The Group is exposed to equity price risk through its Equity Investment designated as at FVTOCI, money market funds classified at FVTPL, structured financial product classified at FVTPL and convertible note issued by the Equity Investment classified at FVTPL.

Sensitivity analysis

The sensitivity analyses have been determined based on the exposure to equity price risk at the end of each reporting period.

The management of the Group considers that all of the equity instrument at FVTOCI and financial assets at FVTPL of the Group are categorised as Level 2 as at 31 December 2025 and 2024.

If the prices of the equity instrument at FVTOCI had been 10% (2024:10%) higher/lower, other comprehensive income for the year ended 31 December 2025 would increase/decrease by RMB1,724,000 (2024: RMB1,700,000).

If the prices of the financial assets at FVTPL had been 10% (2024: 10%) higher/lower, the post-tax profit for the year ended 31 December 2025 would increase/decrease by RMB47,340,000 (2024: RMB19,971,000).

In the opinion of the directors of the Company, the sensitivity analysis above is unrepresentative for the other price risk as the exposure at the end of reporting period does not reflect the exposure during each reporting period.

In addition, the above sensitivity analysis for money market funds and structured financial product classified at FVTPL has been determined assuming that the reasonably possible changes in the underlying U.S. treasury bills had occurred and had been applied to the exposure of the Group to other price risk in existence at the reporting date. It is also assumed that the fair values of the Group's money market funds and structured financial product held would change in accordance with the historical trends and that all other variables remain constant. These changes represent management's assessment of reasonably possible changes in the underlying U.S. treasury bills over the period until the next reporting date.

30. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (continued)

(ii) Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to trade and bills receivables, certain other receivables (including rental deposits), financial assets at FVTPL, restricted bank balances, short-term and long-term fixed deposits and cash and cash equivalents. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets, except that the credit risks associated with bills receivables is mitigated because settlement of certain bills receivables are backed by bills issued by reputable banks and financial institutions. Except for financial assets at FVTPL, the Group performed impairment assessment for financial assets and other items under ECL model.

The Group manages the risk with respect to restricted bank deposit, short-term and long-term fixed deposits and bank balances by placing in or entered into the contract with the banks with high reputation only.

The Group has policies in place to ensure that sales are made to reputable customers with an appropriate financial strength and credit history. It also has other monitoring procedures to ensure that follow-up action is taken to recover overdue debts.

In addition, the Group reviews regularly the authorisation of credit limits to individual customers and recoverable amount of each individual trade receivables to ensure that adequate impairment losses are made for irrecoverable amounts. In respect of the business of sale of pharmaceutical products, the Group normally grants credit periods from 30 to 90 days (2024: 15 to 90 days) to reputable customers only and request for full payments upon deliveries of pharmaceutical products and service for other customers.

The Group have receivables from different customers and other debtors operate in different geographic regions in the country and of different commercial scales. Thus, the Group classified the above assets into below categories:

- Category 1: trade receivables and contract assets;
- Category 2: bills receivables; and
- Category 3: other receivables.

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For the year ended 31 December 2025

30. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (continued)

(ii) Credit risk and impairment assessment (continued)

(i) Trade receivables and contract assets

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics by reference to aging based on the dates of goods delivery.

The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the consumer price index of to be the most relevant factors for pharmaceutical customers and accordingly adjusts the historical loss rates based on expected changes in these factors.

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group.

Impairment losses on trade receivables and contract assets are presented as a net basis in the profit or loss. Subsequent recoveries of amounts previously written off are credited against the same line item.

The following table shows the movement in lifetime ECL that has been recognised for trade receivables and contract assets under the simplified approach.

	Lifetime ECL (not credit- impaired) RMB'000
As at 1 January 2024	(670)
Impairment losses recognised	(498)
Impairment losses reversed	590
Write-offs	77
As at 31 December 2024	(501)
Impairment losses recognised	(114)
Impairment losses reversed	49
As at 31 December 2025	(566)

In the opinion of the management, there was no significant changes to the loss rates for each ageing category during the year ended 31 December 2025 and 2024.

30. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (continued)

(ii) Credit risk and impairment assessment (continued)

(II) Bills receivables

The Group assesses the credit losses of bills receivables individually using three-stage approach. The credit risk of bills receivables is considered not significantly increased since initial recognition, and thus the impairment provision is determined as 12m ECL. At 31 December 2025, balances of RMB425,000 (2024: RMB499,000) were provided as loss allowance for bills receivables.

(III) Other receivables

The Group applies the IFRS 9 three-stage approach to measure ECL. Other receivables comprise rental deposits and others. Since the credit risk of other receivables is considered not significantly increased since initial recognition, therefore the impairment provision is determined as 12m ECL. As at 31 December 2025, balances of nil (2024: RMB1,000) were provided as loss allowance for other receivables.

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables/ contract assets	Other financial assets
Low risk	The counterparty has a low risk of default	Lifetime ECL - not credit-impaired	12m ECL
Watch list	Debtor frequently repays after due dates but usually settle in full	Lifetime ECL - not credit-impaired	12m ECL
Doubtful	Amount is 30 days past due or more, or there have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL - not credit-impaired	Lifetime ECL - not credit-impaired
Loss	Amount is 90 days past due and there is evidence indicating the asset is credit-impaired	Lifetime ECL - credit-impaired	Lifetime ECL - credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

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For the year ended 31 December 2025

30. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (continued)

(ii) Credit risk and impairment assessment (continued)

The table below details the credit risk exposures of the Group's financial assets and contract assets, which are subject to ECL assessment:

	Internal credit rating	12m or or lifetime ECL	2025		2024	
			Average loss rate RMB'000	Gross carrying amount RMB'000	Average loss rate RMB'000	Gross carrying amount
Trade receivables	Low risk	Lifetime ECL	4.99%	9,693	4.52%	8,189
Bills receivables	Low risk	12m ECL	2.18%	19,538	4.00%	12,488
Other receivables	Low risk	12m ECL	—	477	0.18%	553
Contract assets	Low risk	Lifetime ECL	5.92%	1,385	4.72%	2,774
Long-term fixed deposits	(Note)	12m ECL	—	—	—	30,890
Restricted bank balances	(Note)	12m ECL	—	—	—	7,078
Short-term fixed deposits	(Note)	12m ECL	—	151,862	—	—
Cash and cash equivalents	(Note)	12m ECL	—	645,054	—	38,282

Note: The counterparties are licensed banks with high credit ratings and the directors of the Company consider the risk of default on liquid funds is limited.

(iii) Liquidity risk

The management of the Group are satisfied that the Group will have sufficient financial resources to meet its financial obligations as they fall due in the foreseeable future by taking into account the Group's cash flow projection, and the Group's future capital expenditure in respect of the non-cancellable capital commitments, the management considers that the Group have sufficient working capital to meet in full its financial obligations as they fall due for at least the next twelve months from the end of each reporting period.

The following table details the Group's remaining contractual maturity for its financial liabilities and lease liabilities. The table has been drawn up based on the undiscounted cash flows. The table includes both interest and principal cash flows, where applicable.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

30. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (continued)

(iii) Liquidity risk (continued)

	Weighted average interest rate	On demand or within 1 year RMB'000	1 to 2 years RMB'000	2 to 5 years RMB'000	More than 5 years RMB'000	Total undiscounted cash flows RMB'000	Total carrying amount RMB'000
As at 31 December 2025							
<i>Non-interest bearing</i>							
Trade and other payables	—	115,948	—	—	—	115,948	115,948
<i>Interest bearing</i>							
Bank borrowing	1.16%	78,514	—	—	—	78,514	78,514
Other borrowings	18.77%	10,464	10,683	12,497	16,663	50,307	25,235
Lease liabilities	4.87%	1,890	1,363	3,846	—	7,099	6,397
		90,868	12,046	16,343	16,663	135,920	110,146
Total		206,816	12,046	16,343	16,663	251,868	226,094
As at 31 December 2024							
<i>Non-interest bearing</i>							
Trade and other payables	—	132,774	—	—	—	132,774	132,774
<i>Interest bearing</i>							
Bank borrowing	2.30%	18,049	—	—	—	18,049	17,831
Other borrowings	18.77%	10,777	11,281	19,362	20,481	61,901	31,916
Lease liabilities	4.87%	1,818	1,818	3,678	715	8,029	7,135
		30,644	13,099	23,040	21,196	87,979	56,882
Total		163,418	13,099	23,040	21,196	220,753	189,656

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For the year ended 31 December 2025

30. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair value measurements of financial instruments

The management of the Group has closely monitored and determined the appropriate valuation techniques and inputs for fair value measurements. In estimating the fair value of financial instruments, the Group uses market-observable data to the extent it is available. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used).

Financial assets	Fair value		Fair value hierarchy	Valuation technique(s) and key input(s)
	2025 RMB'000	2024 RMB'000		
Equity instruments at FVTOCI				
An unlisted equity investment	20,281	20,000	Level 2	Market approach. Valuation is derived by recent transaction method
Financial assets at FVTPL				
Unlisted money market funds	352,368	234,956	Level 2	Redemption value quoted by the relevant investment funds with reference to the underlying assets
Structured financial product	181,186	—	Level 2	Redemption value quoted by the relevant issuer with reference to the underlying assets
Convertible note	23,384	—	Level 2	Binomial valuation model. Key inputs to the model include coupon interest rate, conversion price of the convertible note, and expected volatility of comparable companies

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For the year ended 31 December 2025

31. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Bank and other borrowings RMB'000	Lease liabilities RMB'000	Accrued issue cost RMB'000	Total RMB'000
As at 1 January 2024	41,515	8,575	—	50,090
Financing cash flows	1,390	(1,819)	(839)	(1,268)
Deferred issue cost	—	—	1,325	1,325
Finance costs recognised (note 6)	6,842	379	—	7,221
As at 31 December 2024	49,747	7,135	486	57,368
Financing cash flows	56,454	(1,829)	(31,538)	23,087
Deferred issue cost	—	—	31,501	31,501
Finance costs recognised (note 6)	5,422	314	—	5,736
Change in the carrying amount of other borrowings measured at amortised cost	(7,874)	—	—	(7,874)
New leases entered	—	777	—	777
As at 31 December 2025	103,749	6,397	449	110,595

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

32. RELATED PARTY DISCLOSURES

Compensation of key management personnel

The remunerations of directors, supervisors and other members of key management including chief executive of the Company during the year are as follow:

	2025 RMB'000	2024 RMB'000
Fees	360	30
Salaries, wages and allowances	3,892	3,438
Performance-related bonuses	899	972
Retirement benefits	38	47
	5,189	4,487

The remuneration of key management personnel is determined with reference to the performance of the individuals and the market trends.

33. MAJOR NON-CASH TRANSACTIONS

Saved for disclosed elsewhere in the consolidated financial statements, the Group has the following major non-cash transactions of lease arrangement during the year:

During the year ended 31 December 2025, the Group entered into new lease agreements and renewed certain existing leases. On the lease commencement, the Group recognized right-of-use assets of RMB777,000 (2024: Nil) and lease liabilities of RMB777,000 (2024: Nil).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

34. FINANCIAL INFORMATION OF THE COMPANY

The following is the statement of financial position of the Company:

	2025 RMB'000	2024 RMB'000
NON-CURRENT ASSETS		
Investment in subsidiaries	160,000	160,000
Property, plant and equipment	10,982	11,302
Deposits for acquisition of property, plant and equipment/right-of-use assets	1,584	1,257
Right-of-use assets	17,762	6,246
Deferred tax assets	4,420	5,867
Amount due from a subsidiary	189,029	164,320
Equity instrument at FVTOCI	20,281	20,000
Long-term fixed deposits	—	30,890
Others receivables	477	477
Financial assets at FVTPL	23,384	—
	427,919	400,359
CURRENT ASSETS		
Inventories	55,783	35,333
Trade and other receivables	50,738	34,582
Contract assets	1,303	2,643
Financial assets at FVTPL	523,425	206,570
Short-term fixed deposits	151,862	—
Cash and cash equivalents	641,075	36,063
	1,424,186	315,191
CURRENT LIABILITIES		
Trade and other payables	115,450	98,339
Contract liabilities	1,914	8,045
Bank and other borrowings	83,981	23,123
Lease liabilities	13,878	1,511
Tax payable	8,847	5,077
	224,070	136,095
NET CURRENT ASSETS	1,200,116	343,416
TOTAL ASSETS LESS CURRENT LIABILITIES	1,628,035	579,455
NON-CURRENT LIABILITIES		
Other borrowings	19,768	26,624
Lease liabilities	4,776	5,624
Deferred income	141	171
	24,685	32,419
NET ASSETS	1,603,350	547,036

Notes to the Consolidated Financial Statements

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34. FINANCIAL INFORMATION OF THE COMPANY (CONTINUED)

Included in the balances of right-of-use assets and lease liabilities of the Company at 31 December 2025 are certain leased properties and leasehold equipment leased from a subsidiary, whose effects are eliminated at consolidation.

The following are the movements in reserves of the Company for both years:

	Capital reserve RMB'000	Surplus reserve RMB'000	FVTOCI reserve RMB'000	Retained profits RMB'000	Total RMB'000
As at 1 January 2024	219,526	13,544	—	106,008	339,078
Profit and total comprehensive income for the year	—	—	—	140,750	140,750
Recognition of equity-settled share-based payments	1	—	—	—	1
Transfer to surplus reserve	—	14,075	—	(14,075)	—
As at 31 December 2024	219,527	27,619	—	232,683	479,829
Profit and total comprehensive income for the year	—	—	281	180,937	181,218
Issue of shares	896,422	—	—	—	896,422
Issue cost	(32,826)	—	—	—	(32,826)
Transfer to surplus reserve	—	11,735	—	(11,735)	—
As at 31 December 2025	1,083,123	39,354	281	401,885	1,524,643

35. PARTICULARS OF SUBSIDIARIES

Name of subsidiaries	Place of incorporation/ establishment/ operation	Issued and fully paid ordinary share capital/ registered capital	Proportion of nominal value of issued share capital/ registered capital/equity interests and voting power held by the Company		Principal activities
			2025	2024	
海西新藥創制（福州）有限公司 Haixi New Drug Creation (Fuzhou) Co., Ltd.*	The PRC	RMB160,000,000	100%	100%	Manufacture, wholesale, retail and commissioned manufacture of pharmaceutical products
Hong Kong Haixi Pharmaceuticals Limited	Hong Kong	—	100%	n/a	Research and development and sales of pharmaceuticals products and provision of pharmaceuticals technical services

* for identification purpose only

None of the above subsidiaries had issued any debt securities outstanding at 31 December 2025 and 2024 nor at any time during the years.