CF PHARMTECH

长 | 风 | 药 | 业

長風藥業股份有限公司

CF PharmTech, Inc.

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

Stock Code : 2652

2025

ANNUAL REPORT

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DEFINITIONS

In this annual report, unless the context otherwise requires, the following terms have the meanings set forth below:

"AGM"	the annual general meeting of the Company to be held on June 26, 2026
"Articles of Association"	our Company's Articles of Association, as amended, supplemented or otherwise modified from time to time
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Audit Committee"	the Audit Committee of the Board of Directors of the Company
"Board Committee(s)"	the Board committees of our Company, namely the Audit Committee, the Remuneration and Appraisal Committee and the Nomination Committee
"Board of Directors" or "Board"	the board of Directors of our Company
"China" or "PRC"	the People's Republic of China, for the purpose of this annual report and for geographical reference only, excluding the Hong Kong and Macau Special Administrative Regions of China and the Taiwan Region
"Companies Ordinance" or "Hong Kong Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company" or "CF PharmTech"	CF PharmTech, Inc. (長風藥業股份有限公司), a limited liability company established in the PRC on January 24, 2013 and converted into a joint stock company with limited liability on June 8, 2016, and formerly known as Suzhou CF PharmTech Co., Ltd. (蘇州長風藥業有限公司), the H Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 2652)
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Corporate Governance Code" or "CG Code"	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules, as amended, supplemented or otherwise modified from time to time
"Director(s)"	the director(s) of our Company
"Global Offering"	has the meaning ascribed to it in the Prospectus
"Group", "we", "us", or "our"	our Company and its subsidiaries from time to time

"H Share(s)"	ordinary share(s) of our Company with a nominal value of RMB1.00 each, listed on the Stock Exchange and traded in Hong Kong dollars
"HK Gentiana"	Gentiana International Corporation Limited, a limited liability company incorporated in Hong Kong on July 2, 2015, wholly owned by Dr. LI LI BOVET and a member of our Single Largest Group of Shareholders
"HK Pyramid"	Pyramid Investment Limited, a limited liability company incorporated in Hong Kong on June 25, 2015, wholly owned by Dr. LIANG and a member of our Single Largest Group of Shareholders
"HK$" or "Hong Kong dollars"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Stock Exchange" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited
"IFRS"	International Financial Reporting Standards
"Listing"	the listing of the H Shares of the Company on the Main Board of the Stock Exchange
"Listing Date"	October 8, 2025, being the date on which the H Shares of the Company were listed on the Main Board of the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules, as amended, supplemented or otherwise modified from time to time
"Prospectus"	the Prospectus of the Company dated September 26, 2025
"Reporting Period"	the year ended December 31, 2025
"RMB"	Renminbi, the lawful currency of the PRC
"Securities and Futures Ordinance" or "SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary shares of our Company with a nominal value of RMB1.00 each, comprising Unlisted Shares and H Shares
"Shareholder(s)"	holder(s) of the Share(s)
"Single Largest Group of Shareholders"	Dr. LIANG Bill Wenqing, Dr. LI LI BOVET, HK Pyramid, Suzhou Pyramid, Suzhou Minmei, Suzhou Yuanchen, Suzhou Dachen, Suzhou Yuansheng, Suzhou Wolun, HK Gentiana, Suzhou Meizhongrui and Dr. Jean-Marc BOVET

"subsidiary(ies)"	has the meaning ascribed to it in section 15 of the Companies Ordinance
"Substantial Shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Supervisor(s)"	member(s) of our Supervisory Committee
"Supervisory Committee"	the supervisory committee of our Company
"Suzhou Dachen"	Suzhou Dachen Enterprise Management Partnership (Limited Partnership) (蘇州達辰企業管理合夥企業(有限合夥)), a limited partnership established in the PRC on May 4, 2023, and one of our employee incentive platforms
"Suzhou Meizhongrui"	Suzhou Meizhongrui Investment Management Enterprise (Limited Partnership) (蘇州美中瑞投資管理企業(有限合夥)), a limited partnership established in the PRC on August 19, 2015, and a member of our Single Largest Group of Shareholders
"Suzhou Minmei"	Suzhou Minmei Investment Management Enterprise (Limited Partnership) (蘇州閩美投資管理企業(有限合夥)), a limited partnership established in the PRC on April 16, 2013, and one of our employee incentive platforms and a member of our Single Largest Group of Shareholders
"Suzhou Pyramid"	Suzhou Pyramid Investment Management Enterprise (Limited Partnership) (蘇州嶺頭投資管理企業(有限合夥)), a limited partnership established in the PRC on August 19, 2015, and a member of our Single Largest Group of Shareholders
"Suzhou Wolun"	Suzhou Wolun Enterprise Management Center (Limited Partnership) (蘇州沃倫企業管理中心(有限合夥)), a limited partnership established in the PRC on May 18, 2020, and one of our employee incentive platforms and a member of our Single Largest Group of Shareholders

"Suzhou Yuanchen"	Suzhou Yuanchen Enterprise Management Center (Limited Partnership) (蘇州遠辰企業管理中心(有限合夥)) (formerly known as Kunshan Yuanchen Enterprise Management Center (Limited Partnership) (昆山遠辰企業管理中心(有限合夥))), a limited partnership established in the PRC on July 1, 2020, and one of our employee incentive platforms and a member of our Single Largest Group of Shareholders
"Suzhou Yuansheng"	Suzhou Yuansheng Enterprise Management Partnership (Limited Partnership) (蘇州遠昇企業管理合夥企業(有限合夥)), a limited partnership established in the PRC on May 4, 2023, and one of our employee incentive platforms
"treasury Shares"	has the meaning ascribed to it under the Listing Rules
"Unlisted Share(s)"	ordinary share(s) of our Company with a nominal value of RMB1.00 each, which is/are not listed on any stock exchange
"VBP"	volume-based procurement, a set of drug procurement regulations implemented in China with the goal of promoting generic substitutes and lowering the price of medications that have outlived their exclusivity periods
"2024 Share Incentive Scheme"	the share incentive scheme adopted by the Company in February 2014 (most recently revised in September 2024) and implemented through the employee incentive platforms
"2025 H Share Incentive Scheme"	the 2025 H share award trust scheme adopted by the Company on December 16, 2025

CORPORATE INFORMATION

DIRECTORS

Executive Directors

Dr. LIANG Bill Wenqing *(Chairperson of the Board)*
Dr. LI LI BOVET
Dr. LI Qi
Ms. ZHU Yuyu

Non-Executive Directors

Mr. CHEN Penghui
Mr. CAI Lei
Dr. YI Hua

Independent Non-Executive Directors

Dr. JIN Jian
Ms. WANG Lijuan
Mr. WEI Shirong
Mr. IP Wang Hoi

JOINT COMPANY SECRETARIES

Ms. ZHU Yuyu
Ms. CHU Cheuk Ting

AUTHORIZED REPRESENTATIVES

Dr. LIANG Bill Wenqing
Ms. CHU Cheuk Ting

AUDIT COMMITTEE

Ms. WANG Lijuan *(Chairperson)*
Dr. JIN Jian
Mr. IP Wang Hoi

REMUNERATION AND APPRAISAL COMMITTEE

Mr. IP Wang Hoi *(Chairperson)*
Dr. LIANG Bill Wenqing
Mr. WEI Shirong

NOMINATION COMMITTEE

Mr. WEI Shirong *(Chairperson)*
Ms. ZHU Yuyu
Dr. JIN Jian

HEAD OFFICE, REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS IN THE CHINESE MAINLAND

No. 16, Hucundang Road
Xiangcheng Economic Development District
Suzhou
Jiangsu
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

31/F., Tower Two
Times Square, 1 Matheson Street
Causeway Bay
Hong Kong

COMPANY'S WEBSITE

www.cfpharmtech.com

PRINCIPAL BANKS

China Merchants Bank Co., Ltd., Suzhou Xiangcheng Branch
First Building F, East Furniture Avenue
Yuanhe Town
Xiangcheng District
Suzhou
Jiangsu
PRC

China Construction Bank Suzhou Xiangcheng Branch
No. 780, Huayuan Road
Xiangcheng District
Suzhou
Jiangsu
PRC

LEGAL ADVISORS

As to Hong Kong law:
Kirkland & Ellis
26/F, Gloucester Tower
The Landmark
15 Queen's Road Central
Hong Kong

As to PRC law:
Zhong Lun Law Firm
57/58/59/F, Tower A
Ping An Finance Centre, 5033 Yitian Road
Futian District
Shenzhen
Guangdong
PRC

AUDITOR

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

STOCK CODE

2652

FINANCIAL HIGHLIGHTS

The following is a summary of the results and assets and liabilities of our Group for the past four financial years:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	For the year ended December 31,			
	2025	2024	2023	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	**432,521**	607,752	556,421	349,127
Gross profit	**327,938**	491,372	457,508	267,455
(Loss)/profit before tax	**(13,407)**	19,184	22,443	(70,615)
(Loss)/profit for the year	**2,485**	21,088	31,726	(49,399)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As of December 31,			
	2025	2024	2023	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets	**886,107**	796,810	640,102	530,954
Current assets	**890,156**	462,216	495,043	484,264
Non-current liabilities	**113,971**	74,136	53,657	16,103
Current liabilities	**193,961**	245,608	171,465	137,189
Total assets less current liabilities	**1,582,302**	1,013,418	963,680	878,029
Total equity	**1,468,331**	939,282	910,023	861,926

The financial summary set out below covers four financial years rather than five. As disclosed in the Prospectus, the Group did not prepare consolidated financial statements for the financial year ended December 31, 2021, and accordingly the comparative information for that year is not available. The Directors confirm that there is no other change in the basis of preparation of the published results and assets and liabilities for the periods presented, and the Company will report on a five-year basis from the financial year ending December 31, 2026 onward.

MANAGEMENT DISCUSSION AND ANALYSIS

2025 marked the first financial year for our Group following the Listing. In 2025, the Group underwent a pivotal transition, evolving from a business centered on the commercialization of complex inhaled formulations in China to an inhalation delivery platform company with global competitive potential. Over the Reporting Period, the Group faced a confluence of near-term headwinds, including updates to the national centralized VBP program, delays in the execution timeline for VBP renewals, a decline in the incidence of respiratory tract infections and the restructuring of the sales and distribution network. At the same time, meaningful progress was achieved in pipeline development, channel expansion, overseas operations and the advancement of the Group's innovation pipeline.

For the Reporting Period, the Group recorded revenue of approximately RMB432.52 million, down from approximately RMB607.75 million in 2024. Profit attributable to shareholders was approximately RMB2.49 million, compared with approximately RMB21.09 million in 2024. Adjusted net profit was approximately RMB31.75 million, compared with approximately RMB51.87 million in 2024. Profitability came under pressure in 2025, driven by five principal factors. First, the average selling price of the Group's core product CF017 declined following VBP renewal. Second, delays in the national and certain provincial-level renewal and execution timelines led healthcare institutions to adjust procurement schedules pending the finalization of quota allocations under the new VBP plan, thereby disrupting the pace of ordering and shipments during the transition. Third, the overall incidence of respiratory tract infections in 2025 was lower than in the prior year, suppressing short-term market demand for inhaled formulation products. Fourth, the Group restructured its sales and distribution network during 2025, creating transitional friction in sales promotion and product delivery efficiency. Fifth, the Group continued to increase investment in innovative drug R&D and recognized one-off, non-recurring expenses associated with the Listing. These factors are more accurately characterized as transitional costs of platform reconfiguration and organizational upgrading, rather than an erosion of the Group's long-term competitiveness. The Board is of the view that the Group's overall business operations remain on a normal footing. The above movements primarily reflect transitional costs incurred as the Group upgrades its business model and capabilities, rather than the deterioration in underlying fundamentals.

Viewed over a longer horizon, the Group's operational foundation remains solid. Revenue grew from approximately RMB349.1 million in 2022 to approximately RMB556.4 million in 2023, and further to approximately RMB607.8 million in 2024, representing a compound annual growth rate of approximately 31.9% over the period. The Group's flagship product, CF017, contributed revenue of approximately RMB574.5 million in 2024, accounting for approximately 94.5% of total revenue. This track record validates the Group's commercialization capabilities, but also highlights a relatively high dependence on a single product and a single policy cycle, underscoring the need to accelerate revenue diversification.

Overall, 2025 was a year of transition and recalibration. While absorbing short-term transformation costs, the Group completed phased adjustments to its channel structure, product portfolio and globalization roadmap. The Group's long-term ambition extends well beyond that of a domestic formulation business driven by a single VBP-selected product. Leveraging its capabilities across complex formulations, delivery systems, device engineering, chemistry, manufacturing, and controls (CMC) scale-up, global regulatory registration and commercial execution, the Group is pursuing a sustained transformation into a global inhalation delivery platform company. The Group positions itself as a global innovator in inhalation drug delivery technology, committed to building a multidisciplinary bridge connecting complex formulations with unmet clinical needs.

BUSINESS REVIEW

Domestic Commercialization Restructuring: From "Single VBP-Driven" to an Integrated "In-Hospital + Primary Care + Online" Model

CF017

CF017 remains the Group's most important source of revenue and cash flow. Revenue from CF017 was approximately RMB335.9 million, RMB547.8 million and RMB574.5 million in 2022, 2023 and 2024, respectively. Revenue for 2025 was approximately RMB344.7 million, principally reflecting the impact of changes to VBP renewal terms and transitional procurement timing.

Brand-based volume reporting for CF017 at healthcare institutions has been completed, with hospital coverage expanding to over 10,000 healthcare institutions nationwide. The procurement cycle will extend through to the end of 2028. Key uncertainties that weighed on 2025 performance are progressively clearing. As procurement, shipment and in-hospital execution normalize, CF017 is expected to resume its role in 2026 as a stable revenue anchor supporting R&D investment and the Group's internationalization efforts.

CF018

CF018 was one of the most notable highlights in the Group's product mix optimization during 2025. Approved in November 2022 as the first steroid-antihistamine combination nasal spray approved in China for the treatment of allergic rhinitis, CF018 was subsequently included in the National Reimbursement Drug List in December 2023. Revenue grew from approximately RMB1.3 million in 2023 to approximately RMB23.9 million in 2024, with sales volumes increasing from approximately 4,300 doses to approximately 341,100 doses. In the first quarter of 2025, revenue from CF018 rose from approximately RMB2.1 million in the corresponding period of the prior year to approximately RMB10.3 million, indicating that the product remains in a phase of significant volume ramp-up following its inclusion in the reimbursement list. For the full year 2025, CF018 recorded revenue of approximately RMB79.0 million.

The strong uptake of CF018 validates the feasibility of replicating the Group's "approval-reimbursement access-commercial scale-up" pathway across subsequent products, and is expected to contribute to a gradual improvement in the revenue mix.

Channel restructuring

In 2025, the Group restructured its sales and distribution network with a view to reducing reliance on third-party promotional personnel and strengthening the integrated management of sales, marketing and distribution. While this initiative created transitional disruption in the near term, it is designed to broaden the Group's channel coverage beyond in-hospital settings into primary care and online channels.

Primary care and third-terminal channels: In October 2025, the Group entered into a strategic cooperation agreement with Jointown Quanqing Health, under which the parties will collaborate on product promotion, channel development and resource integration. Leveraging Jointown's nationwide primary care supply chain and terminal network, the partnership will explore differentiated sales models for respiratory specialty products. This cooperation is expected to help the Group's products penetrate more deeply into county-level healthcare institutions, primary care facilities and the broader retail pharmacy network, enhancing the uptake of mature products outside the VBP framework.

Out-of-hospital chronic disease management: In February 2025, the Group entered into a strategic cooperation agreement with Akang Health, focusing on the joint development of respiratory specialty disease management centers. Combining the Group's product portfolio with Akang Health's expertise in out-of-hospital channels, patient management and digital marketing, the partnership will explore more efficient chronic disease management pathways. This type of collaboration is expected to help the Group build end-to-end capabilities beyond sales reach, progressively connecting prescription fulfillment, drug delivery, patient education and long-term repeat purchase management outside the hospital setting.

Online channels: On March 20, 2026, the Company formally entered into a strategic cooperation agreement with JD Health, under which JD Health will serve as the exclusive online launch partner for a number of the Company's major new respiratory and nasal products over the next three years. The collaboration covers online launch sales and patient service support, prescription fulfilment and patient management coordination, as well as internet-based chronic disease management models. The Group has assembled a product pipeline spanning allergic rhinitis, chronic rhinosinusitis, asthma and chronic obstructive pulmonary disease, encompassing both single-agent and combination therapies across all age groups and disease stages. This partnership is expected to enhance the efficiency of new product launches and improve patient accessibility.

Taken together, the above partnerships are intended to reduce the Group's dependence on a single in-hospital VBP channel and to develop diversified revenue streams.

Nasal Spray Products: From Supplementary Line to Second Growth Curve

Beyond CF018, the Group's nasal spray product family entered a clearer monetization cycle in early 2026. During 2025, the Company submitted New Drug Applications for mometasone furoate nasal spray and revefenacin nebulization solution. In January 2026, the marketing authorization application for budesonide nasal spray was accepted by the National Medical Products Administration (NMPA). In March 2026, the clinical trial application for olopatadine hydrochloride/mometasone furoate nasal spray was approved, making the Company the first in China to submit a generic clinical trial application for this product. Nasal sprays are complex formulations with high technical barriers; the progress of these projects further demonstrates the Group's core competencies in suspension systems, spray uniformity, complex formulation stability and scalable manufacturing.

The Group has established a well-defined product pipeline in allergic rhinitis, chronic rhinosinusitis and long-term upper respiratory tract management, covering both single-agent and combination therapies across all age groups and disease stages. As these products come to market in succession, the nasal spray family is expected to become a new source of revenue growth for the Group.

Building on this foundation, the Group continues to advance a pipeline of higher-barrier specialty nasal spray projects, including the development of innovative drugs addressing multi-symptom allergic rhinitis and rhinosinusitis, with a view to capturing high-margin opportunities in the specialty market. These projects currently represent medium-to-long-term strategic priorities, and their development timeline will depend on R&D progress, regulatory developments and resource allocation.

Overseas Business: From "Registration Preparation" to "Proof-of-Delivery"

In 2025, the Group's overseas business achieved a critical leap from the preparatory phase to the delivery phase. During the year, the Group completed the first overseas shipment of its self-developed inhaled formulation products, and secured additional overseas regulatory approvals and procurement agreements. These milestones demonstrate that the Group's internationalization has moved beyond the stage of regulatory filing and capability building, and has entered a new phase of reference orders, proof-of-delivery and overseas customer validation.

The Group recorded overseas revenue in excess of RMB10 million in 2025. As at the date of this annual report, cumulative overseas orders have surpassed 16 million units. In absolute terms, these initial export volumes are not yet large enough to have a decisive impact on the income statement; from a strategic perspective, however, the first overseas shipments signify that the Group's quality systems, compliance-grade manufacturing and supply reliability are beginning to gain real-world validation in international markets.

The Group is advancing the development of over 20 product candidates across major markets including China, the United States and/or Europe, as well as emerging markets in Southeast Asia and South America, and plans to achieve at least five new product approvals and commercial launches between 2026 and 2030. The Group will continue to build a track record in overseas registration, supply and quality delivery, progressively establishing the sustainability of its international business.

Innovation R&D and Platform Progress: From Investment Phase to Value Confirmation

ICF001

In March 2026, the investigational new drug (IND) application for ICF001, an inhaled dry powder formulation candidate independently developed by the Group, was accepted by the National Medical Products Administration (NMPA) under the Category 2.1 classification for chemical drugs. ICF001 is an innovative long-acting inhaled dry powder candidate developed using the Group's proprietary prodrug technology platform, with initial indications targeting pulmonary arterial hypertension (PAH) and pulmonary hypertension associated with interstitial lung disease (PH-ILD). The design rationale involves the chemical modification of an active molecule into a prodrug form which, upon deposition in the lung, is slowly cleaved by endogenous pulmonary enzymes to release the active ingredient. This approach seeks to attenuate the early peak concentration following administration and to prolong local exposure, with a view to optimizing the pharmacokinetic profile and improving the patient experience.

The central clinical question addressed by ICF001 is how to achieve dosing convenience while improving tolerability, controlling airway irritation and enhancing long-term adherence. If development proceeds successfully, ICF001 has the potential to become a significant asset for the Group in the PAH/PH-ILD space, and to provide critical methodological validation for the long-acting inhaled prodrug platform. Subsequent Phase I safety/pharmacokinetic studies, Phase II differentiation signals and the global development pathway will ultimately determine whether this project can be translated into commercial value.

ICF004

In February 2026, the investigational new drug (IND) application for ICF004, an inhaled dry powder formulation candidate independently developed by the Group, was accepted by the National Medical Products Administration (NMPA) under the Category 1 classification for chemical drugs. ICF004 is being developed for the treatment of progressive fibrosing interstitial lung disease, including idiopathic pulmonary fibrosis (IPF) and progressive pulmonary fibrosis — life-threatening conditions with significant unmet clinical need. The product employs an inhaled dry powder delivery route designed to deliver the drug directly to the affected lung tissue, increasing local pulmonary exposure while reducing systemic exposure, with the aim of achieving a more favorable balance between efficacy and safety. In preclinical studies, ICF004 has demonstrated a differentiated distribution profile characterized by high pulmonary tissue exposure and low systemic exposure, together with indicative anti-fibrotic activity.

The value of ICF004 extends beyond the individual program itself; it also serves to validate whether the Group can integrate its complex formulation, delivery system and device engineering capabilities to address major areas of unmet clinical need. For severe respiratory conditions such as pulmonary fibrosis, where a substantial treatment gap persists, a dosing regimen that is suitable for long-term management and has the potential to improve the patient experience holds important clinical significance. This project has received funding support from the Suzhou Municipal Science and Technology Special Fund.

Small nucleic acid platform

In December 2025, the Group's project for the development of novel inhaled nucleic acid drugs was selected for inclusion in the Jiangsu Province Major Science and Technology program under the "Innovative Biologics" category. The project focuses on addressing the key challenges of small interfering RNA (siRNA) pulmonary delivery, supporting the development of drug candidates for major respiratory diseases including asthma, chronic obstructive pulmonary disease and pulmonary fibrosis. The scope of work encompasses delivery system optimization, pharmaceutical and process development, preclinical studies and investigational new drug (IND) preparation. The Group has independently developed a highly efficient lung-targeted delivery system, and the associated drug candidates have demonstrated promising therapeutic potential in preclinical studies.

Drawing on its vertically integrated capabilities, the Group has established a comprehensive capability spanning breath-actuated nasal spray delivery systems, liposomal inhalation technology and small interfering RNA (siRNA) nucleic acid delivery platforms. The Group is systematically advancing its innovation pipeline for the China, United States and European markets, and is actively pursuing R&D on precision drug delivery via the nose-to-brain pathway. The Group's platform capabilities are extending from conventional complex formulations into frontier delivery technologies and innovative biologics.

The Group has designated CP029/CP030 as inhaled small interfering RNA (siRNA) candidates at the drug discovery stage. At present, no inhaled small interfering RNA (siRNA) drug has been approved anywhere in the world. The Group is exploring the potential of small interfering RNA (siRNA) technology for the treatment of chronic respiratory diseases, with the ambition of developing the world's first inhaled small interfering RNA (siRNA) drug. The small nucleic acid platform is one of the Group's key medium-to-long-term strategic priorities.

FINANCIAL REVIEW

In 2025, we operated in a more challenging commercial environment. Our revenue decreased, and our gross profit margin narrowed, mainly due to continued pricing pressure and softer sales performance of our core inhalation formulation product portfolio, particularly CF017 (budesonide suspension for inhalation), following the renewal of the VBP arrangements. At the same time, we continued to optimize our commercialization model and reduced selling and distribution expenses, while maintaining investment in our organizational capabilities and research and development platform. As a result, we recorded a net profit for the year of RMB2.5 million in 2025, compared with a net profit for the year of RMB21.1 million in 2024.

Revenue

We primarily generated revenue from the sales of our inhalation formulation products. To a lesser extent, we also generated revenue from sale of consumer health products and provision of outsourced research and development and manufacturing services.

Our revenue decreased by 29.0% from RMB607.8 million in 2024 to RMB432.5 million in 2025. The decrease was mainly attributable to lower sales of our inhalation formulation products, particularly CF017, reflecting pricing pressure under the renewed VBP arrangements and intensified market competition in the inhalation formulation products segment, which affected both average selling price and sales volume. The decline was partially offset by the ramp-up of CF018 (azelastine hydrochloride and fluticasone propionate nasal spray).

Revenue generated from sales of CF017 decreased by 40.0% from RMB574.5 million in 2024 to RMB344.7 million in 2025. The decrease was mainly due to (i) lower average selling price and sales volume of CF017 following the renewal of the VBP arrangements, (ii) delays in the renewal and implementation of national and certain provincial drug centralized procurement programs, during which healthcare institutions adjusted their procurement schedules pending finalization of volume allocations under the new VBP cycle, resulting in a temporary slowdown in orders and deliveries of CF017 during the transition period, and (iii) a decrease in the overall prevalence of respiratory infections in 2025 compared with 2024, which reduced market demand for budesonide inhalation products, including CF017.

Revenue generated from sales of CF018 significantly increased from RMB23.9 million in 2024 to RMB79.0 million in 2025. The increase was mainly due to the continued benefit of CF018's inclusion in China's national reimbursement drug list, which has progressively improved patient accessibility and supported demand growth.

Cost of Revenue

Our cost of revenue primarily consisted of raw materials, direct labor costs and manufacturing costs.

Our cost of revenue decreased by 10.1% from RMB116.4 million in 2024 to RMB104.6 million in 2025. The decrease was mainly due to lower sales volume of CF017, resulting in reduced consumption of raw materials and lower variable production costs. However, cost of revenue as a percentage of revenue increased from 19.1% in 2024 to 24.2% in 2025. The increase was mainly due to the relatively fixed nature of a portion of our manufacturing cost base, including plant operating costs, depreciation and certain labor costs, which resulted in weaker absorption of fixed overheads as revenue declined. In addition, our product mix shifted in 2025, with CF018 representing a larger proportion of revenue and carrying a lower gross margin than CF017.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit decreased by 33.3% from RMB491.4 million in 2024 to RMB327.9 million in 2025. Our gross profit margin decreased from 80.9% in 2024 to 75.8% in 2025. The decrease in gross profit margin mainly reflected (i) the lower average selling price of CF017 under the renewed VBP arrangements; (ii) weaker absorption of fixed manufacturing overheads on lower revenue; and (iii) the higher relative contribution from CF018, which carried a lower gross margin than CF017 as it remains in an earlier stage of commercial scale-up.

Other Income and Gains

Our other income and gains primarily consisted of (i) government grants, some of which are one-off in nature and some are recurring over a period of time with no unfulfilled conditions; (ii) gain on financial assets at fair value through profit or loss; (iii) interest income from bank deposits with original maturity of more than three months when acquired; and (iv) interest income from cash in bank.

Our other income and gains decreased by 28.7% from RMB19.7 million in 2024 to RMB14.1 million in 2025. The decrease was mainly due to lower returns on structured deposits and other financial products, reflecting reduced yields and the reallocation of idle funds in light of prevailing market conditions.

Selling and Distribution Expenses

Our selling and distribution expenses primarily consist of (i) business development expenses we incurred to maintain and develop our sales network; (ii) staff costs for our sales and marketing personnel; (iii) transportation and travel fees in relation to our sales and marketing activities; and (iv) depreciation and amortization.

Our selling and distribution expenses decreased by 61.7% from RMB235.7 million in 2024 to RMB90.3 million in 2025. The decrease was mainly due to a reduction in the use of third-party promotion service providers as CF017 gained broader market recognition and deepened its penetration across hospitals and medical institutions in the PRC under the VBP arrangements. As a percentage of revenue, selling and distribution expenses decreased from 38.8% in 2024 to 20.9% in 2025, demonstrating an improvement in our sales and marketing cost efficiency.

Administrative Expenses

Our administrative expenses primarily consisted of (i) staff costs for our administrative and other staff; (ii) depreciation and amortization; (iii) professional services fees we paid primarily relating to our listing matters; (iv) rent and utilities expenses; (v) office and administrative expenses; (vi) business hospitality expenses; and (vii) maintenance and repair expenses.

Our administrative expenses remained relatively stable at RMB129.0 million in 2024 and RMB128.0 million in 2025. As a percentage of revenue, administrative expenses increased from 21.2% in 2024 to 29.6% in 2025, primarily reflecting the negative operating leverage arising from the decline in revenue, as absolute administrative expenses remained broadly stable year on year.

Research and Development Expenses

Our research and development expenses primarily consisted of (i) testing and technical service fees; (ii) staff costs in relation to our research and development team; (iii) costs of raw materials used in our research and development projects; and (iv) depreciation and amortization expenses.

Our research and development expenses remained relatively stable at RMB121.8 million in 2024 and RMB124.5 million in 2025. As a percentage of revenue, research and development expenses increased from 20.0% in 2024 to 28.8% in 2025, reflecting our commitment to maintaining and advancing our innovative drugs pipeline notwithstanding the more challenging revenue environment in 2025.

Impairment Loss on Financial Assets

Our impairment loss or reversal of impairment loss on financial assets represent the expected credit losses or reversal of the expected credit losses on our trade receivables and other receivables.

Our impairment losses on financial assets significantly increased from RMB1.3 million in 2024 to RMB5.2 million in 2025. The increase was mainly due to higher expected credit losses on trade receivables and other receivables, which was principally driven by the increase in our trade and bills receivables to RMB159.4 million as of December 31, 2025 from RMB27.1 million as of December 31, 2024, reflecting higher outstanding balances and a longer collection cycle at year end.

Other Expenses

Our other expenses primarily consisted of (i) foreign exchange gains or losses in relation to foreign currencies we have in our cash and cash equivalents; and (ii) donations.

Our other expenses significantly increased from RMB2.2 million in 2024 to RMB4.6 million in 2025. The increase was mainly due to net foreign exchange losses arising from unfavorable movements in exchange rates in 2025.

Finance Costs

Our finance costs primarily represent interest incurred on our bank loans and handling fees we paid to banks.

Our finance costs increased by 42.5% from RMB1.8 million in 2024 to RMB2.5 million in 2025. The increase was mainly due to higher average interest-bearing bank borrowings balance in 2025 compared with 2024.

Share of Losses of an Associate and a Joint Venture

Our share of losses of an associate and a joint venture represents our investment in Guangzhou Xingzhe Medical New Technology Co., Ltd. (廣州行者醫學新科技有限公司) ("**Guangzhou Xingzhe**") and Guangzhou CF Hekang Health Technology Co., Ltd. (廣州市長風合康健康科技有限公司) ("**Guangzhou Hekang**"). Guangzhou Xingzhe is a medical company primarily engaged in the development of innovative medical devices for the treatment of pulmonary diseases. Guangzhou Hekang is a healthcare company primarily engaged in the digital marketing and consulting services for inhaled pharmaceutical products.

Our share of losses of an associate and a joint venture significantly increased from RMB74,000 in 2024 to RMB170,000 in 2025. The increase was mainly due to higher operational costs incurred by Guangzhou Hekang as it continued to expand its online and offline distribution network for inhaled pharmaceutical products, resulting in an enlarged net loss shared by our Group proportionately.

Income Tax Credit

We recorded an income tax benefit of RMB15.9 million in 2025, compared with an income tax benefit of RMB1.9 million in 2024. We recorded a loss before income tax in 2025, and the increase in temporary differences and tax losses available for carry-forward, together with the super-deduction benefit applicable to qualifying research and development expenditure under PRC tax regulations, resulted in a substantial tax credit that more than offset the pre-tax loss and produced the net profit for 2025.

Profit for the Year

For the foregoing reasons, we recorded profit of RMB2.5 million in 2025, compared with profit of RMB21.1 million in 2024.

Non-IFRS measures

To supplement our historical financial information, which is presented in accordance with IFRS, we also use adjusted profit (non-IFRS measure) as additional financial measures, which are not required by, or presented in accordance with IFRS. We define adjusted profit (non-IFRS measure) as profit for the year, adding back share-based payment expenses and listing expenses. By adding back share-based payment expenses, which are non-cash in nature, and listing expenses, which are non-recurring in nature, we believe this non-IFRS measure facilitates comparisons of operating performance from year to year and company to company by adjusting for potential impacts of the aforementioned non-cash and non-recurring items. We also believe that this measure provides useful information to investors and others in understanding and evaluating our consolidated results of operations. Our presentation of adjusted profit (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of these non-IFRS measures has limitations as analytical tools, and investors should not consider them in isolation from, or as substitutes for analysis of, our results of operations as reported under IFRS.

The following table reconciles our adjusted profit (non-IFRS measure) for the years presented in accordance with IFRS, which is profit for the year.

	For the year ended December 31,	
	2025	2024
	(RMB'000)	(RMB'000)
Profit for the year	**2,485**	21,088
Add:		
Share-based payment expenses [(1)]	**8,490**	7,823
Listing expenses [(2)]	**20,776**	22,963
Adjusted profit for the year (non-IFRS measure)	**31,751**	51,874

Notes:

(1) Share-based payment expenses are non-cash in nature.

(2) Listing expenses represent expenses related to the Global Offering.

Property, Plant and Equipment

Our property, plant and equipment consist of buildings, leasehold improvements, machinery, furniture and fixtures, motor vehicles and construction in progress.

Our property, plant and equipment slightly increased from RMB531.1 million as of December 31, 2024 to RMB547.4 million as of December 31, 2025. The increase was mainly due to investment in production infrastructure, including equipment for new manufacturing lines, in support of the research, development and commercialization of our respiratory drug pipeline.

INVENTORIES

Our inventories primarily consist of raw materials, work-in-progress and finished goods.

Our inventories decreased by 22.2% from RMB47.2 million as of December 31, 2024 to RMB36.7 million as of December 31, 2025. The decrease was mainly due to lower timing and volume of customer orders for CF017 in 2025.

Our inventory turnover days are calculated by dividing the average of the opening and closing balances of inventories during the relevant period by cost of sales for the corresponding period and multiplying by the number of days for the relevant period (365 days for 2024 and 2025). Our inventory turnover days increased from 131 days in 2024 to 146 days in 2025.

TRADE AND BILLS RECEIVABLES

Our trade receivables represent outstanding amounts due from our distributors.

Our trade receivables significantly increased from RMB27.1 million as of December 31, 2024 to RMB159.4 million as of December 31, 2025. The increase was mainly due to (i) a shift in product and channel mix toward products with comparatively longer settlement cycles; (ii) a greater concentration of sales in the fourth quarter of 2025, with corresponding receivables not yet due for settlement as of December 31, 2025; (iii) the extension of more favorable credit terms to selected distributors to support business development; and (iv) slower collection from certain major customers compared with the prior year, which lengthened the average collection cycle.

Our trade receivables turnover days are calculated by dividing the average of the opening and closing balances of trade receivables during the relevant period by revenue for the corresponding period and multiplying by the number of days in the relevant period. Our trade receivables turnover days increased from 9 days in 2024 to 79 days in 2025. Historically, the Group's sales were predominantly settled on a cash-on-delivery or prepayment basis, with limited credit terms offered to customers. In 2025, in connection with the expansion of the Group's distributor network, the Group offered credit terms to a broader base of distributor customers in line with prevailing industry practices. As such credit arrangements were gradually introduced during the Reporting Period, the receivable balance and turnover days as at December 31, 2025 largely reflects the initial accumulation thereunder. The relevant collection framework is being progressively established and refined, and the collection cycle is yet to reach a normalized and recurring pattern. The Group will continue to monitor the ageing profile and collection status of its trade receivables and manage credit risk through regular review of credit limits and dynamic adjustment of credit policies as warranted by prevailing circumstances, as well as timely follow-up on overdue balances.

Prepayments, Other Receivables and Other Assets

Our prepayments, other receivables and other assets primarily consist of (i) prepayments to suppliers; (ii) deposits and other receivable; (iii) VAT recoverable; (iv) impairment allowance; and (v) others, primarily including listing expenses we paid for listing matters.

Our prepayments, other receivables and other assets remained relatively stable at RMB34.8 million as of December 31, 2024 and RMB33.2 million as of December 31, 2025.

Financial Assets at Fair Value through Profit or Loss ("FVTPL")

Our financial assets at FVTPL mainly represent structured deposits and wealth management products.

Our financial assets at FVTPL decreased by 10.4% from RMB266.1 million as of December 31, 2024 to RMB238.3 million as of December 31, 2025. The decrease was mainly due to the redemption of certain structured deposits to support our business operations.

Restricted Cash and Time Deposits

Our restricted cash and time deposits consist primarily of time deposits and other temporarily restricted cash that are used to secure our bank acceptance bill relating to payments we made in relation to the construction of new manufacturing facilities.

Our restricted cash and time deposits increased by 49.0% from RMB5.1 million as of December 31, 2024 to RMB7.6 million as of December 31, 2025. The increase was mainly due to additional margin deposits placed with banks in connection with bank acceptance bills issued to settle procurement and construction-related obligations. As our Group continues to expand production capacity, the requirement for margin deposits to support such instruments has increased correspondingly.

Cash and Cash Equivalents

Our cash and cash equivalents primarily consist of cash and bank balances, time deposits and restricted cash. Most of our cash and cash equivalents are denominated in Renminbi, while a portion is denominated in U.S. dollars or other currencies.

Our cash and cash equivalents significantly increased from RMB81.9 million as of December 31, 2024 to RMB414.9 million as of December 31, 2025. The increase was mainly due to the receipt of net proceeds from the Global Offering in October 2025, which remained deposited in short-term bank deposits and held in liquid instruments.

Trade and Bills Payables

Our trade and bills payables primarily represent payments due to our suppliers.

Our trade and bills payables remained stable at RMB20.6 million as of December 31, 2024 and RMB21.4 million as of December 31, 2025.

Our trade and bills payable turnover days are calculated by dividing the average of the opening and closing balances of trade and bills payables during the relevant period by cost of sales for the corresponding period and multiplying by the number of days in the relevant period. Our trade and bills payable turnover days decreased from 75 days in 2024 to 73 days in 2025.

Other Payables and Accruals

Our other payables and accruals primarily consist of (i) payables for purchase of property, plant and equipment in relation to the construction of our facilities; (ii) service fee payables to our third party promoters; (iii) payroll and welfare payable to our employees; (iv) contract liability, representing the prepayments we received from our distributors; and (v) other tax payable.

Our other payables and accruals decreased by 38.0% from RMB204.1 million as of December 31, 2024 to RMB126.5 million as of December 31, 2025. The decrease was mainly due to the optimization of our sales and distribution network in 2025, including the consolidation of sales and marketing and product delivery functions through increased collaboration with distributors and a reduction in the Group's engagement of third-party promotion service providers, which reduced outstanding service fee payables.

Liquidity and Capital Resources

We maintained a strong liquidity position as of December 31, 2025. Cash and cash equivalents amounted to RMB414.9 million, supplemented by RMB238.3 million of financial assets at fair value through profit or loss, restricted cash of RMB7.6 million and other current assets. Our net current assets were approximately RMB696.2 million as of December 31, 2025. Interest-bearing borrowings totaled RMB142.3 million, all unsecured. During the Reporting Period, we did not experience any difficulty in obtaining bank loans, any default in payment of bank loans and other borrowings, or any breach of covenants.

Having considered its cash and liquid investments on hand, expected operating cash flows, existing bank relationships and the profile of its financial commitments, the Directors are of the view that our Group has sufficient working capital for its present and near future requirements. In forming this view, the Directors have taken into account our Group's anticipated needs across capital expenditure, debt service, pipeline investment and day-to-day operational requirements.

Our Group's primary sources of liquidity continue to be cash generated from operations, existing banking facilities and, where appropriate, the net proceeds from the Global Offering completed in October 2025. Our Group also held short-dated and/or redeemable-on-demand structured deposits with reputable PRC commercial banks, classified as financial assets at fair value through profit or loss, which provide additional flexibility for treasury management. While the operating environment remained competitive during the year, the Group expects to continue to fund ordinary-course working capital, research and development, manufacturing and commercialization activities primarily from internal resources and bank borrowings, supplemented by the remaining net proceeds from the Global Offering in accordance with the intended uses disclosed in the Prospectus.

Our Group manages refinancing and interest rate risks through ongoing engagement with its relationship banks and by maintaining a prudent liquidity buffer. Near-term maturities within the next 12 months are expected to be serviced through existing cash resources, operating cash flows and routine roll-over or refinancing of facilities in the ordinary course.

Our Group continues to monitor its capital expenditure program and contracted capital commitments. Based on approved budgets and the current implementation timetable, our Group expects to meet its capital expenditure and other financial commitments through a combination of internal resources, banking facilities and, where appropriate, the remaining net proceeds from the Global Offering. Our Group will continue to evaluate market conditions and may consider opportunistic financing to support value-accretive strategic initiatives.

Indebtedness

We have indebtedness in the form of bank borrowings and lease liabilities (both current and non-current). During the Reporting Period, we did not have any outstanding mortgages, charges, debentures, other issued debt capital, bank overdrafts, acceptance liabilities, or other similar indebtedness, any material guarantees, litigations, or claims that are pending or threatened against any member of our Group, or other material contingent liabilities.

Our lease liabilities decreased by 38.4% from RMB5.3 million as of December 31, 2024 to RMB3.3 million as of December 31, 2025. The decrease was mainly due to regular lease payments reducing the outstanding principal.

Our interest-bearing borrowings significantly increased from RMB73.8 million as of December 31, 2024 to RMB142.3 million as of December 31, 2025. The increase was mainly drawn to support our Group's working capital and its ongoing business operations.

All of our interest-bearing bank borrowings are unsecured. The effective interest rate of our current interest-bearing bank borrowings was 2.45% to 2.95% as of December 31, 2024, and 2.20% to 2.95% as of December 31, 2025, respectively. We had not experienced any difficulty in obtaining bank loans or other borrowings, default in payment of bank loans and other borrowings or breach of covenants during the Reporting Period.

Capital Expenditure

Our capital expenditure primarily consists of additions to our property, plant and equipment, which primarily included construction in progress, furniture and fixtures, machinery, buildings and motor vehicles.

Our capital expenditure decreased by 59.8% from RMB174.0 million in 2024 to RMB70.0 million in 2025. The decrease was mainly due to the completion of major construction projects in 2024, which required elevated capital investment. As completed projects were transferred to the fixed asset base, the need for further large-scale outlays diminished in 2025.

Contingent Liabilities

The Board confirms that there was no material change in our Group's contingent liabilities during the Reporting Period.

Capital Commitment

Our capital commitments primarily related to contracted but not provided commitments for property, plant and equipment relating to the construction of our manufacturing facilities. As of December 31, 2024 and 2025, our capital commitments amounted to RMB108.7 million and RMB59.6 million, respectively.

Key Financial Ratios

The following table sets forth the key financial ratios for the periods indicated:

	As of December 31, 2025	As of December 31, 2024
Current ratio[(1)]	**4.59**	1.88
Quick ratio[(2)]	**4.40**	1.69
Gearing ratio[(3)]	**9.91**	8.42

Notes:

(1) Current ratio represents current assets divided by current liabilities as of the same date.

(2) Quick ratio represents current assets less inventories divided by current liabilities as of the same date.

(3) Gearing ratio represents total debt divided by total equity as of the same date. Total debt comprises interest-bearing borrowings and lease liabilities.

PLEDGE OF ASSETS

As of December 31, 2025, our Company did not have any material pledge of assets.

DIVIDENDS

No dividend was paid during the Reporting Period and the Board does not recommend the payment of a final dividend for the year ended December 31, 2025 (2024: nil), considering our results of operations, cash flows, financial condition, payments by our subsidiaries of cash dividends to us, business prospects, statutory, regulatory restrictions on our declaration and payment of dividends and other factors that our Board may consider important.

We do not have any formal dividend policy or pre-determined dividend payout ratio. Any future declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the relevant laws.

SIGNIFICANT INVESTMENTS AND INVESTMENT POLICY

As of December 31, 2025, we did not hold any investment which, on a standalone basis carried a value of 5% or more of our total assets as of December 31, 2025. The Board confirmed that the Group's transactions in financial assets during the period from the Listing Date to December 31, 2025, did not constitute notifiable transactions under Chapter 14 of the Listing Rules.

As of December 31, 2025, the Group held financial assets at FVTPL of RMB238.3 million, comprising low-risk structured deposits and wealth-management products issued by licensed financial institutions. These investments are short-dated and redeemable on demand or at short notice, with the purpose of preserving principal and generating returns on surplus cash pending deployment in the Group's principal businesses. Counterparty risk is managed by transacting only with licensed financial institutions meeting the Group's internal credit criteria; liquidity risk is managed by matching maturity with anticipated cash needs. The Board oversees investment activities and approves material transactions in accordance with the Company's investment policy.

The Company's investment policy aims to preserve and grow its assets while exploring strategic opportunities that align with its corporate strategy and principal business operations. The purpose of the investments is to generate long-term value, maintain sufficient liquidity for operational needs, and foster potential synergies with other enterprises to support future growth. The investment strategy is closely aligned with the Company's corporate strategy, focusing on assets that complement its principal businesses and strategic priorities.

Investments of the Company may include equity investments, acquisitions of assets, securities and fund investments, entrusted wealth management, and other permitted investment activities. The Company does not engage in speculative investment activities and generally avoids high-risk or highly leveraged financial products.

Investment decisions are subject to its internal control mechanism, including pre-investment evaluation and due diligence procedures, concentration monitoring and periodic review of performance and risks, as well as a tiered approval mechanism based on transaction size. Significant investments are subject to audit or valuation requirements where applicable. The Board oversees the investment strategy and risk management. The Company shall also ensure compliance with applicable disclosure obligations under the Listing Rules in respect of the investment activities.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As of December 31, 2025, we did not have any concrete committed plans for material investments and capital assets.

MATERIAL ACQUISITIONS AND/OR DISPOSALS OF SUBSIDIARIES

During the Reporting Period, we did not have any material acquisitions and/or disposals of subsidiaries, associates and joint ventures.

FOREIGN EXCHANGE RISK AND HEDGING

The functional currency of our Company's entities is Renminbi. As at December 31, 2025, our Group held cash and bank balances denominated in U.S. dollars of approximately RMB325.4 million (as of December 31, 2024: RMB4.3 million). The increase in U.S. dollar-denominated balances was primarily attributable to the receipt of net proceeds from the Global Offering in October 2025, a portion of which had not yet been converted into Renminbi as at the end of the Reporting Period. During the Reporting Period, our Company primarily operated its business in China. Our Company does not currently have a foreign exchange hedging policy. However, our Company's management monitors foreign exchange exposures and will consider adopting hedging arrangements, including the use of forward foreign exchange contracts, if significant foreign exchange risks are identified or if the concentration of foreign currency holdings is expected to persist for an extended period. Our Group will also progressively convert a portion of its U.S. dollar-denominated balances into Renminbi in line with its capital expenditure and operating requirements denominated in Renminbi.

EMPLOYEES AND REMUNERATION

As of December 31, 2025, our Group had 540 employees (as of December 31, 2024: 605 employees). The total remuneration cost incurred by our Group in 2025 was RMB132.4 million, as compared to RMB149.0 million in 2024.

We recruit employees primarily through online platforms, recruitment websites, headhunter referrals and job fairs, and enter into employment contracts covering compensation, benefits, workplace safety, confidentiality, intellectual property and termination. We also enter into separate confidentiality agreements containing non-competition provisions with senior management and certain key research and development and other employees who have access to trade secrets or confidential information. Our compensation packages generally include salaries and bonuses based on qualifications, performance and seniority, and we also offer share incentives and promotion opportunities. We believe that our Company has maintained good working relationships with our employees.

We provide onboarding, ongoing supervisory guidance and internal and external training programs to support employee development and cultivate a diversified talent pool. In accordance with PRC laws and regulations, we provide statutory benefits, including social insurance and housing provident funds, as well as legally required leave, and maintain a safe working environment. We also maintain personnel-related, property and clinical trial liability insurance, as well as other safety-related coverage, which we believe is in line with market practice and adequate for our operations.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group operates in a complex and evolving regulatory and commercial environment. The Board has identified the principal risks and uncertainties set out below as those most likely to have a material effect on the Group's business, financial position and prospects. The discussion below is intended to provide a candid and balanced assessment of these risks; it is not exhaustive, and additional risks not currently known to the Directors or considered immaterial as at the date of this annual report may also adversely affect the Group. Further details of risk factors generally faced by the Group are set out in "Risk Factors" of the Prospectus.

Concentration on CF017 and exposure to VBP procurement. Substantially all of the Group's revenue during the Reporting Period continued to be generated from CF017, and we expect this concentration to persist in the near term. CF017 has been included in the updated centralized VBP program on a brand-based volume reporting basis, with the procurement cycle running through to the end of 2028. While VBP inclusion has improved nationwide hospital coverage and visibility over the in-hospital base, it has compressed unit selling prices and reduced gross margin per unit. Any further price reductions in subsequent VBP rounds, removal of CF017 from the VBP catalogue, or loss of brand share within the procurement framework would have a direct and material impact on revenue, gross profit and cash flows. To mitigate this concentration risk, the Group is (i) diversifying its product mix through the commercial roll-out of CF018 (which is included in the National Reimbursement Drug List) and the impending launch of additional nasal spray and nebulization products; (ii) extending its commercial reach beyond the in-hospital channel through strategic partnerships with Jointown Quanqing Health, Akang Health and JD Health to build an integrated "in-hospital + primary care + online" chronic disease management model; and (iii) pursuing manufacturing cost optimization and yield improvements to defend gross margin under VBP pricing.

R&D, clinical development and regulatory approval risk. The Group's medium-term growth depends on the timely approval and successful commercialization of its pipeline of inhalation formulation products, including the mometasone furoate nasal spray and revefenacin nebulization solution new drug applications (NDAs) already submitted, the budesonide nasal spray marketing authorization application that has been accepted, and the recently approved clinical trial application (CTA) for olopatadine hydrochloride/mometasone furoate nasal spray. Clinical development is inherently uncertain and capital-intensive; product candidates may fail to demonstrate bioequivalence or required safety and efficacy, may be delayed by patient enrollment difficulties, or may face evolving National Medical Products Administration (NMPA), U.S. Food and Drug Administration (FDA) and European Medicines Agency (EMA) approval policies. Any material delay or failure in obtaining approvals would defer projected revenue contribution from these products and may require us to reallocate or write off R&D expenditure. The Group manages this risk through a portfolio approach (over 20 candidates spanning multiple major and emerging markets), a stage-gated capital allocation process, ongoing dialogue with regulators, and continued investment in our integrated platform across formulation R&D, device development, manufacturing and clinical operations.

Reimbursement and healthcare policy reform risk. Demand for our products is sensitive to the National Reimbursement Drug List and to broader PRC healthcare reforms, including the nationwide promotion of the Sanming model with its emphasis on VBP, stricter price controls and revised medical insurance payment mechanisms. CF018 is currently included in the National Reimbursement Drug List, but inclusion is reviewed periodically and there is no assurance of continued listing on existing terms. Adverse changes could compress pricing, narrow indications eligible for reimbursement, or restrict patient access. Mitigating actions include active engagement with payors and policy stakeholders, generation of pharmacoeconomic evidence to support continued reimbursement, and the development of self-pay channels (including online and primary care channels) to reduce single-channel dependency.

Distribution network and channel risk. The Group sells its inhalation formulation products primarily through distributors, who in turn engage sub-distributors and, in certain channels, third-party promoters. We have limited contractual recourse against sub-distributors whose conduct may damage our reputation. Any disruption to our distributor relationships, deterioration in distributor financial health, non-compliance by sub-distributors or third-party promoters, or failure of our marketing and business development spend to translate into commensurate revenue, could adversely affect sales and lead to receivables collection issues. The Group is progressively introducing credit arrangements with selected distributors and is actively monitoring trade receivable aging. We also conduct distributor due diligence and compliance training, maintain whistleblowing channels, and are gradually optimizing our sales model so that distributors assume more sales activity, with a view to reducing reliance on third-party promoters over time.

Competition and technological change. The inhalation formulation industry is intensely competitive and subject to rapid technological change. Many of our competitors – including multinational originators and well-resourced specialty pharmaceutical companies – have greater financial, regulatory and commercial resources than we do, and disruptive technologies could render certain of our products less competitive. To mitigate this, the Group continues to invest in proprietary device-formulation co-development, build a differentiated portfolio across dry powder inhaler (DPI), metered-dose inhaler (MDI), nasal spray and nebulization platforms, and pursue first-to-file or early-mover positions in selected indications.

Manufacturing and supply chain risk. The manufacturing of inhalation formulations is complex and capital-intensive, and is exposed to risks of equipment malfunction, batch failure, regulatory inspection findings, raw-material quality issues and supplier disruption, including shortages or price increases for active pharmaceutical ingredients, device components and other ancillary materials. A significant disruption could delay product release, trigger inventory write-downs (the Group recorded inventory impairment losses during the Track Record Period) and impair our ability to meet contractual demand. Mitigating measures include current good manufacturing practice-compliant quality systems, qualification of dual sources for critical raw materials and device components where feasible, periodic supplier audits, capacity expansion at our manufacturing facilities (with capital commitments of RMB59.6 million as at December 31, 2025), and maintenance of safety stock for key inputs.

Intellectual property risk. The Group's competitive position depends on the protection of patents, trade secrets and other intellectual property covering its formulations, devices and processes. We may be unable to obtain or maintain patent protection of sufficient scope, may face challenges to validity from generic or biosimilar competitors, and may be subject to claims of infringement by third parties. Any adverse outcome could allow generic entry, prevent commercialization of certain products, or expose the Group to substantial damages and licensing costs. The Group manages this risk by maintaining and prosecuting a global patent portfolio, conducting freedom-to-operate analyses prior to launch, enforcing trade-secret protections through employee and supplier confidentiality arrangements, and budgeting for IP enforcement and defense.

Healthcare regulatory compliance, anti-kickback and fraud-and-abuse risk. The Group's sales, marketing and educational activities are subject to PRC anti-unfair competition, anti-bribery, criminal and pharmacovigilance laws, as well as continuing post-marketing regulatory obligations. Non-compliance – whether by the Group or by distributors, sub-distributors or third-party promoters acting on our behalf – could result in fines, product recalls, suspension of production or distribution, criminal sanctions and reputational harm. Mitigating controls include the Group's anti-corruption policy, whistleblowing policy, compliance training, channel due diligence, and the Audit Committee's oversight of compliance and internal control matters.

The Board, supported by the Audit Committee, regularly reviews the Group's principal risks and the effectiveness of the related mitigating controls as part of its risk management and internal control framework, and considers these arrangements to be appropriate and effective for the year ended December 31, 2025.

NO MATERIAL CHANGES

Compared with the financial information disclosed in the Prospectus, the Group's 2025 revenue of RMB432.5 million was below the year of 2024 level of RMB607.8 million and reflected primarily the CF017 VBP renewal and transitional factors described above. The development milestones disclosed in the Prospectus (investigational new drug (IND) filings for ICF001 and ICF004, new drug application (NDA) filings for the nasal spray family, overseas regulatory registrations, and the inhaled small interfering RNA (siRNA) platform) have progressed substantially in line with, or ahead of, the timeline in the Prospectus. Save as disclosed herein, the Directors are not aware of any material changes in the circumstances disclosed in the Prospectus that would warrant separate discussion.

Save as disclosed in this annual report, during the Reporting Period, there were no material changes affecting our Group's performance that need to be disclosed under Paragraphs 32 and 45 of Appendix D2 to the Listing Rules.

IMPORTANT EVENT AFTER THE REPORTING PERIOD

Save as disclosed in this annual report, there were no important events affecting our Group that occurred since the end of the Reporting Period and up to the date of this annual report.

FUTURE OUTLOOK

The Company has been included in the Hang Seng Composite Index and in the list of eligible securities under Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect. The Company has also conducted certain H share repurchases pursuant to the general mandate granted in December 2025, and will consider further repurchases in the future having regard to market conditions and funding arrangements, subject to compliance with the Listing Rules and applicable regulations. The improvement in trading liquidity is expected to enhance market recognition of the Group's business progress and intrinsic value.

Looking ahead to 2026, the Board maintains a cautious yet firm confidence in the Group's prospects. The Board expects 2026 to be an important year in which the Group resumes growth and advances structural upgrading.

On the domestic front, with the completion of brand-based volume reporting for CF017 under the updated VBP plan, the expansion of nationwide coverage and the procurement cycle extending through to the end of 2028, visibility over the in-hospital base is improving. Strategic partnerships with Jointown Quanqing Health, Akang Health and JD Health will propel the Group's transition from an in-hospital sales model towards an integrated "in-hospital + primary care + online" chronic disease management model.

On the product portfolio front, CF018 continues to deliver rapid growth. New drug applications for mometasone furoate nasal spray and revefenacin nebulisation solution have been submitted, the marketing authorization application for budesonide nasal spray has been accepted, and the clinical trial application for olopatadine hydrochloride/mometasone furoate nasal spray has been approved. The nasal spray family is transitioning from the development stage to commercial realization. Should the Group's high-value innovative drug projects in allergic rhinitis and rhinosinusitis progress as planned, the commercial opportunity in the nasal and related specialty segments will expand further.

On the overseas front, the first overseas shipment and new overseas regulatory approvals have opened a window for the Group to progress from "capability export" to "continuous delivery". Going forward, the Group will continue to deepen its efforts in overseas market access, quality systems, supply stability and commercial partnerships, driving the international business from proof-of-concept validation towards scalable replication.

On the innovation R&D front, ICF001, ICF004 and the small nucleic acid platform are all advancing steadily and will enrich the Group's product reserves and broaden its indication coverage.

As the in-hospital business stabilizes, out-of-hospital and online channels contribute incremental revenue, overseas deliveries gain momentum and the innovation pipeline progressively enters the clinical stage, the Group is well positioned to gradually reduce its dependence on a single product's VBP cycle and to achieve more balanced growth.

EXECUTIVE DIRECTORS

Dr. LIANG Bill Wenqing (梁文青), aged 60, is our co-founder, the chairperson of the Board, an executive Director and the chief executive officer of our Company. He was appointed as a Director in January 2013 and redesignated as an executive Director in September 2024. In addition to these roles, Dr. LIANG holds directorships across substantially all subsidiaries within our Group. He is mainly responsible for leading the strategic planning, business direction and overall management of our Group.

Dr. LIANG has over two decades of experience in the pharmaceutical and related investment industries. Prior to co-founding our Group, leveraging his scientific expertise and financial experience, Dr. LIANG set up China Healthcare Group in the United States in 2002 to carry out healthcare consultation in Chinese market. To devote more time to spearheading our Company's R&D innovation and strategic governance, Dr. LIANG ceased to serve as China Healthcare Group's president in 2010 and chose to close down China Healthcare Group in 2016, ensuring focus on driving technological breakthroughs and operational excellence critical to our sustained leadership. To the best of our Company's knowledge, China Healthcare Group was voluntarily dissolved in October 2016 and was solvent and not involved in any legal proceedings at the time of dissolution. As of the date of this annual report, Dr. LIANG didn't hold any equity interests in China Healthcare Group.

Dr. LIANG obtained a Ph.D. in molecular and cellular biology from the University of Massachusetts in the United States in 1996. After obtaining his doctorate degree, Dr. LIANG pursued his professional career as a post-doctoral fellow at Harvard Medical School from 1996 to 1999. Dr. LIANG also obtained an MBA from University of Southern California in the United States in May 2001.

Dr. LI LI BOVET (李勵), aged 67, is our co-founder, an executive Director and the chief scientific officer of our Company. She was appointed as a Director in January 2013 and redesignated as an executive Director in September 2024. In addition to these roles, Dr. LI LI BOVET holds directorship in one subsidiary, namely CF PharmTech Jiangsu Limited (江蘇長風藥業有限公司) ("**Jiangsu CF**"), within our Group.

She is mainly responsible for leading the scientific vision and R&D strategy and driving the innovation of our Group. Dr. LI LI BOVET is an expert in respiratory drug research, with nearly three decades of experience in pharmaceutical company management and drug development. Prior to co-founding our Group, Dr. LI LI BOVET's career began in the inhalation formulation research development at GlaxoSmithKline, a global biopharmaceutical leader listed on the New York Stock Exchange (ticker symbol: GSK) and the London Stock Exchange (ticker symbol: GSK), where she served as a research investigator and later a senior scientist. Dr. LI LI BOVET then served at Schering-Plough Corporation, from December 1996 to July 1998. Dr. LI LI BOVET also worked at Cirrus Pharmaceuticals, Inc. ("**Cirrus**"), a U.S.-based drug development company, where she served as the executive vice president.

Dr. LI LI BOVET obtained a Ph.D. in chemistry from University of Michigan in the United States in August 1989. Dr. LI LI BOVET also obtained an MBA from Kenan-Flagler Business School, University of North Carolina at Chapel Hill in the United States in December 2001.

Dr. LI Qi (李旗), aged 67, is an executive Director, the chief operating officer of our Company and the dean of Pharmaceutical Research Institute of our Group. Dr. LI was appointed as a Director in September 2020 and redesignated as an executive Director in September 2024. He is mainly responsible for leading the execution of R&D and overseeing the drug registration and production management.

Dr. LI has dedicated over 30 years to the pharmaceutical industry, specializing in the complex field of inhalation formulations. Dr. LI's career began in June 1999 at Miami Division of Respiratory R&D at IVAX Pharmaceuticals, Inc., which was acquired by Teva Pharmaceutical Industries Ltd. ("**TEVA**") (a global pharmaceutical leader listed on the New York Stock Exchange (ticker symbol: TEVA) and the Tel Aviv Stock Exchange (ticker symbol: TEVA)) in January 2006. Since August 2007, he has worked at TEVA Pharmaceuticals, Inc., a U.S. affiliate of TEVA, with his last role as a principal scientist and lead formulator until June 2017. During his tenure at IVAX and TEVA, Dr. LI led the team in developing and commercializing new inhaled drug products, including six approved (by FDA) Dry Powder Inhalation (DPI) products (ARMONAIR™ RESPICUCK® for fluticasone propionate and AIRDUO™ RESPICLICK® for fluticasone propionate and salmeterol). Dr. LI joined our Company in August 2017 as the chief operating officer and further appointed as the dean of Pharmaceutical Research Institute of our Group in September 2020.

Dr. LI obtained a Ph.D. in chemistry from the University of Miami in the United States in December 1993. During the period from February 1994 to June 1999, Dr. LI has worked as a post-doctoral associate at Miller School of Medicine, the University of Miami.

Ms. ZHU Yuyu (朱玉玉), aged 46, is an executive Director, a deputy general manager and the secretary of the Board of our Company. She was appointed as a Director in September 2020 and redesignated as an executive Director in September 2024. In addition to these roles, Ms. ZHU holds directorships in three subsidiaries, namely Jiangsu CF, Suzhou CF Health Technology Co., Ltd. (蘇州長風健康科技有限公司) ("**Suzhou CF Health**") and CF PHARMTECH HONGKONG LIMITED, and supervisorship in three subsidiaries, namely CF PharmTech Wuxi Limited (無錫長風醫藥科技有限公司), Suzhou Wusheng Technology Co., Ltd. (蘇州霧笙科技有限公司) and Guangzhou CF, within our Group. Ms. ZHU is mainly responsible for overseeing the investor relations management, financing and investment management and corporate governance.

Ms. ZHU brings over 15 years of professional experience in corporate governance, talent management and financing and investment management. She spent her early career focusing on supplier development and procurement management. Ms. ZHU worked at Standard Chartered Bank (China) Limited Suzhou Branch (渣打銀行(中國)有限公司蘇州分行) from September 2007 to March 2008. After that, Ms. ZHU joined Suzhou Curative Medical Technology Co., Ltd. (蘇州凱迪泰醫學科技有限公司), where she remained as human resource manager. Ms. ZHU joined our Group in January 2015, initially serving as the human resources manager. She then advanced to the role of chief executive officer assistant and the secretary of the Board in May 2017, before being further promoted to the position of deputy general manager in September 2020.

Ms. ZHU obtained a bachelor's degree in electrical engineering and automation from Soochow University (蘇州大學) in the PRC in June 2003. Ms. ZHU obtained the Certificate of Human Resources Professional (Level II) (二級人力資源管理師) from the Occupational Skill Appraisal Center of the Ministry of Human Resources and Social Security of PRC (中華人民共和國人力資源和社會保障部職業技能鑒定中心) in December 2011, and the Securities Practice Qualification (證券從業資格) from the Securities Association of PRC in October 2018. She is also qualified as a board secretary, certified by the Shanghai Stock Exchange in June 2020.

NON-EXECUTIVE DIRECTORS

Mr. CHEN Penghui (陳鵬輝), aged 54, is a non-executive Director. Mr. CHEN was appointed as a Director in June 2020 and was redesignated as a non-executive Director in September 2024. He is mainly responsible for overseeing Board affairs and giving strategic advice and guidance on the business operations of our Group.

Mr. CHEN brings extensive experience in healthcare and related investment industry. Prior to his career as a professional investor, he served as the president, chief operating officer and chief financial officer at ShangPharma Co., Ltd., a company once listed on the New York Stock Exchange and delisted in April 2013 after it was taken private by ShangPharma Parent Limited. From December 2011 to May 2014, he served as a managing director at Shanghai CEL Management Advisory Services Limited (上海光控管理諮詢服務有限公司). After that, he was a partner at Sequoia Capital Consulting (Beijing) Co., Ltd. (紅杉資本顧問諮詢(北京)有限公司) from May 2014 to May 2017. He has been a partner at Biotrack Capital (博遠資本) which he co-founded in June 2017.

Mr. CHEN has been or once served as directors of several listed companies, including as (i) a director at Jiangsu Yuyue Medical Equipment & Supply Co., Ltd. (江蘇魚躍醫療設備股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002223), from April 2015 to November 2017; (ii) a director at BGI Genomics Co., Ltd. (深圳華大基因股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 300676), from June 2015 to June 2021; (iii) an independent non-executive director at VCREDIT Holdings Limited (維信金科控股有限公司), a company listed on the Stock Exchange (stock code: 2003), since June 2018; (iv) an independent non-executive director at Hygeia Healthcare Holdings Co., Limited (海吉亞醫療控股有限公司), a company listed on the Stock Exchange (stock code: 6078), from September 2019 to May 2022; and (v) an independent director at Chengdu Bright Eye Hospital Group Co., Ltd. (成都普瑞眼科醫院集團股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 301239), since October 2022.

Mr. CHEN obtained a bachelor's degree in chemistry from Nanjing University (南京大學) in the PRC in July 1993 and a master's degree in science from Tulane University in the United States in May 1998. Mr. CHEN also obtained an MBA from Kellogg School of Management, Northwestern University in the United States in June 2003.

Mr. CAI Lei (蔡磊) (former name: CAI Jiange (蔡劍閣)), aged 41, is a non-executive Director. Mr. CAI was appointed as a Director in December 2019 and was redesignated as a non-executive Director in September 2024. He is mainly responsible for overseeing Board affairs and giving strategic advice and guidance on the business operations of our Group.

Mr. CAI brings deep understanding of financial markets, investment strategies and risk management. Since October 2012, Mr. CAI has been working at Shanghai New Alliance Capital Management Co., Ltd. (上海聯新資本管理有限公司) with his current position as a partner. Mr. CAI has also been serving as a director at Thousand Oaks Biologics Inc. (澳斯康生物(南通)股份有限公司), a CDMO company focusing on macromolecules, since December 2018.

Mr. CAI obtained a bachelor's degree and a master's degree in economics from University of Bath in the United Kingdom in June 2008 and November 2009, respectively.

Dr. YI Hua (易華), aged 51, is a non-executive Director. Dr. YI was appointed as a Director in December 2021 and was redesignated as a non-executive Director in September 2024. He is mainly responsible for overseeing Board affairs and giving strategic advice and guidance on the business operations of our Group.

Dr. YI brings a wealth of experience in both scientific research and investment management. From October 2014 to April 2017, Dr. YI transitioned into the financial sector, joining CoStone Asset Management Co., Ltd. (基石資產管理股份有限公司) as an investment manager. In April 2017, Dr. YI's track record led to his appointment as a managing director at SDIC Fund Management (Shanghai) Co., Ltd. (國投創新投資管理(上海)有限公司). Since March 2020, Dr. YI has been a non-executive director of TransThera Sciences (Nanjing), Inc. (藥捷安康(南京)科技股份有限公司), primarily responsible for its corporate strategy and governance. In addition, Dr. YI was a director at HMT (Xiamen) New Technical Materials Co., Ltd. (華懋(廈門)新材料科技股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 603306), from November 2020 to November 2023.

Dr. YI obtained a Ph.D. in analytical chemistry from East China Normal University (華東師範大學) in the PRC in July 2005. He further conducted post-doctoral research in ENS Cachan (currently known as Ecole normale superieure Paris-Saclay) in France in September 2009.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. JIN Jian (金堅), aged 66, is an independent non-executive Director. Dr. JIN was appointed as an independent Director in September 2020 and was redesignated as an independent non-executive Director in September 2024. He is responsible for providing independent advice and judgment to our Board.

Dr. JIN is an expert in the fields of pharmaceutics and pharmaceutical engineering. From August 1998 to July 1999, Dr. JIN continued his research at the National Key Laboratory of Nuclear Medicine in the PRC (中國核醫學國家重點實驗室) as a researcher. Since November 2001, Dr. JIN joined the School of Pharmaceutical Science (currently known as School of Life Sciences and Health Engineering) in Jiangnan University (江南大學) as a professor. Beyond to this, Dr. JIN has also been serving as an independent director at Novoprotein Scientific Inc. (蘇州近岸蛋白質科技股份有限公司), a company focused on protein technology listed on the Shanghai Stock Exchange (stock code: 688137), since April 2021.

Dr. JIN obtained a Ph.D. in internal medicine from Suzhou Medical College (currently known as Soochow University (蘇州大學)) in the PRC in July 1996. He was recognized as one of the Young and Middle-aged Experts with Outstanding Contributions in Jiangsu Province (江蘇省有突出貢獻的中青年專家) by Jiangsu Provincial People's Government in 1998.

Ms. WANG Lijuan (王麗娟), aged 64, is an independent non-executive Director. Ms. WANG was appointed as an independent Director in September 2020 and was redesignated as an independent non-executive Director in September 2024. She is responsible for providing independent advice and judgment to our Board.

Ms. WANG brings a wealth of business management academic expertise to her role. Starting as a lecturer in 1992 in Jiangnan University (江南大學), she was advanced to the head of enterprise management teaching and research section in the department of economics and management in 1995, head of department of business management in 2000 and deputy dean of business school in 2005 before she was the professor responsible for the MBA program. She has also been serving as the independent director at Haiying Enterprise Group Co., Ltd. (海鷹企業集團有限責任公司) since September 2021.

Ms. WANG obtained an MBA from Shanghai University of Finance and Economics (上海財經大學) in the PRC in June 1998.

Mr. WEI Shirong (魏士榮), aged 61, is an independent non-executive Director. Mr. WEI was appointed as an independent Director in September 2020 and was redesignated as an independent non-executive Director in September 2024. He is responsible for providing independent advice and judgment to our Board.

Mr. WEI brings over two decades of experience in legal expertise and profession. Mr. WEI's legal career expanded through his roles in several law firms, and is currently a senior partner at Beijing Dacheng (Jinan) Law Offices, LLP (北京大成(濟南)律師事務所). Mr. WEI has also been serving as an independent director at Shandong Hi-speed Road & Bridge Group Co., Ltd. (山東高速路橋集團股份有限公司), a company listed on Shenzhen Stock Exchange (stock code: 000498), since June 2020.

Mr. WEI obtained a bachelor's degree in English from Shandong Normal University (山東師範大學) in the PRC in December 1995 and a diploma in law from Shandong Provincial Institute of Political Science and Law Management Cadres (山東省政法管理幹部學院) (currently known as Shandong University of Political Science and Law (山東政法學院)) in the PRC in July 1996. Mr. WEI obtained a postgraduate diploma in curriculum and instruction from Beijing Normal University (北京師範大學) in the PRC in February 2003 and a postgraduate diploma in law from China University of Political Science and Law (中國政法大學) in the PRC in June 2008. Mr. WEI has been a certified PRC lawyer recognized by the Ministry of Justice of the PRC (中華人民共和國司法部) since September 2000. He obtained an International Building and Engineering Contracts Accredited Professional from the Society Construction of Laws (China) (建設法律協會(中國)) and Joint Construction Management (英國聯合建設管理) in June 2013. He has also been acknowledged as an Investment Project Analyst by the China General Chamber of Commerce (中國商業聯合會) in September 2013. Additionally, Mr. WEI obtained the certified Dealmaker qualification by the China Mergers & Acquisitions Association (中國併購公會) in February 2015.

Mr. IP Wang Hoi (葉耘開), aged 50, has been appointed as an independent non-executive Director on September 30, 2024. He is responsible for providing independent advice and judgment to our Board.

Mr. IP has more than 20 years of experience in accounting, investment banking and corporate finance. Mr. IP joined Arthur Andersen in September 1998 and was transferred to PricewaterhouseCoopers from July 2002. Mr. IP left PricewaterhouseCoopers in April 2004 with his last position being a manager. From April 2004 to August 2006, Mr. IP served as an associate at Piper Jaffray Asia Limited. Mr. IP was with Credit Suisse (Hong Kong) Limited from March 2008 to February 2011, being a senior associate, and with J.P. Morgan Securities (Asia Pacific) Limited from March 2011 to March 2016 with his last position being an executive director in the global investment banking department. Mr. IP was employed by Tuspark Financial Holdings (HK) Limited from March 2017 to February 2020. His last position was the chief executive officer of the corporate finance department — TUS Corporate Finance Limited. Mr. IP has been the responsible officer of Wings Securities Limited since February 2020 and an independent non-executive director at Vanov Holdings Company Limited (環龍控股有限公司), a company listed on the Stock Exchange (stock code: 02260), since December 2021. From December 2021 to June 2022, Mr. IP served as an independent Director of our Company ordinarily resident in Hong Kong to satisfy the requirements under Rule 19A.18 of the Listing Rules for the purposes of our previous H-share listing plan.

Mr. IP obtained a bachelor's degree in business administration (accounting and finance) from the University of Hong Kong in December 1998 and an MBA from the University of Chicago Graduate School of Business in the United States in March 2008. Mr. IP has been a member of Hong Kong Institute of Certified Public Accountants since September 2001 and a fellow of CPA Australia since November 2020. Mr. IP was designated as a Chartered Financial Analyst by the CFA Institute in September 2005.

SUPERVISORS

Ms. ZHANG Jingjing (張晶晶), aged 38, has been appointed as a Supervisor since November 2021 and the chairperson of the Supervisory Committee since December 2021. In addition to the role, Ms. ZHANG holds supervisorship in one subsidiary, namely Suzhou CF Health, within our Group. She is mainly responsible for supervising the performance of duties by Directors and senior management.

Ms. ZHANG began her career in July 2010 as a human resources specialist at Siyuan Electric Co., Ltd. (思源電氣股份有限公司) until September 2014. She was then with Shanghai Zhengda Investment Consulting Co., Ltd. (上海證大投資諮詢有限公司), a then subsidiary of Shanghai Zhengda Financial Information Service Co., Ltd. (上海證大金融信息服務有限公司), from September 2014 to April 2017. Ms. ZHANG joined our Group in May 2017 and has been serving as the human resources manager since then. Effective from November 2024, she also holds the positions of assistant general manager and deputy general manager of the marketing center at our Company.

Ms. ZHANG obtained a bachelor's degree in biomedical engineering from Nanjing University of Aeronautics and Astronautics (南京航空航天大學) in the PRC in June 2010, and a master's degree in public administration from Shanghai Jiao Tong University (上海交通大學) in the PRC in June 2016.

Ms. CHENG Xiangfeng (程祥鳳), aged 38, has been appointed as a Supervisor since December 2021. In addition to the role, Ms. CHENG holds supervisorship in one subsidiary, namely Suzhou CF Pharmaceutical, within our Group. She is mainly responsible for supervising the performance of duties by Directors and senior management.

Ms. CHENG's career in the pharmaceutical industry began in July 2009 at Jiangsu Hansoh Pharmaceutical Group Co., Ltd. (江蘇豪森藥業集團有限公司), a subsidiary of Hansoh Pharmaceutical Group Company Limited, a company listed on the Stock Exchange (stock code: 3692), until April 2012. Ms. CHENG joined our Group in June 2012 and has been serving as a commercial manager since then.

Ms. CHENG obtained a bachelor's degree in English from China Pharmaceutical University (中國藥科大學) in the PRC in July 2009.

Ms. KUAI Jingjing (蒯靜靜), aged 42, has been appointed as a supervisor since March 2016. In addition to the role, Ms. KUAI holds supervisorship in two subsidiaries, namely Jiangsu CF and Suzhou CF Medical Instruments Co., Ltd. (蘇州長風醫療器械有限公司), within our Group. She is mainly responsible for supervising the performance of duties by Directors and senior management.

Ms. KUAI's career began at Jiangsu Xisheng Group Co., Ltd. (江蘇習勝集團有限公司), where she served as office manager from June 2007 to August 2010. Ms. KUAI joined our Group in September 2010 and has been serving as administration manager since then.

Ms. KUAI obtained a bachelor's degree in ecology from Yangzhou University (揚州大學) in the PRC in June 2007.

SENIOR MANAGEMENT

Dr. LIANG Bill Wenqing (梁文青), aged 60, is our co-founder, the chairperson of the Board, an executive Director and the chief executive officer of our Company. For his biography, see "—Executive Directors — Dr. LIANG Bill Wenqing" in this section.

Dr. LI LI BOVET (李勵), aged 67, is our co-founder, an executive Director and the chief scientific officer of our Company. For her biography, see "—Executive Directors — Dr. LI LI BOVET" in this section.

Dr. LI Qi (李旗), aged 67, is an executive Director, the chief operating officer of our Company and the dean of Pharmaceutical Research Institute of our Group. For his biography, see "—Executive Directors — Dr. LI Qi" in this section.

Ms. ZHU Yuyu (朱玉玉), aged 46, is an executive Director, a deputy general manager and the secretary of the Board of our Company. For her biography, see "—Executive Directors — Ms. ZHU Yuyu" in this section.

Mr. WEI Wei (魏巍), aged 47, is the head of finance of our Company. He is mainly responsible for financial and accounting management.

Mr. WEI brings over two decades of experience in finance and accounting within the pharmaceutical industry. Prior to joining our Group, Mr. WEI was with Harbin Pharmaceutical Group Co., Ltd. (哈藥集團股份有限公司) ("**Harbin Pharma**"), a company listed on the Shanghai Stock Exchange (stock code: 600664), from July 2002 to October 2021. During his tenure, Mr. WEI successively served several financial roles at the branches and subsidiaries of Harbin Pharma, including (i) as a financial accountant at Harbin Pharmaceutical Group Co., Ltd. General Pharm. Factory (哈藥集團製藥總廠) ("**Harbin General Factory**"); (ii) as the deputy finance director at Harbin General Factory; (iii) as the finance director at Harbin Pharmaceutical Group Trading Co., Ltd. (哈藥集團營銷有限公司); and (iv) as the finance director at Harbin Pharma. Mr. WEI joined our Group in November 2021 as the finance director before he was promoted to head of finance in June 2022.

Mr. WEI obtained a bachelor's degree in accounting from Heilongjiang Bayi Agricultural University (黑龍江八一農墾大學) in the PRC in July 2002 and graduated from Harbin Institute of Technology (哈爾濱工業大學) in the PRC in August 2015. Mr. WEI has been recognized by the China Association of Chief Financial Officers (中國會計師總協會) as a senior management accountant since February 2021.

Save as disclosed above, none of our Directors and senior management held any directorship in any public companies, the shares of which are listed in the Stock Exchange or overseas stock markets during the three years prior to the date of this annual report.

To the best of the Board's knowledge, information and belief, save as disclosed in the annual report, our Directors and senior management do not have any relationship amongst them.

JOINT COMPANY SECRETARY

Ms. ZHU Yuyu (朱玉玉) is the Board secretary and was appointed as the joint company secretary of our Company with effect from September 2025. See "Senior Management" above for the biographical details of Ms. ZHU.

Ms. CHU Cheuk Ting (朱卓婷) was appointed as the joint company secretary with effect from September 2025. Ms. CHU currently serves a manager of the listing services department of TMF Hong Kong Limited and is responsible for the provision of corporate secretarial and compliance services to listed company clients. She has over 12 years of experience in the corporate service field. Ms. CHU is an associate of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators) in the United Kingdom. Ms. CHU holds a bachelor of arts degree from The Hong Kong Polytechnic University and a master of science in professional accounting and corporate governance from the City University of Hong Kong.

CHANGES IN INFORMATION OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE

Save as disclosed in this annual report, there have been no changes to the information of Directors, Supervisors and chief executive required to be disclosed under Rule 13.51B(1) of the Listing Rules since the publication of the Prospectus.

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

LIST OF DIRECTORS

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

Dr. LIANG Bill Wenqing *(Executive Director, Chairperson of the Board)*
Dr. LI LI BOVET (*Executive Director*)
Dr. LI Qi (*Executive Director*)
Ms. ZHU Yuyu (*Executive Director*)
Mr. CHEN Penghui *(Non-Executive Director)*
Mr. CAI Lei *(Non-Executive Director)*
Dr. YI Hua *(Non-Executive Director)*
Dr. JIN Jian *(Independent Non-Executive Director)*
Ms. WANG Lijuan *(Independent Non-Executive Director)*
Mr. WEI Shirong *(Independent Non-Executive Director)*
Mr. IP Wang Hoi *(Independent Non-Executive Director)*

Biographical details of the Directors are set out in "Directors, Supervisors and Senior Management" in this annual report.

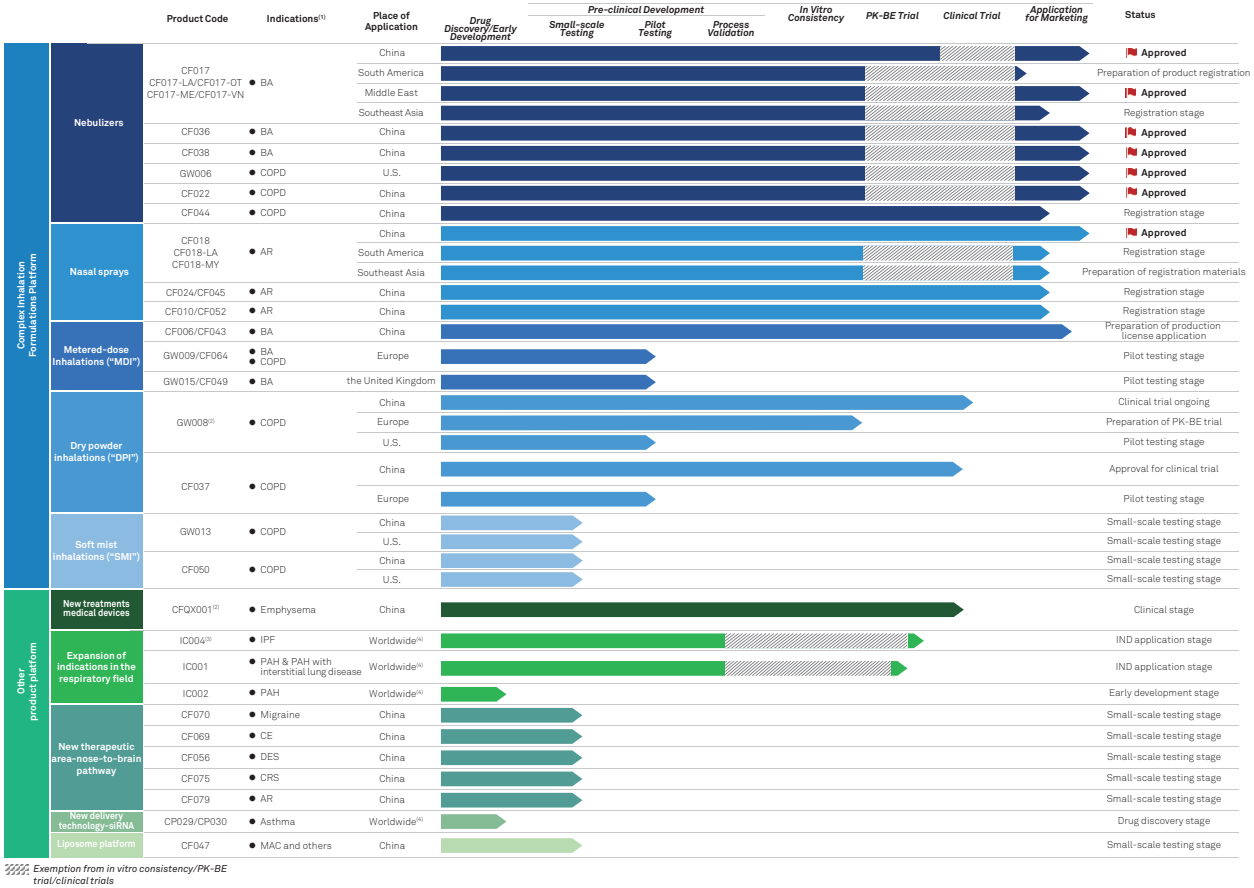
PRINCIPAL ACTIVITIES

As a global innovator in inhalation drug delivery technology, CF PharmTech, Inc. is dedicated to building multidisciplinary bridges between complex formulations and unmet clinical needs. The Company is not only a specialist in the development of complex inhalation formulations with high barriers to entry, but also a platform-based innovative pharmaceutical company with integrated capabilities spanning device engineering, precision drug delivery, global regulatory filing and commercialization.

Leveraging its fully self-developed, globally integrated end-to-end capabilities, from exhalation-powered nasal spray delivery systems and liposomal inhalation technology to small interfering RNA (siRNA) nucleic acid delivery platforms, the Company is systematically advancing its proprietary innovative pipeline for the markets in China, the United States and Europe. Its therapeutic areas encompass respiratory diseases (including asthma, chronic obstructive pulmonary disease and bronchiectasis) and nasal diseases (including allergic rhinitis and chronic rhinosinusitis), with strategic expansion into pulmonary fibrosis, pulmonary arterial hypertension, rare pulmonary infections and central nervous system disorders, as the Company advances precision drug delivery via the nose-to-brain pathway.

The Company has established an extensive multi-dimensional commercialization network in China and, through its globally compliant manufacturing systems and deepening international presence, is steadily advancing towards its goal of becoming a global innovative pharmaceutical enterprise.

The following illustrates our product portfolio and their respective development stages as of the date of this annual report.



Notes:

(1) BA: bronchial asthma; COPD: chronic obstructive pulmonary disease; AR: allergic rhinitis; IPF: idiopathic pulmonary fibrosis; PAH: pulmonary arterial hypertension; CE: cluster epilepsy; DES: dry eye syndrome; MAC: mycobacterium avium complex; CRS: chronic rhinosinusitis
(2) Process validation has not yet completed
(3) Process validation is not required
(4) "worldwide" refers to our inhalation formulation candidates that we plan to seek commercialization in multiple jurisdictions including China, Europe and the United States. As these product candidates are under early-stage development, we have not yet formulated their clinical development plan for different jurisdictions.

The analysis of the Group's principal business and activities for the Reporting Period is set out in note 1 to the consolidated financial statements. The principal risks and uncertainties faced by the Group during the Reporting Period are set out in "Management Discussion and Analysis — Principal Risks and Uncertainties" of this annual report. An indication of possible future developments of the Group is set out in "Management Discussion and Analysis — Future Outlook" of this annual report.

BUSINESS REVIEW

A fair review of the Group's business as required under Schedule 5 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), including the Group's performance analysis during the year ended December 31, 2025, particulars of important events affecting the Group that have occurred since the end of the year ended December 31, 2025, as well as the possible future business development of the Group, are set out in "Management Discussion and Analysis" of this annual report.

RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

As of December 31, 2025, our Group had 540 employees (as of December 31, 2024: 605 employees). The total remuneration cost incurred by our Group in 2025 was RMB132.4 million, as compared to RMB149.0 million in 2024.

Our revenue is primarily derived from the sales of inhalation formulation products to our distributors. For the year ended December 31, 2025, revenue from our five largest customers and the largest customer accounted for 36.33% and 9.88% of our revenue during the Reporting Period.

Our suppliers consisted of (i) technical service providers to assist us in the design and development of inhalation formulation products; (ii) suppliers of raw materials and consumables for our inhalation formulation development and manufacturing and (iii) suppliers of equipment and devices for our manufacturing activities and construction service providers. The raw materials procured for our inhalation formulation products primarily include active pharmaceutical ingredients, device components and other ancillary materials used for our R&D and manufacturing activities. We select our suppliers by taking into account various factors, including costs and their capability, quality, reputation, delivery and regulatory compliance. We have established a stable business relationship with our suppliers for raw materials, which we believe have sufficient capacity to meet our demands. For the year ended December 31, 2025, purchases from our five largest suppliers accounted for less than 30% of our total purchases during the Reporting Period.

During the Reporting Period, none of our Directors and, to the knowledge of our Directors, their respective close associates or any Shareholders holding more than 5% of our issued share capital (excluding treasury Shares) had any interests in any of our five largest customers or suppliers.

SEGMENT INFORMATION

An analysis of our Group's performance by business segment for the year is set out in note 5 to the consolidated financial statements.

RESULTS

The operating results of our Group for the Reporting Period are set out in the Consolidated Statement of Profit or Loss.

SHARES ISSUED

Details of changes in the share capital of our Company during the Reporting Period are set out in note 20 to the consolidated financial statements.

DIVIDENDS

We did not pay or declare any dividends for the year ended December 31, 2025.

RESERVES

Details of the changes in reserves of our Group and our Company for the year ended December 31, 2025 are set out in the Consolidated Statement of Changes in Equity.

DISTRIBUTABLE RESERVES

As of December 31, 2025, our Group did not have distributable reserves.

BANK BORROWINGS

Details of the Group's bank borrowings as of December 31, 2025 are set out in note 26 to the consolidated financial statements. During the Reporting Period, the Group did not breach any covenants or other terms of any of its loan agreements, and there were no defaults in respect of principal or interest payments. None of the Group's borrowings is subject to repayment-on-demand or default clauses linked to specific performance obligations of any Single Largest Group of Shareholders.

ISSUE OF DEBENTURE

Our Group did not issue any debenture for the year ended December 31, 2025.

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

On December 16, 2025, the Shareholders of the Company passed a resolution to grant a general mandate (the "**Share Repurchase Mandate**") to the Directors to repurchase H shares of our Company in the open market from time to time, approved and/or subsequently refreshed or renewed by the shareholders at the general meeting.

During the year ended December 31, 2025, the Company repurchased 67,000 H Shares on the Stock Exchange at an aggregate consideration of approximately HK$2.3 million, and after the Reporting Period and up to February 28, 2026, the Company repurchased 429,500 H Shares on the Stock Exchange at an aggregate consideration of approximately HK$15.4 million, under the Share Repurchase Mandate. The Board believes that the repurchase was effected to benefit the Company and create value for its shareholders.

Particulars of the H shares repurchased are as follows:

		Purchase price per H share		
Month and year	**Number of H shares repurchased**	**Highest price paid per Share *(HK$)***	**Lowest price paid per Share *(HK$)***	**Aggregate consideration (before expenses) *(HK$ in million)***
December 2025	67,000	36.00	33.34	2.3
January 2026	102,000	36.22	31.70	3.5
February 2026	327,500	38.92	34.08	11.9
Total	**496,500**			**17.7**

Save as disclosed above, neither our Company nor any of its subsidiaries purchased, sold or redeemed any of our Company's securities (including the sale of treasury Shares) during the period from Listing Date to December 31, 2025. As of the date of this annual report, our Company holds 496,500 treasury shares. The Company did not sell any treasury shares during the Reporting Period and up to the date of this annual report. The Board currently intends to use such treasury shares to satisfy awards that may be granted under the share incentive schemes from time to time or resell such treasury shares on the Stock Exchange, subject to compliance with the Listing Rules and applicable laws.

USE OF PROCEEDS FROM THE LISTING

Our Company completed the Global Offering and listed on the Main Board of the Stock Exchange on October 8, 2025, issuing 41,198,000 new H shares (with an aggregate nominal value of RMB41,198,000) at an offer price of HK$14.75 per H share, with net proceeds from the Listing of approximately HK$525.4 million after deducting underwriting commissions, fees and other expenses related to the Global Offering.

The net price to the Company per H Share was approximately HK$12.75, and the closing market price of the H Shares on the Listing Date was HK$38.5 per H Share. The Global Offering was undertaken to enable the Company to access international capital markets, fund the development of its inhalation drug delivery pipeline and strengthen its balance sheet.

The net proceeds from the Listing will be applied in accordance with the plans and timelines disclosed in "Future Plans and Use of Proceeds" in the Prospectus, namely:

Item	Allocation percentage *(%)*	Net proceeds allocated for the relevant purpose *(HK$million)*	Utilized proceeds during the Reporting Period *(HK$million)*	Unutilized proceeds as of the end of the Reporting Period *(HK$million)*	Expected timetable for the fully unutilized proceeds[note] *(HK$million)*
to fund the ongoing research and development, clinical development and commercialization of our inhalation formulation product candidates	40.0%	210.2	45.4	164.8	December 31, 2027
to fund our pre-clinical research and development across multiple pipeline programs and our technologies	20.0%	105.1	14.8	90.3	December 31, 2027
to fund the expansion and upgrade of our manufacturing facilities, equipment procurement, and production management systems	30.0%	157.6	25.8	131.8	December 31, 2027
to fund working capital and other general corporate purposes (including staff salaries and welfare, office and warehouse rentals, professional fees and other general corporate expenses)	10.0%	52.5	–	52.5	December 31, 2026
Total	**100%**	**525.4**	**86.0**	**439.4**	

Note: The expected timetable for the fully utilizing of unutilized proceeds was based on the estimate of the Group, which is subject to the current and future development of the market conditions.

As at December 31, 2025, the Directors are not aware of any material change in the planned use of net proceeds and confirm that the proceeds have been, and are intended to be, applied in accordance with the intentions previously disclosed in the Prospectus. Our Company has placed the net proceeds that have not yet been utilized in short-term interest-bearing accounts with licensed commercial banks and/or other authorized financial institutions. Our Company will comply with PRC laws regarding foreign exchange registration and remittance of proceeds.

EMPLOYEE INCENTIVE SCHEME

2024 Share Incentive Scheme

As of the date of this annual report, the Company had adopted two share schemes, namely 2024 Share Incentive Scheme and 2025 H Share Incentive Scheme.

The Company adopted the 2024 Share Incentive Scheme in February 2014, and the scheme was most recently revised in September 2024. Each of Suzhou Minmei, Suzhou Yuanchen, Suzhou Wolun, Suzhou Yuansheng and Suzhou Dachen was established in the PRC as our employee incentive platforms to implement the 2024 Share Incentive Scheme. The 2024 Share Incentive Scheme is not subject to the provisions of Chapter 17 of the Listing Rules as it does not involve the granting of awards or options by our Company to subscribe for Shares after the Listing. Since the underlying Shares under the 2024 Share Incentive Scheme have already been issued, there will be no dilutive effect on the issued Shares upon the vesting of incentive awards under the 2024 Share Incentive Scheme.

As of the date of this annual report, our employee incentive platforms, in aggregate, held 50,957,464 Shares in our Company, representing 12.4% of the share capital of our Company (excluding treasury Shares), of which a total of 43,394,188 Shares were held to implement the 2024 Share Incentive Scheme and the 7,563,276 Shares were personal interests of Dr. LIANG (held through Suzhou Pyramid) and Dr. LI LI BOVET (held through Suzhou Meizhongrui), which were not subject to the 2024 Share Incentive Scheme. Details of the terms of 2024 Share Incentive Scheme are set out in "Appendix VII — Statutory and General Information — D. Employee Incentive Scheme" in the Prospectus.

2025 H Share Incentive Scheme

The Company adopted the 2025 H Share Incentive Scheme in December 2025. The scheme is implemented through a trust, under which the trustee acquires existing H Shares on-market to satisfy awards, rather than the Company issuing new shares, and constitutes a scheme involving existing shares under Chapter 17 of the Listing Rules.

A summary of the principal terms of the 2025 H Share Incentive Scheme is set out below:

Purpose

The 2025 H Share Incentive Scheme is intended to attract, retain and motivate core technical staff, management and long-serving employees (including Directors); to deepen reform of the Company's compensation system by balancing the interests of shareholders and management; and to align the interests of management and long-serving employees with those of the shareholders and the Company as a whole.

Participants

Participants are eligible employees selected by the Board (or its authorized persons), drawn from qualifying personnel of the Company and its subsidiaries, Directors (other than independent non-executive Directors), Supervisors, senior management and key management personnel. In selecting participants, the Board considers factors such as the individual's skills, experience, performance, and past and expected contribution to the Group.

Shares Available

The maximum number of H shares that the trustee may acquire on-market to satisfy awards is 9,066,707 H shares, representing 3% of the Company's issued H shares as at the date the 2025 H Share Incentive Scheme (or an updated limit) was authorized, and 2.20% of the Company's total issued shares (excluding treasury Shares) as at the date of this annual report.

Maximum Entitlement of Each Participant

The total award shares granted to each eligible person under the 2025 H Share Incentive Scheme and any other share scheme of the Company (including cancelled but excluding lapsed awards) may not exceed 1% of the Company's issued share capital from time to time.

Exercise Period

The 2025 H Share Incentive Scheme has no exercise mechanism. On vesting, the trustee will either transfer the vested H shares to the participant or sell them on-market and pay the proceeds in cash. Vested shares are subject to a six-month lock-up from the relevant vesting date. Where a participant ceases employment, vested award shares must be sold on-market within 24 months of termination.

Vesting Period

The 2025 H Share Incentive Scheme rules do not prescribe a fixed vesting period. The Board (or its authorized persons) determines the vesting schedule, criteria and period for each award and sets them out in the relevant award letter, provided that the vesting period may not extend beyond the remaining award period at the time of grant. Award shares for which the vesting conditions are not met will not vest and will be held by the trustee as returned shares.

Amount Payable on Acceptance

No amount is payable by a participant on application for or acceptance of an award; the trustee's purchases of H shares are funded by the Company from its own or self-raised funds, and no loans are made to participants. Participants remain responsible for taxes and similar levies arising from their participation.

Basis for Determining Price

The 2025 H Share Incentive Scheme involves no options and no exercise price, and participants pay no purchase price for award shares. The trustee acquires the H shares on-market at prevailing market prices using funds provided by the Company.

Remaining Life

The 2025 H Share Incentive Scheme is valid for ten years from December 16, 2025, with no further awards granted thereafter, although the 2025 H Share Incentive Scheme continues in force as needed to give effect to outstanding unvested awards and may be terminated earlier by the Board. The remaining life as at the date of the annual report is to be calculated as ten years less the period elapsed from the adoption date of 2025 H Share Incentive Scheme.

The 2025 H Share Incentive Scheme does not contain any service provider sublimit. From the adoption date of the 2025 H Share Incentive Scheme to December 31, 2025, being the end of the Reporting Period, the trustee did not purchase any H Shares on-market. Accordingly, no awards were granted or available for grant under the 2025 H Share Incentive Scheme.

CONVERTIBLE SECURITIES, SHARE SCHEMES, WARRANTS OR SIMILAR RIGHTS

Save as disclosed in the Prospectus and in this annual report, during the Reporting Period, the Company did not issue any convertible securities, share options, warrants or similar rights.

During the Reporting Period and up to the date of this annual report, the Group has no share scheme involving the grant by the Company of (i) new Shares; or (ii) options over new Shares, to, or for the benefit of, specified participants of such schemes.

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

As at December 31, 2025, the interests and long positions of the following Directors, Supervisors and chief executive of the Company in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as notified to the Company and the Hong Kong Stock Exchange under Divisions 7 and 8 of Part XV of the SFO or as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the requirements in the Model Code, were as follows:

Name	Nature of Interest[1]	Description of Shares	Number of Shares held[2]	Approximate percentage of shareholding in the Unlisted Shares/H Shares (as applicable)[2]	Approximate percentage in the total issued share capital of our Company[2]
Dr. LIANG Bill Wenqing[3]	Interest in controlled corporation	H Shares	46,284,905	15.31%	11.23%
		Unlisted Shares	30,834,604	28.09%	7.48%
	Interests held jointly with another person	H Shares	14,378,728	4.76%	3.49%
		Unlisted Shares	9,585,819	8.73%	2.33%
Dr. LI LI BOVET[3]	Interested in controlled corporation; interest of spouse	H Shares	38,614,894	12.78%	9.37%
		Unlisted Shares	25,743,263	23.46%	6.25%
	Interests held jointly with another person	H Shares	22,048,739	7.30%	5.35%
		Unlisted Shares	14,677,160	13.37%	3.56%
Ms. ZHU Yuyu[4][5][6]	Interested in controlled corporation	H Shares	7,337,976	2.43%	1.78%
		Unlisted Shares	4,891,983	4.46%	1.19%
	Other**	H Shares	288,398	0.10%	0.07%
		Unlisted Shares	192,264	0.18%	0.05%
Mr. CHEN Penghui[7]	Interest of spouse	H Shares	3,319,747	1.10%	0.81%
Ms. CHENG Xiangfeng[5][8]	Interested in controlled corporation	H Shares	6,474,841	2.14%	1.57%
		Unlisted Shares	4,316,560	3.93%	1.05%
	Others**	H Shares	177,802	0.06%	0.04%

** denotes interested in a limited partnership as a limited partner.

Notes:

(1) All interests stated are long positions.

(2) The calculation is based on the total number of 411,978,387 Shares in issue as of December 31, 2025, which consists of 109,754,801 Unlisted Shares and 302,223,586 H Shares in issue (including 67,000 treasury Shares).

(3) Details of interest of Dr. LIANG and Dr. LI LI BOVET are set out in "—Interests and Long Positions of Substantial Shareholders in the Shares and Underlying Shares of Our Company" in this Directors' report below.

(4) Ms. ZHU Yuyu is interested in 12,710,621 Shares, consisting of (i) 10,791,401 Shares held by Suzhou Meimin Enterprise Management Center (Limited Partnership) (蘇州美閩企業管理中心(有限合夥)) ("**Meimin Investment**"); (ii) 1,438,558 Shares held by Suzhou Shengyuan Enterprise Management Center (Limited Partnership) (蘇州晟源企業管理中心(有限合夥)) ("**Shengyuan Investment**"); and (iii) 480,662 Shares held through Suzhou Minmei as its limited partner.

(5) Meimin investment, a limited partnership established in the PRC, is jointly managed by its three general partners, two of which are Ms. ZHU Yuyu and Ms. CHENG Xiangfeng. As such, under the SFO, each of Ms. ZHU Yuyu and Ms. CHENG Xiangfeng is deemed to be interested in the Shares held by Meimin Investment.

(6) Shengyuan Investment, a limited partnership established in the PRC, is managed by its general partner, Ms. ZHU Yuyu. As such, under the SFO, Ms. ZHU Yuyu is deemed to be interested in Shares held by Shengyuan Investment.

(7) Chengdu Boyuan Jiayu Venture Capital Partnership (Limited Partnership) (成都博遠嘉昱創業投資合夥企業(有限合夥)) ("**Boyuan Venture**"), a limited partnership established in the PRC, is ultimately controlled by ZHI Ruwei (支汝葦), the spouse of Mr. CHEN Penghui. As such, under the SFO, Mr. CHEN Penghui is deemed to be interested in Shares held by Boyuan Venture.

(8) Ms. CHENG Xiangfeng is interested in 10,969,203 Shares, consisting of (i) 10,791,401 Shares held by Meimin Investment; and (ii) 177,802 Shares held through Suzhou Wolun as its limited partner.

INTERESTS AND LONG POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN THE SHARES AND UNDERLYING SHARES OF OUR COMPANY

As at December 31, 2025, so far as is known to the Directors, the following persons had interests or short positions in the Shares and underlying Shares of our Company which would fall to be disclosed to our Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance, or which were recorded in the register required to be kept by our Company under Section 336 of the Securities and Futures Ordinance:

Name	Nature of Interest[1]	Description of Shares	Number of Shares held[2]	Approximate percentage of shareholding in the Unlisted Shares/H Shares (as applicable)[2]	Approximate percentage in the total issued share capital of our Company[2]
Dr. LIANG Bill Wenqing[3][4][6][8][9][10]	Interest in controlled corporation	H Shares	46,284,905	15.31%	11.23%
		Unlisted Shares	30,834,604	28.09%	7.48%
	Interests held jointly with another person	H Shares	14,378,728	4.76%	3.49%
		Unlisted Shares	9,585,819	8.73%	2.33%
HK Pyramid[6][8][9][10]	Interested in controlled corporation	H Shares	46,251,905	15.30%	11.23%
		Unlisted Shares	30,834,604	28.09%	7.48%
	Beneficial owner	H Shares	33,000	0.01%	0.01%
Suzhou Pyramid[6][8][9][10]	Beneficial owner	H Shares	15,677,427	5.19%	3.81%
		Unlisted Shares	10,451,618	9.52%	2.54%
	Interested in controlled corporation	H Shares	30,574,478	10.12%	7.42%
		Unlisted Shares	20,382,986	18.57%	4.95%
Suzhou Minmei[8]	Beneficial owner	H Shares	12,638,297	4.18%	3.07%
		Unlisted Shares	8,425,531	7.68%	2.05%
Suzhou Yuanchen[9]	Beneficial owner	H Shares	11,597,869	3.84%	2.82%
		Unlisted Shares	7,731,913	7.04%	1.88%
Dr. LI LI BOVET[3][5][7][8][9]	Interested in controlled corporation; interest of spouse	H Shares	38,614,894	12.78%	9.37%
		Unlisted Shares	25,743,263	23.46%	6.25%
	Interests held jointly with another person	H Shares	22,048,739	7.30%	5.35%
		Unlisted Shares	14,677,160	13.37%	3.56%

Name	Nature of Interest[1]	Description of Shares	Number of Shares held[2]	Approximate percentage of shareholding in the Unlisted Shares/H Shares (as applicable)[2]	Approximate percentage in the total issued share capital of our Company[2]
HK Gentiana[7][8][9]	Interested in controlled corporation	H Shares	38,614,894	12.78%	9.37%
		Unlisted Shares	25,743,263	23.46%	6.25%
Suzhou Meizhongrui[7][8][9]	Interested in controlled corporation	H Shares	24,236,166	8.02%	5.88%
		Unlisted Shares	16,157,444	14.72%	3.92%
	Beneficial owner	H Shares	14,378,728	4.76%	3.49%
		Unlisted Shares	9,585,819	8.73%	2.33%
FIIF[11]	Beneficial owner	H Shares	26,058,641	8.62%	6.33%

Notes:

(1) All interests stated are long positions.

(2) The calculation is based on the total number of 411,978,387 Shares in issue as of December 31, 2025, which consists of 109,754,801 Unlisted Shares and 302,223,586 H Shares in issue (including 67,000 treasury Shares).

(3) Pursuant to Acting-in-Concert Agreement, Dr. LIANG and Dr. LI LI BOVET are parties acting in concert at the Board meetings and the general meetings of our Company until and unless both of them cease to hold managerial positions in our Company. As such, under the SFO, each of Dr. LIANG and Dr. LI LI BOVET is deemed to be interested in the Shares the other is interested in.

(4) Dr. LIANG is deemed to be interested in 101,084,056 Shares, consisting of (i) 33,000 Shares held by HK Pyramid; (ii) 26,129,045 Shares held by Suzhou Pyramid; (iii) 21,063,828 Shares held by Suzhou Minmei; (iv) 19,329,782 Shares held by Suzhou Yuanchen; (v) 10,563,854 Shares held by Suzhou Wolun; and (vi) 23,964,547 Shares held by Suzhou Meizhongrui in which Dr. LIANG is deemed to be interested as a result of being a party acting-in-concert with Dr. LI LI BOVET.

(5) Dr. LI LI BOVET is deemed to be interested in 101,084,056 Shares, consisting of (i) 23,964,547 Shares held by Suzhou Meizhongrui; (ii) 21,063,828 Shares held by Suzhou Minmei; (iii) 19,329,782 Shares held by Suzhou Yuanchen; and (iv) 36,725,899 Shares (consisting of 33,000 Shares held by HK Pyramid, 26,129,045 Shares held by Suzhou Pyramid, and 10,563,854 Shares held by Suzhou Wolun) in which Dr. LI LI BOVET is deemed to be interested as a result of being a party acting-in-concert with Dr. LIANG.

(6) Suzhou Pyramid, a limited partnership established in the PRC, is managed by its general partner, HK Pyramid. Incorporated in Hong Kong, HK Pyramid is a limited liability company wholly owned by Dr. LIANG. As such, under the SFO, each of Dr. LIANG and HK Pyramid is deemed to be interested in Shares held by Suzhou Pyramid.

(7) Suzhou Meizhongrui, a limited partnership established in the PRC, is managed by its general partner, HK Gentiana. Incorporated in Hong Kong, HK Gentiana is a limited liability company wholly owned by Dr. LI LI BOVET. As such, under the SFO, each of Dr. LI LI BOVET and HK Gentiana is deemed to be interested in Shares held by Suzhou Meizhongrui.

(8) Suzhou Minmei, a limited partnership established in the PRC, is managed by its general partner, Suzhou Pyramid, which is in turn controlled by its general partner, HK Pyramid, a company wholly owned by Dr. LIANG. Furthermore, Suzhou Meizhongrui owns approximately 36.0% partnership interest in Suzhou Minmei as a limited partner. Dr. LI LI BOVET controls Suzhou Meizhongrui through its general partner, HK Gentiana, a company wholly owned by Dr. LI LI BOVET. The spouse of Dr. LI LI BOVET, Dr. Jean-Marc BOVET, is also a limited partner of Suzhou Minmei, owning 0.6% partnership interest. Consequently, Dr. LI LI BOVET is deemed to be interested in 36.6% partnership interest in Suzhou Minmei by virtue of SFO. As such, under the SFO, each of Dr. LIANG, HK Pyramid, Suzhou Pyramid, Dr. LI LI BOVET, HK Gentiana and Suzhou Meizhongrui is deemed to be interested in Shares held by Suzhou Minmei.

(9) Suzhou Yuanchen, a limited partnership established in the PRC, is managed by its general partner, Suzhou Pyramid, which is in turn controlled by its general partner, HK Pyramid, a company wholly owned by Dr. LIANG. Furthermore, Suzhou Meizhongrui owned approximately 38.5% in Suzhou Yuanchen. Dr. LI LI BOVET controls Suzhou Meizhongrui through its general partner, HK Gentiana, a company wholly owned by Dr. LI LI BOVET. As such, under the SFO, each of Dr. LIANG, HK Pyramid, Suzhou Pyramid, Dr. LI LI BOVET, HK Gentiana and Suzhou Meizhongrui is deemed to be interested in Shares held by Suzhou Yuanchen.

(10) Suzhou Wolun, a limited partnership established in the PRC, is managed by its general partner, Suzhou Pyramid, which is in turn controlled by Dr. LIANG through its general partner, HK Pyramid, a company wholly owned by Dr. LIANG. As such, under the SFO, each of Dr. LIANG, HK Pyramid and Suzhou Pyramid is deemed to be interested in Shares held by Suzhou Wolun.

(11) Advanced Manufacturing Industry Investment Fund (Limited Partnership) ("**FIIF**"), a limited partnership established in the PRC, is managed by its general manager and private fund manager, SDICFUND Management Co., Ltd. (國投創新投資管理有限公司) ("**SDICFUND**"). SDICFUND is 40% owned by China State Investment High-Tech Industrial Investment Co., Ltd. (中國國投高新產業投資有限公司), which in turn is controlled by State Development and Investment Corporation (國家開發投資集團有限公司), a wholly state-owned enterprise. As such, under the SFO, each of State Development and Investment Corporation, China State Investment High-Tech Industrial Investment Co., Ltd. and SDICFUND is deemed to be interested in Shares held by FIIF.

(12) According to the confirmation issued by CICC Generation (Suzhou) Emerging Industries Equity Investment Fund Partnership (Limited Partnership) (中金啟辰(蘇州)新興產業股權投資基金合夥企業(有限合夥)) ("**CICC Generation Fund**") and CICC Biomedical Fund L.P. (中金啟德(廈門)創新生物醫藥創業投資合夥企業(有限合夥)) ("**CICC Biomedical Fund**"), even though with identical general partner and private manager, CICC Generation Fund and CICC Biomedical Fund conduct business operations and exercise their Shareholders' rights in our Company independently in accordance with their respective partnership agreements and relevant internal systems, without any acting-in-concert arrangement. In such case, CICC Generation Fund and CICC Biomedical Fund should not be considered as under common control. CICC Generation Fund and CICC Biomedical Fund are not presented as Substantial Shareholders in this annual report.

Save as disclosed above, as at December 31, 2025, the Directors are not aware of any other persons (who are not Directors, Supervisors or chief executive of our Company) who had interests or short positions in the Shares and underlying Shares of our Company which would fall to be disclosed to our Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance, or which were recorded in the register required to be kept by our Company under Section 336 of the Securities and Futures Ordinance.

INTERESTS OF DIRECTORS IN COMPETING BUSINESS

During the Reporting Period, none of the Directors or their respective associates had any interest in any business which competes or is likely to compete, directly or indirectly, with the business of our Group and requires disclosure pursuant to Rule 8.10 of the Listing Rules.

The Company does not have a controlling shareholder as defined under the Listing Rules. No non-competition undertaking was in effect during the Reporting Period.

INTERESTS OF DIRECTORS AND SUPERVISORS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

During the Reporting Period, save as disclosed in this annual report, no Director, Supervisor or any entity connected with them had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to our business to which our Company or any of its subsidiaries or fellow subsidiaries was a party.

RIGHTS TO ACQUIRE SHARES OR DEBENTURES OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE

At no time during the Reporting Period was our Company, its holding company, or any of its subsidiaries a party to any arrangements to enable the Directors, Supervisors and chief executive to acquire benefits by means of the acquisition of shares in or debentures (including debt securities) of our Company or any other corporation.

DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS

The total remuneration paid or payable to Directors for the year ended December 31, 2025 RMB4.3 million (without taking into account the share-based payment expense). The actual remuneration of our Directors and Supervisors in 2025 may be different from the expected remuneration.

No Director waived or agreed to waive any emoluments, and no emoluments were paid by our Group to any Director or the five highest paid individuals as an inducement to join or upon joining our Group or as compensation for loss of office.

DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

Each of our Directors and Supervisors has entered into a service contract with our Company. The principal particulars of these service agreements are: (a) each of the agreements is for a term of three years following their respective appointment date; and (b) each of the agreements is subject to termination in accordance with their respective terms. The service agreements may be renewed in accordance with our Articles of Association and the applicable rules.

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

PERMITTED INDEMNITY PROVISION

The Company has taken out Directors' liability insurance to provide protection to the Directors in respect of any losses they may incur as a result of their acts or alleged acts of misconduct.

During the Reporting Period and up to the date of this annual report, permitted indemnity provisions (as defined in section 9 of the Companies (Directors' Report) Regulation under Chapter 622D of the Laws of Hong Kong) were in force or are in force to provide appropriate protection for the Directors.

MATERIAL LITIGATION AND ARBITRATION MATTERS

During the Reporting Period, our Group did not have any litigation or arbitration matters that had a material impact on our operating activities.

CONNECTED TRANSACTIONS

Details of the related party transactions for the year ended December 31, 2025 are set out in Note 35 of the consolidated financial statements. None of such related party transactions constitutes "connected transaction" or "continuing connected transaction" which is required to be disclosed in this annual report in accordance with Chapter 14A of the Listing Rules.

During the Reporting Period, the Group does not have any connected transaction or continuing connected transaction that was required to be disclosed in accordance with the Listing Rules.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the Reporting Period are set out in Note 14 of the consolidated financial statements.

During the Reporting Period, the Group did not record any profit or loss arising from the sale or disposal of properties that would require separate disclosure pursuant to paragraph 4 of Appendix D2 to the Listing Rules.

PROPERTY INTERESTS AND PROPERTY VALUATION

The Company has valued the property interests of the Group and such valuation has been included in the Prospectus. These property interests are not stated at valuation (or at subsequent valuation) in the consolidated financial statements.

As set out in the Prospectus, the valuation of the Group's property interests as of July 31, 2025 amounted to RMB309,000,000. Had the property interests been stated at this valuation, the amount of depreciation charged to the consolidated statement of profit or loss and other comprehensive profit and loss for the Reporting Period would have been increased by approximately RMB2,241,000. The valuation was performed by Cushman & Wakefield Limited, an independent qualified property valuer, in accordance with the HKIS Valuation Standards. Further details are set out in Appendix III to the Prospectus.

As at December 31, 2025, the Group did not hold any property interests for development or sale, or for investment purposes, in respect of which any of the percentage ratios (as defined under Chapter 14 of the Listing Rules) exceeded 5%.

PUBLIC FLOAT

Based on information that is publicly available to our Company and within the knowledge of the Directors, as of the date of this annual report, the public held 56.1% of the issued Shares of our Company (excluding treasury Shares), complying with the the prescribed public float requirement pursuant to Rule 19A.28B of Listing Rules since the Listing Date up to the date of this annual report.

ENVIRONMENTAL POLICIES AND PERFORMANCE

Our corporate vision and mission are intricately linked with social responsibility in promoting sustainability and protecting the environment.

We are subject to and comply with the environmental protection and occupational health and safety laws and regulations in China. We have entered into employment contracts with our employees in accordance with the applicable PRC laws and regulations. We hire employees based on their merits and it is our corporate policy to offer equal opportunities to our employees regardless of gender, age, race, religion or any other social or personal characteristics. We strive to provide a safe working environment for our employees. We have implemented work safety guidelines setting out safety practices, accident prevention and accident reporting procedures.

During the Reporting Period, we did not have any incidents or complaints which had a material and adverse effect on our business, financial condition or results of operations. Regardless of the scale of our operations, we make every effort to ensure that we are compliant with all local laws and regulations in the jurisdictions where we operate.

For further details of our Company's environmental performance and relationship with its employees and suppliers, please refer to the Environmental, Social and Governance Report of our Company. The Environmental, Social and Governance Report of the Company for 2025 will be published at the same time as the publication of this annual report on the websites of the Company and the Stock Exchange.

HUMAN RESOURCES AND REMUNERATION POLICIES

We recruit employees primarily through online platforms, recruitment websites, headhunter referrals and job fairs, and enter into employment contracts covering compensation, benefits, workplace safety, confidentiality, intellectual property and termination. We also enter into separate confidentiality agreements containing non-competition provisions with senior management and certain key research and development and other employees who have access to trade secrets or confidential information. Our compensation packages generally include salaries and bonuses based on qualifications, performance and seniority, and we also offer share incentives and promotion opportunities. We believe that our Company has maintained good working relationships with our employees.

We provide onboarding, ongoing supervisory guidance and internal and external training programs to support employee development and cultivate a diversified talent pool. In accordance with PRC laws and regulations, we provide statutory benefits, including social insurance and housing provident funds, as well as legally required leave, and maintain a safe working environment. We also maintain personnel-related, property and clinical trial liability insurance, as well as other safety-related coverage, which we believe is in line with market practice and adequate for our operations.

MANAGEMENT CONTRACTS

Save for the Directors' service contracts, no contracts concerning the management or administration of the whole or any substantial part of the business of our Company were entered into or existed during the Reporting Period.

LOAN AND GUARANTEE

During the Reporting Period, the Group had not made any loan, or provided any guarantee for loan, directly or indirectly, to the Directors, Supervisors, senior management of the Company or their respective connected persons.

WITHHOLDING OF PRC ENTERPRISE INCOME TAX FOR NON-RESIDENT H SHAREHOLDERS

According to the Enterprise Income Tax Law of the PRC and its implementing rules, the Company is required to withhold and pay enterprise income tax at the rate of 10% before distributing dividends to non-resident enterprise shareholders whose names appear on the register of members of H Shares of the Company. Any H Shares registered in the name of non-individual H Shareholders, including HKSCC Nominees Limited, other nominees, trustees or other groups and organizations, will be treated as being held by non-resident enterprise shareholders and therefore will be subject to such withholding. Should any H Shareholder wish to change its shareholder status, please consult your agent or trust institution regarding the relevant procedure. The Company will withhold and pay the enterprise income tax strictly in accordance with the relevant laws or requirements of the relevant governmental departments, based on the Company's register of members of H Shares on the record date.

TAXATION

Details of the Group's principal applicable taxes and tax rates are set out in note 11 to the consolidated financial statements.

TAX RELIEF

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

PRE-EMPTIVE RIGHTS

There is no pre-emptive right provisions under the Articles of Association or PRC laws which would oblige our Company to offer new Shares pro rata to existing Shareholders.

MATERIAL CONTRACTS

The Company does not have a controlling shareholder as defined under the Listing Rules. During the Reporting Period, (i) neither our Company nor any of its subsidiaries entered into and/or had any material contract with the Single Largest Group of Shareholders or any of their respective associates/subsidiaries, as applicable; and (ii) there were no material contracts for the provision of services to our Group by the Single Largest Group of Shareholders or any of their respective associates/subsidiaries, as applicable.

EQUITY-LINKED AGREEMENTS

Our Group did not enter into nor were there any equity-linked agreements in existence for the year ended December 31, 2025.

AUDITOR

Ernst & Young served as the independent auditor of our Company for the year ended December 31, 2025. The financial statements set out in this annual report have been audited by Ernst & Young. There has been no change in the auditors of the Company in any of the preceding three financial years.

DONATIONS

During the Reporting Period, our Group's donation expenses amounted to approximately RMB56,000.

COMPLIANCE WITH LAWS AND REGULATIONS AND MATERIAL LEGAL PROCEEDINGS

The business operated by our Company is primarily regulated by the laws, rules and regulations of the PRC. During the Reporting Period, our Company has complied with the relevant laws, rules and regulations that have a material impact on our Company.

The Group was not involved in any material legal proceeding during the Reporting Period.

CONTINUING DISCLOSURE OBLIGATION PURSUANT TO THE LISTING RULES

During the Reporting Period or as of December 31, 2025, the Directors were not aware of any circumstances giving rise to the disclosure obligations under Rules 13.20, 13.21, 13.22, 14.36B and 14A.63 of the Listing Rules.

SUBSEQUENT EVENTS

Save as disclosed in this annual report, there were no material events that have occurred in our Group since the end of the Reporting Period and up to the date of this annual report.

By order of the Board
CF PharmTech, Inc.
Dr. LIANG Bill Wenqing
Chairperson

March 30, 2026

In 2025, the Supervisory Committee strictly adhered to the requirements of relevant laws and regulations, including the Company Law of the PRC (hereinafter referred to as the "Company Law") and the Securities Law of the PRC (hereinafter referred to as the "Securities Law"), as well as the Articles of Association of CF PharmTech, Inc. (hereinafter referred to as the "Articles of Association"), the "Rules of Procedure of the Supervisory Committee" and other internal governance systems of the Company. It actively safeguarded the interests of the Company and all Shareholders, and supervised the Company's legal compliance and the performance of duties by Directors and senior management of the Company. The Supervisory Committee's work report for 2025 is set out below:

I. 2025 SUPERVISORY COMMITTEE MEETING

In 2025, the Supervisory Committee held one meeting, and the procedures for convening the meeting and voting were in accordance with the relevant regulations, details of which are as follows:

Session of meeting	Date of meeting	Resolution considered at the meeting
The sixth meeting of the third session of Supervisory Committee	June 10, 2025	1. Resolution on 2024 Supervisory Committee Work Report of the Company 2. Resolution on 2024 Financial Accounts Report of the Company 3. Resolution on 2024 Profit Distribution Plan of the Company 4. Resolution on 2025 Financial Budget Report of the Company 5. Resolution on Engagement of Auditors of the Company 6. Resolution on 2025 Remuneration Scheme for Directors, Supervisors and senior management of the Company 7. Resolution on 2024 Internal Control Self-Evaluation Report of the Company 8. Resolution on Confirmation of Related-party Transactions of the Company for 2024 9. Resolution on Application to the Bank for Comprehensive Credit Facility in 2025

In 2025, the Supervisory Committee strictly adhered to the relevant laws and regulations, as well as the requirements set out in the Articles of Association and the Rules of Procedure of the Supervisory Committee, and conscientiously fulfilled its supervisory function. It provided the Directors and management with thoughtful and responsible opinions and recommendations on certain significant issues relating to the Company's operation and management, inquired about major matters concerning the Company's operation and offered independent views, thereby conscientiously performing the Supervisory Committee's supervisory and inspection functions.

II. KEY ACTIVITIES OF THE SUPERVISORY COMMITTEE IN 2025

(1) Changes in Supervisors

In 2025, there were no changes in the members of the Supervisory Committee. The Supervisory Committee of the Company comprises three members, i.e. ZHANG Jingjing as the chairperson of the Supervisory Committee, KUAI Jingjing as the employee representative Supervisor, and CHENG Xiangfeng as Supervisor.

(2) Supervision of the standardized operation of the Company

In 2025, members of the Supervisory Committee attended the Company's Board meetings and general meetings in accordance with the law, conducting necessary strict supervision over the Company's decision-making procedures and the performance of duties by Directors and senior management, and effectively supervising important matters.

In 2025, the Company's decision-making procedures complied with relevant laws, regulations and the Articles of Association. The Board and management of the Company conscientiously implemented all resolutions passed by the general meetings. Directors and senior management performed their duties with due diligence and in compliance with the law. There were no instances of breaching laws or regulations, contravening the Articles of Association, or acting in a manner detrimental to the interests of the Company or the Shareholders.

(3) Opinion on the audit of the financial position of the Company

In 2025, the Supervisory Committee supervised, inspected and audited the Company's financial systems and financial reports. The Supervisory Committee is of the view that the Company's financial management and internal control systems are sound. The Company's financial activities in 2025 complied with its financial management and internal control systems, and the financial reports truthfully, accurately, completely and comprehensively reflected the Company's financial position and operating results for each period of 2025.

(4) Opinion of the Supervisory Committee on the implementation of the Company's internal control system

The Supervisory Committee supervised the establishment and implementation of the Board of the Company's internal control system in 2025, and concluded that the Company has established an effective internal control system which could be effectively implemented.

(5) Enhancing professional competence and improving performance capability

The Supervisory Committee of the Company continuously enhances the performance capabilities of Supervisors and improves the quality of the Supervisory Committee's work by strengthening its own learning and internal training, and by drawing on the experience of other companies.

III. SUPERVISORY COMMITTEE WORK PLAN FOR 2026

In 2026, the Supervisory Committee of the Company will continue to strictly comply with the relevant provisions of the Company Law, the Securities Law, the Articles of Association and the Rules of Procedure of the Supervisory Committee, faithfully discharge its duties and promote the Company's compliant operation. At the same time, the Supervisory Committee will continue to strengthen its capacity to perform its duties, effectively enhance the standard of its supervisory work and actively safeguard the interests of the Company and the Shareholders.

CF PharmTech, Inc.
Supervisory Committee
March 18, 2026

CORPORATE GOVERNANCE REPORT

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

CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted the CG Code as set out in Appendix C1 of the Listing Rules as its own code of corporate governance.

Except as expressly described below, the Company has complied with all applicable code provisions under the CG Code throughout the Reporting Period. As the Shares were not listed on the Stock Exchange prior to the Listing Date, the CG Code has only been applicable to the Company since the Listing Date. The Company will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

PURPOSE, VALUES AND STRATEGY

The Board is responsible for defining and overseeing the Group's purpose, values and strategy, and for ensuring that they are aligned with the Group's corporate culture. The Group's mission is to address unmet clinical needs worldwide through an integrated China-global innovation system, with high-value generic medicines as the foundation, innovative therapies as the frontier and proprietary delivery technologies as the driver. In line with this mission, the Group aims to advance innovation in inhalation and nasal therapies and to become a globally competitive provider of integrated inhalation and nasal therapy solutions.

The Group's culture is built on patient needs, scientific discipline, quality and compliance, and responsible operations. The Company's core values are "Integrity and Accountability, Collaboration for Mutual Success, Innovation and Dedication, Continuous Learning, Performance Orientation and Pursuit of Excellence." In the context of the Group's business, these values mean that R&D and regulatory activities must be based on scientific evidence, data integrity and compliant submissions; manufacturing and supply must be managed with a focus on quality, safety and traceability; commercialization activities must be conducted through compliant promotion and with a focus on patient access; external partnerships must be carried out with integrity, transparency and a long-term approach; and internal management must emphasize performance, continuous improvement and clear accountability.

The Board considers that the Group's strategy is aligned with this culture. Since the Company's listing on the Main Board of the Stock Exchange in October 2025, the Group has continued to focus on respiratory diseases and its inhalation formulation technology platform. Its strategic priorities include: (i) strengthening the foundation of marketed inhalation products such as CF017 and advancing the commercialization of CF018 and the nasal spray portfolio to optimize the revenue mix; (ii) advancing innovative programs such as ICF001, ICF004 and small nucleic acid candidates, with a focus on clinical needs in pulmonary arterial hypertension, pulmonary fibrosis, allergic rhinitis, asthma and COPD; (iii) expanding the product portfolio in nose-to-brain delivery to extend the applications of its proprietary nasal delivery platform; (iv) expanding an integrated "in-hospital + primary care + online" channel and chronic disease management capability to reduce reliance on a single channel or policy cycle; (v) progressing overseas registration, delivery and commercial collaboration; and (vi) continuing to enhance manufacturing facilities, quality systems, talent and corporate governance capabilities to support long-term sustainable development.

The Board and senior management are responsible for setting and maintaining the Group's culture. All Directors are required to discharge their duties with integrity, diligence and due care, and to lead by example. They must comply with applicable laws and regulations, the Listing Rules, the Articles of Association and the code governing directors' securities transactions. In considering strategy, budgets, R&D investment, major collaborations, risk management and internal controls at Board and committee meetings, Directors act in the overall interests of the Group and with a view to long-term value. Through its decisions and oversight, the Board communicates to management and employees the Group's expectations on integrity, compliance, quality and accountability, and makes clear that short-term commercial gains must not override patient safety, product quality or compliance standards.

The Group reinforces lawful, ethical and responsible conduct throughout the organization through policies, training and monitoring. These mechanisms include policies and standard operating procedures on employee conduct, anti-bribery and anti-corruption, conflicts of interest, whistleblowing and confidentiality, data and intellectual property protection, pharmacovigilance, quality management and commercial promotion; induction and ongoing compliance training; incorporation of quality, compliance, collaboration and execution into performance and management assessments; and identification and handling of misconduct through internal audit, compliance reviews, whistleblowing channels and remediation follow-up. The Board will continue to review the effectiveness of these mechanisms and ensure that the Group's purpose, values, strategy and culture remain aligned as its business develops, product pipeline advances and global footprint expands.

THE BOARD

Responsibilities

The Board is responsible for the overall leadership of the Group, oversees the Group's strategic decisions and monitors business and performance. The Board has delegated the authority and responsibility for day-to-day management and operation of the Group to the senior management of the Group. To oversee particular aspects of the Company's affairs, the Board has established three Board Committees including the Audit Committee, the Remuneration and Appraisal Committee and the Nomination Committee. The Board has delegated to the Board Committees responsibilities as set out in their respective terms of reference.

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

The Company has arranged appropriate liability insurance in respect of legal action against the Directors. The insurance coverage will be reviewed on an annual basis.

Board Composition

As at the date of this annual report, the Board comprises 4 executive Directors, 3 non-executive Directors and 4 independent non-executive Directors as follows:

Executive Directors:

Dr. LIANG Bill Wenqing *(Chairperson and Chief Executive Officer)*
Dr. LI LI BOVET
Dr. LI Qi
Ms. ZHU Yuyu

Non-executive Directors:

Mr. CHEN Penghui
Mr. CAI Lei
Dr. YI Hua

Independent Non-executive Directors:

Dr. JIN Jian
Ms. WANG Lijuan
Mr. WEI Shirong
Mr. IP Wang Hoi

The biographies of the Directors are set out under "Directors, Supervisors and Senior Management" of this annual report.

BOARD DIVERSITY POLICY

The Company has adopted a Board Diversity Policy setting out its approach to achieving Board diversity. Diversity is pursued through the consideration of factors including talent, skills, gender, age, cultural and educational background, ethnicity, professional experience, independence, knowledge and length of service. Candidates are selected on merit and their potential contribution to the Board, having regard to the Company's business model and specific needs.

Having considered that the current level of Board diversity is appropriate and satisfactory, the Company has set the following objectives, which are designed to preserve such level of diversity:

- to maintain at least two female Directors on the Board;
- to maintain at least one female Director among the independent non-executive Directors;
- to maintain a Board with a broad age range and diverse professional and academic backgrounds; and
- not to have a single-gender Board at any time.

The Company (i) maintains a list of female individuals qualified to serve as Board members, which is periodically reviewed by the Nomination Committee; (ii) considers female representatives of its Shareholders as potential candidates; (iii) has regard to gender diversity in mid – to senior-management recruitment; and (iv) provides well-rounded training to qualified female employees.

The Nomination Committee reviewed the implementation of the Board Diversity Policy during the Reporting Period. As of December 31, 2025, the Board comprised 11 Directors, including three female Directors (27.3%) and four INEDs (36.4%), aged between 41 and 67, with backgrounds spanning Cellular and Molecular Biology, Business Administration, Chemistry, Electrical Engineering and Automation, Economics, Clinical Medicine, Biochemistry and Molecular Biology, and Law. The Board is of the view that the current composition has achieved an appropriate and satisfactory level of diversity, and all measurable objectives under the Board Diversity Policy have been met.

WORKFORCE DIVERSITY POLICY (INCLUDING SENIOR MANAGEMENT)

The Company has adopted a workforce diversity policy applicable to all employees (including senior management). Recruitment, training, promotion and retention are conducted on a merit basis, with regard to factors including gender, age, cultural and educational background, ethnicity, professional experience, skills and knowledge, in a workplace that is respectful, inclusive and free from discrimination.

Having reviewed the existing gender composition and considered it to be appropriate, the Company has set the following objectives, which are designed to preserve the current level: (i) to maintain female representation in the overall workforce at not less than 30%; (ii) to maintain female representation in senior management at not less than 25%; and (iii) to continue to deliver leadership development training for female employees.

As of December 31, 2025, the Group had approximately 540 employees, of whom approximately 54.4% were female, in line with the foregoing objectives.

The Company is principally engaged in the research, development, manufacturing and commercialization of inhalation drugs. Certain core functions (including R&D, mechanical engineering and production-line operation) attract predominantly male applicants by industry convention and talent-supply characteristics. The Company is of the view that, while maintaining its merit-based recruitment principle, the current gender composition of the workforce is at a reasonable level.

As of December 31, 2025, the gender ratios are set out below:

Category	Male	Female	Total	Female %
Senior Management (including Directors and members of senior management)	3	2	5	40.0%
Workforce (excluding senior management)	243	292	535	54.6%
Overall (including senior management)	246	294	540	54.4%

INDEPENDENT NON-EXECUTIVE DIRECTORS

Since the Listing Date to December 31, 2025, the Board has at all times met the requirements of Rules 3.10 and 3.10A 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 four independent non-executive Directors represent more than one-third of the Board, complying with the requirement under Rule 3.10A of the Listing Rules whereby independent non-executive directors of a listed issuer must represent at least one-third of the board. The Board believes there is sufficient independence element in the Board to safeguard the interest of Shareholders.

CONFIRMATION OF INDEPENDENCE

The Company has received from each independent non-executive Director (Dr. JIN Jian, Ms. WANG Lijuan, Mr. WEI Shirong, and Mr. IP Wang Hoi) an annual confirmation of their independence pursuant to Rule 3.13 of the Listing Rules and considers all of them to be independent.

At board meetings, directors are free to express their views, and major decisions are made only after thorough discussion. Directors may obtain external independent professional advice from the Company's legal advisers and auditors. Where necessary, each Board Committee may also seek independent professional advice in carrying out its duties, with the related expenses borne by the Company. If a director has a material interest in a matter proposed for board consideration, the director must abstain from participating in the discussion and refrain from voting on the relevant resolution, and will not be counted towards the quorum for that item. In addition, independent non-executive directors are expected to provide objective and impartial opinions on matters deliberated by the Company. The independent non-executive directors do not hold any position within the Company other than their directorships, and they have no relationships with the Company or its major shareholders that could affect their independent and objective judgment, nor do they have any business or financial interests in the Company or its subsidiaries. Their participation therefore ensures that the Board maintains a strong and sufficient element of independence. The Board will conduct an annual review of the implementation and effectiveness of the foregoing mechanisms.

The Board has conducted an annual review of the implementation of the above mechanisms and considers their implementation to be satisfactory. The Company has reviewed the implementation and effectiveness of these mechanisms for the year ended December 31, 2025 and is of the view that they are effective and adequate.

None of the Directors have any personal relationship (including financial, business, family or other material or relevant relationship) with any other Director, Supervisors and chief executive.

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. Independent non-executive Directors are invited to serve on the Audit Committee, the Remuneration and Appraisal Committee and the Nomination Committee.

As regards the CG Code provision requiring directors to disclose the number and nature of offices held in public companies or organizations and other significant commitments as well as the identity of the public companies or organizations and the time involved to the issuer, Directors have agreed to disclose their commitments and any subsequent change to the Company in a timely manner.

Induction and Continuous Professional Development

Each newly appointed Director is provided with necessary induction and information to ensure that he/she has a proper understanding of the Company's operations and businesses as well as his/her responsibilities under relevant statutes, laws, rules and regulations. The Company also arranges regular seminars to provide Directors with updates on latest development and changes in the Listing Rules and other relevant legal and regulatory requirements from time to time. The Directors are also provided with regular updates on the Company's performance, position and prospects to enable the Board as a whole and each Director to discharge their duties.

Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The company secretary of the Company has from time to time updated and provided written training materials relating to the roles, functions and duties of a Director.

All Directors have confirmed that (i) they obtained the legal advice referred to under Rule 3.09D of the Listing Rules on October 17, 2024; and (ii) they fully understand their responsibilities as directors of a listed issuer under the Listing Rules.

According to the information provided by the Directors, the summary of training received by the Directors throughout the year ended December 31, 2025 is as follows:

Name of Directors	Nature of Continuous Professional Development Program
Executive Directors	
Dr. LIANG Bill Wenqing *(Chairperson and Chief Executive Officer)*	D
Dr. LI LI BOVET	D
Dr. LI Qi	D
Ms. ZHU Yuyu	D
Non-Executive Directors	
Mr. CHEN Penghui	D
Mr. CAI Lei	D
Dr. YI Hua	D
Independent Non-Executive Directors	
Dr. JIN Jian	D
Ms. WANG Lijuan	D
Mr. WEI Shirong	D
Mr. IP Wang Hoi	D

Notes:

A: Attending seminars and/or meetings and/or forums and/or briefings
B: Giving talks in the seminars and/or meetings and/or forums
C: Attending training relevant to the Company's business conducted by lawyers
D: Reading materials relevant to corporate governance, director's duties and responsibilities, listing rules and other relevant ordinances

Save as disclosed in "Directors, Supervisors and Senior Management" of this annual report, none of the Directors holds any other directorship in any public company the securities of which are listed on any securities market in Hong Kong or overseas, and none of the Directors has any other significant external time commitment beyond his or her directorship of the Company that, in the view of the Board, would adversely affect his or her ability to discharge his or her duties as a Director.

Chairman and Chief Executive Officer

Code provision C.2.1 provides that the roles of chairperson and chief executive should be separate and should not be performed by the same individual. Dr. LIANG Bill Wenqing currently serves as both chairperson of the Board and chief executive officer of our Company. As the founder of the Group, Dr. LIANG has been responsible for the overall management and operations of the Group since its establishment. The Directors consider that vesting both roles in Dr. LIANG is beneficial to the business operations and development of the Group and is in the interests of our Company and the shareholders as a whole. The Board considers that this arrangement does not impair the balance of power and authority between the Board and management, taking into account that: (i) Board decisions require approval by at least a majority of the Directors; (ii) the Board includes four independent non-executive Directors in compliance with the Listing Rules; and (iii) all Directors, including Dr. LIANG, are aware of and will continue to discharge their fiduciary duties in the best interests of our Company. In addition, major business, financial and operational matters of the Group are considered collectively by the Board and senior management.

Appointment and Re-election of Directors

Directors (including executive Directors, non-executive Directors and independent non-executive Directors) shall be elected at the general meeting for a term of three years. The Board is eligible for re-election upon expiry of the term of office.

Board Meetings

The Company adopts the practice of holding Board meetings regularly, at least four times a year, and at approximately quarterly intervals. Notices of not less than fourteen days are given for all regular Board meetings to provide all Directors with an opportunity to attend and include matters in the agenda for a regular meeting.

For other Board and Board Committee meetings, reasonable notice is generally given. The agenda and accompanying board papers are dispatched to the Directors or Board Committee members at least three days before the meetings to ensure that they have sufficient time to review the papers and are adequately prepared for the meetings. When Directors or Board Committee members are unable to attend a meeting, they will be advised of the matters to be discussed and given an opportunity to make their views known to the Chairman prior to the meeting. Minutes of meetings are kept by the joint company secretaries with copies circulated to all Directors for information and records.

Minutes of the Board meetings and Board Committee meetings are recorded in sufficient detail about the matters considered by the Board and the Board Committees and the decisions reached, including any concerns raised by the Directors. Draft minutes of each Board meeting and Board Committee meeting are sent to the Directors for comments within a reasonable time after the date on which the meeting is held. Minutes of the Board meetings are open for inspection by Directors.

Attendance record of Directors

Code provision C.5.1 of the CG Code provides that regular Board meetings should be held at least four times a year involving active participation, either in person or through electronic means of communication, of a majority of Directors.

During the period from the Listing Date to December 31, 2025, due to the limited time since the Listing Date, the Board held two meetings. After listing on the Hong Kong Stock Exchange, the Company has adopted the practice of holding Board meetings regularly for at least four times a year at approximately quarterly intervals to discuss overall strategy as well as operations and financial performance of the Group. Up to the date of this annual report, one Board meeting was held on March 30, 2026.

Since the Listing Date until the date of this annual report, the attendance records of Directors at Board meetings, Board Committee meetings, and general meetings are summarized as follows:

	Number of attendance/Number of meeting(s)				
Directors	**Board**	**Audit Committee**	**Nomination Committee**	**Remuneration And Appraisal Committee**	**General meeting**
Executive Directors					
Dr. LIANG Bill Wenqing	3/3	N/A	N/A	1/1	1/1
Dr. LI LI BOVET	3/3	N/A	N/A	N/A	1/1
Dr. LI Qi	3/3	N/A	N/A	N/A	1/1
Ms. ZHU Yuyu	3/3	N/A	1/1	N/A	1/1
Non-executive Directors					
Mr. CHEN Penghui	3/3	N/A	N/A	N/A	1/1
Mr. CAI Lei	3/3	N/A	N/A	N/A	1/1
Dr. YI Hua	3/3	N/A	N/A	N/A	1/1
Independent Non-executive Directors					
Dr. JIN Jian	3/3	1/1	1/1	N/A	1/1
Ms. WANG Lijuan	3/3	1/1	N/A	N/A	1/1
Mr. WEI Shirong	3/3	N/A	1/1	1/1	1/1
Mr. IP Wang Hoi	3/3	1/1	N/A	1/1	1/1

Since the Listing Date until the date of this annual report, the chairman of the Board has convened meetings with independent non-executive Directors in the absence of other Directors.

Model Code for Securities Transactions

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as its own code of conduct for securities transactions by the Directors and Supervisors of the Company. As the Model Code was not applicable prior to the Listing Date, each of the Directors and Supervisors has confirmed, following specific enquiry by our Company, that he or she had complied with the Model Code during the period from the Listing Date to the end of the Reporting Period. Senior management and employees of our Company who are likely to be in possession of inside information of our Company are also subject to the Model Code. During the period from the Listing Date to the end of the Reporting Period, our Company was not aware of any non-compliance with the Model Code by such senior management or employees.

Delegation by the Board

The Board reserves for its decision all major matters of the Company, including: approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant financial and operational matters. Directors could have recourse to seek independent professional advice in performing their duties at the Company's expense and are encouraged to access and to consult with the Company's senior management independently.

The daily management, administration and operation of the Group are delegated to the senior management. The delegated functions and responsibilities are periodically reviewed by the Board. Approval has to be obtained from the Board prior to any significant transactions entered into by the management.

Corporate Governance Function

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

During the Reporting Period, the Board has reviewed the Company's corporate governance policies and practices, training and continuous professional development of the Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, and the Company's compliance with the CG Code and disclosure in its Corporate Governance Report.

BOARD COMMITTEES

Audit Committee

The Audit Committee comprises three members, namely Ms. WANG Lijuan (chairperson), Dr. JIN Jian and Mr. IP Wang Hoi, all of them are independent non-executive Directors.

The principal duties of the Audit Committee include the following:

1. Make recommendations to the Board regarding the appointment, reappointment, and removal of the external auditor, approve the auditor's remuneration and engagement terms, and handle issues relating to its resignation or dismissal;

2. Review and monitor the independence and objectivity of the external auditor and the effectiveness of the audit process in accordance with applicable standards. Prior to the commencement of an audit, discuss with the auditor the nature, scope and methodology of the audit, and relevant reporting responsibilities;

3. Formulate and implement policies regarding the engagement of the external auditor to provide non-audit services;

4. Monitor the integrity of the Company's financial statements, annual reports and accounts, half-year and quarterly (if any) reports, and review material opinions on financial reporting contained therein, with particular attention to the possible fraud, misconduct, and material misstatements relating to the financial statements and reports;

5. Monitor the Company's financial control, internal control, and risk management systems;

6. Discuss with management the risk management and internal control systems to ensure management has fulfilled its duty to establish effective risk management and internal control systems, including assessing whether accounting and financial reporting resources, staff qualifications and experience, training, and relevant budgets are adequate;

7. Review, either proactively or as directed by the Board, significant findings on risk management and internal control matters, as well as management's responses to those findings;

8. Monitor the Company's internal audit system, ensure it has sufficient resources and appropriate standing within the Company, and review and monitor its effectiveness;

9. Facilitate communication between internal and external auditors and ensure coordination of their work; and

10. Review the Company's financial and accounting policies and practices.

The written terms of reference of the Audit Committee are available on the websites of the Stock Exchange and the Company.

As the Shares have only been listed on the Stock Exchange since the Listing Date, the Audit Committee did not hold any meeting during the period commencing from the Listing Date up to December 31, 2025. On January 5, 2026, the Audit Committee held a pre-audit communication meeting with the accountants for year of 2025. On March 30, 2026, the Audit Committee held one meeting to review the annual financial results and report in respect of the year ended December 31, 2025 and significant issues on the financial reporting, operational and compliance controls, the effectiveness of the risk management and internal control systems and the internal audit function, appointment of external auditors and engagement of non-audit services and relevant scope of work.

During the Period from the Listing Date to the date of this annual report, the Board did not disagree with any view or recommendation of the Audit Committee in relation to the selection, appointment, resignation or dismissal of the external auditor.

Nomination Committee

The Nomination Committee currently comprises three members, including two independent non-executive Directors namely Mr. WEI Shirong (chairperson) and Dr. JIN Jian and one executive Director namely Ms. ZHU Yuyu.

The principal duties of the Nomination Committee include the following:

1. to review the structure, size, composition, and relevant qualifications of the Board (including skills, knowledge, expertise, and experience) at least annually, and make recommendations on any proposed changes to the Board to align with the Company's corporate strategy;

2. to identify individuals suitably qualified to become members of the Board (including whether the individual can bring perspectives, viewpoints, skills, and experience to the Board, and whether the individual can promote Board diversity) and make recommendations to the Board on candidates for nomination as directors;

3. to review the independence of the Company's independent non-executive Directors;

4. to make recommendations to the Board on the appointment or reappointment of Directors and on the succession plans for Directors (particularly the chairperson and chief executive officer); and

5. to develop and maintain a Board diversity policy, and regularly review and disclose in the Company's corporate governance report the policy or a summary thereof.

The Nomination Committee assesses the candidate or incumbent on criteria such as integrity, experience, skill and ability to commit time and effort to carry out the duties and responsibilities. The recommendations of the Nomination Committee will then be put to the Board for decision. The written terms of reference of the Nomination Committee are available on the websites of the Stock Exchange and the Company.

As the Shares have only been listed on the Stock Exchange since the Listing Date, the Nomination Committee did not hold any meeting during the period commencing from the Listing Date up to December, 31 2025. On March 30, 2026, the Nomination Committee held one meeting to review, among others, the structure, size and composition of the Board and the independence of the independent non-executive Directors and to consider the qualifications of the retiring Directors standing for election at the annual general meeting.

Nomination policy

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

The Company established a Director Nomination Policy which sets out the selection criteria and 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 to ensure the Board continuity and appropriate leadership at Board level.

In evaluating and selecting candidate for directorship, the following criteria should be considered:

- integrity and reputation;

- educational background, professional qualifications and work experience (including part-time work);

- whether they possess the necessary skills and experience;
- whether they are able to devote sufficient time and attention to the affairs of the Company;
- whether they will promote diversity on the Board in all aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service;
- whether candidates for independent non-executive director positions satisfy the independence requirements under Rule 3.13 of the Listing Rules; and
- any other relevant factors as may be determined by the Nomination Committee or the Board from time to time.

The Director Nomination Policy also sets out the procedures for the selection and appointment of new directors and re-election of directors at general meetings. The Nomination Committee will review the Director Nomination Policy, as appropriate, to ensure its effectiveness.

The Board has adopted a Director Nomination Policy which sets out the selection criteria and process and the Board succession planning considerations in relation to nomination and appointment of Directors. In evaluating and selecting candidates for directorship, the following criteria are considered: (i) integrity and reputation; (ii) educational background, professional qualifications and work experience; (iii) whether they possess the necessary skills and experience that are relevant to the Company's business; (iv) whether they are able to devote sufficient time and attention to the affairs of the Company; (v) whether they will promote diversity on the Board (including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service); (vi) for independent non-executive Directors, satisfaction of the independence requirements under Rule 3.13 of the Listing Rules; and (vii) any other relevant factors as may be determined by the Nomination Committee or the Board. The Nomination Committee will review the Director Nomination Policy as appropriate to ensure its effectiveness.

Remuneration and Appraisal Committee

The Remuneration and Appraisal Committee comprises three members, including two independent non-executive Directors namely Mr. IP Wang Hoi (chairperson) and Mr. WEI Shirong, and one executive Director namely Dr. LIANG Bill Wenqing.

The principal duties of the Remuneration and Appraisal Committee include the following:

1. to make recommendations to the Board on the overall remuneration policy and structure for directors and senior management, and on the establishment of formal and transparent procedures for setting such remuneration policies;

2. to review and approve the management's remuneration proposals with reference to the Company's objectives and goals as determined by the Board;

3. to make recommendations to the Board on the remuneration of individual executive Directors and senior management or, if delegated by the Board, determine the remuneration of individual executive Directors and senior management. Such remuneration shall include non-monetary benefits, pension rights, and compensation, including any compensation payable in the event of loss or termination of office or appointment;

4. to make recommendations to the Board on the remuneration of non-executive Directors;

5. To take into account remuneration paid by similar companies, the time required and responsibilities involved, and the employment conditions of the Company and its subsidiaries;

6. to review and approve compensation payable to executive Directors and senior management in connection with loss or termination of office or appointment, to ensure such compensation is consistent with contractual terms; if inconsistent with contractual terms, the compensation must be fair and reasonable;

7. to review and approve compensation arrangements in connection with dismissal or removal of Directors due to misconduct, to ensure such arrangements are consistent with contractual terms; if inconsistent with contractual terms, the compensation must be fair and reasonable; and

8. to ensure that no Director or any of their connected persons participates in determining their own remuneration.

The written terms of reference of the Remuneration and Appraisal Committee are available on the websites of the Stock Exchange and the Company.

As the Shares have only been listed on the Stock Exchange since the Listing Date, the Remuneration and Appraisal Committee did not hold any meeting during the period commencing from the Listing Date up to December, 31 2025. On March 30, 2026, the Remuneration and Appraisal Committee held one meeting to review and make recommendation to the Board on the remuneration policy and structure of the Company and the remuneration packages of the Directors, Supervisors and senior management, matters under 2025 H Share Incentive Scheme, and other related matters.

Remuneration of Management

Details of the remuneration by band of the members of the senior management of the Company (including executive Directors), whose biographies are set out in "Directors, Supervisors and Senior Management" of this annual report, for the year ended December 31, 2025 are set out below:

Remuneration band (RMB)	Number of individual
from 500,000 to 1,500,000	4
from 1,500,001 to 2,500,000	1

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF CONSOLIDATED FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the consolidated financial statements for the year ended December 31, 2025 which give a true and fair view of the affairs of the Company and the Group and of the Group's results and cash flows.

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, inside information announcements and other financial disclosures required by the Listing Rules and other regulatory requirements. The management has provided to the Board such explanation and information as are necessary to enable the Board to carry out an informed assessment of the Company's financial statements, which are put to the Board for approval. The Company provides all members of the Board with monthly updates on Company's performance, positions and prospects.

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

The statement by the Auditor regarding their reporting responsibilities on the consolidated financial statements of the Company is set out in the Independent Auditor's Report of this annual report.

DIVIDEND POLICY

The Group does not have any formal dividend policy or pre-determined dividend payout ratio. The Directors consider that adopting a fixed dividend policy at this stage of the Group's development would not be appropriate, given (i) the Group's continuing investment in research and development across its inhalation drug delivery pipeline, (ii) the capital expenditure required to expand and upgrade its manufacturing facilities, and (iii) the need to retain financial flexibility to respond to future business opportunities and regulatory developments. The Board will keep this position under review and may consider adopting a formal dividend policy as the Group's revenue base, profitability and cash flow generation stabilize.

A decision to declare or to pay dividends in the future and the amount of dividends will be at the discretion of our Board and will depend on a number of factors, including our results of operations, cash flows, financial condition, payments by our subsidiaries of cash dividends to us, business prospects, statutory, regulatory restrictions on our declaration and payment of dividends and other factors that our Board may consider important. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the relevant laws. Our Shareholders in a general meeting may approve any declaration of dividends.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges its responsibility for the Group's risk management and internal control systems and for reviewing their effectiveness. The systems are designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and can only provide reasonable, and not absolute, assurance against material misstatement or loss. The Group has adopted and implemented risk management policies covering legal compliance and intellectual property rights, information technology, human resources, financial reporting, operational risks, and ESG-related risks. The main features of the systems include: (i) a comprehensive risk identification, assessment and response framework; (ii) institutional policies covering R&D, sales, procurement, finance, intellectual property protection, information security, environmental protection and occupational health; (iii) risk early warning and ongoing process control; (iv) anti-corruption monitoring with reporting channels and investigation mechanisms; and (v) procedures for the timely, accurate and complete disclosure of inside information. The Group maintains an internal audit function which reports to the Audit Committee. During the Reporting Period, no significant control failings or weaknesses were identified. Based on the findings of the relevant departments, the Audit Committee and the Board have concluded that, for the year ended December 31, 2025, (i) the Group's risk management and internal control systems are effective and adequate; (ii) the Group has adopted the necessary monitoring mechanisms to identify and rectify non-compliance incidents; and (iii) the Group has complied with the requirements relating to risk management and internal control as set out in the CG Code. The annual review by the Board also covered the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit, financial reporting and ESG performance and reporting functions, and the Board considers these to be adequate.

INSIDE INFORMATION POLICY

The Company has adopted an Inside Information Policy, which sets out the procedures for the identification, assessment, escalation, handling and timely dissemination of inside information in accordance with Part XIVA of the Securities and Futures Ordinance and Rule 13.09 of the Listing Rules. Responsibility for the day-to-day operation of the policy rests with the Company Secretary, the head of finance and designated members of senior management, with oversight by the Chairman and the Audit Committee. Material developments are escalated promptly to the Board for assessment as to whether they constitute inside information requiring announcement, and where appropriate, advice is sought from the Company's external legal advisers and listing agents. The Board has reviewed the effectiveness of the Company's processes for financial reporting and for compliance with the Listing Rules during the Reporting Period and considers them to be effective and adequate.

ANTI-CORRUPTION POLICY

The Group is committed to achieving the highest standards of business conduct and adopts a zero-tolerance approach towards corruption and related malpractice. The Company values integrity and transparency and ensures that the Board and senior management team exemplify these values through their actions.

The Company has adopted an Anti-corruption Policy to promote an ethical culture, ensure compliance with ethical standards associated with the Group's business, and applicable anti-corruption laws, and to prevent any payments or other acts that may lead to corruption risk. The Company encourages its business partners with whom it conducts business to develop and implement anti-corruption policies of the same standard.

WHISTLEBLOWING POLICY

The Company has established a Whistleblowing Policy, which provides reporting channels and guidance for employees and other independent third parties who deal with the Group (such as customers, service providers, distributors, and suppliers) to report anonymously improper activities, misconduct, or any violation of rules, regulations or laws related to fraud against Shareholders. The policy allows for anonymous reporting of such matters within the Group, and assures whistleblowers that the Group will provide them with protection to prevent unfair dismissal or harm due to any genuine reports made under the Whistleblowing Policy.

AUDITOR'S REMUNERATION

The remuneration for the audit and non-audit services provided by the Auditor to the Group during the Reporting Period was approximately as follows:

Type of Services	Amount
Audit services	RMB2.20 million
Non-audit services	Nil
Total	RMB2.20 million

COMPANY SECRETARY

Ms. ZHU Yuyu, the joint company secretary of the Company, is responsible for advising the Board on corporate governance matters and ensuring that the Board policies and procedures, as well as the applicable laws, rules and regulations are followed.

In order to uphold good corporate governance and ensure compliance with the Listing Rules and applicable Hong Kong laws, the Company also engages Ms. CHU Cheuk Ting, a manager of the listing services department of TMF Hong Kong Limited (a company secretarial service provider), as the other joint company secretary to assist Ms. ZHU to discharge her duties as company secretary of the Company. The primary corporate contact person at the Company is Ms. ZHU, executive Director and joint company secretary of the Company.

For the year ended December 31, 2025, Ms. ZHU and Ms. CHU Cheuk Ting have undertaken not less than 15 hours of relevant professional training respectively in compliance with rule 3.29 of the Listing Rules.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company considers that effective communication with the Shareholders is essential for enhancing investor relations and understanding of the Group's business, performance and strategies. The Company also recognizes the importance of timely and non-selective disclosure of information, which will enable Shareholders and investors to make the informed investment decisions.

The annual general meeting of the Company provides opportunity for the Shareholders to communicate directly with the Directors. The Chairman of the Company and the chairmen of the Board Committees of the Company will attend the AGMs to answer Shareholders' questions. The Auditor will also attend the AGMs to answer questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor independence.

To promote effective communication, the Company adopts a shareholders' communication policy which aims at establishing a two-way relationship and communication between the Company and the Shareholders and maintains a website of the Company at https://www.cfpharmtech.com, where up-to-date information on the Company's business operations and developments, financial information, corporate governance practices and other information are available for public access.

Since the Listing Date and up to December 31, 2025, the Company conducted a number of engagement activities with Shareholders and the investment community, including (i) participation in investor conferences and roadshows, (ii) one-on-one and group meetings and conference calls with investors and securities analysts, and (iii) ongoing handling of Shareholder enquiries through the Company's investor relations function.

The Board conducted an annual review on March 30, 2026 on the implementation and effectiveness of the shareholders communication policy for the year ended December 31, 2025, including review of the work report on the Company's shareholder communication policy. Upon review, the Board was of the view that the Company's shareholders communication policy were effective and sufficient.

SHAREHOLDERS' RIGHTS

To safeguard Shareholders' interests and rights, a separate resolution will be proposed for each issue at general meetings, including the election of individual Directors.

All resolutions put forward at general meetings will be voted by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and the Stock Exchange in a timely manner after each general meeting.

Convening of extraordinary general meeting and putting forward proposals

Shareholders may put forward proposals for consideration at a general meeting of the Company according to the Articles of Association. Shareholders who individually or collectively hold more than 10% of the Company's shares shall have the right to request the Board to convene an extraordinary general meeting and shall submit the request in writing to the Board. The Board shall, in accordance with the provisions of the laws, administrative regulations and the Articles of Association, provide written feedback on whether it agrees or disagrees with the convening of the extraordinary general meeting within ten days after receiving the request.

If the Board agrees to convene an extraordinary general meeting, it shall issue a notice to convene the meeting within five days after a resolution of the Board is made, and any changes to the original request in the notice shall be subject to the consent of the relevant shareholders.

If the Board does not agree to convene an extraordinary general meeting or failed to provide feedback within ten days after receiving the request, shareholders who individually or collectively hold more than 10% of the Company's shares shall have the right to propose to the Supervisory Committee that an extraordinary general meeting be convened and shall submit their request in writing to the Supervisory Committee.

If the Supervisory Committee agrees to convene an extraordinary general meeting, it shall issue a notice to convene the meeting within five days of receipt of the request, and any changes to the original request in the notice shall be subject to the consent of the relevant shareholders.

If the Supervisory Committee fails to issue the notice of general meeting within the prescribed period, it shall be deemed that the Supervisory Committee would not summon and preside over the general meeting, and shareholders who individually or collectively hold more than 10% of the Company's shares for more than 90 consecutive days may summon and preside over the meeting on their own initiative.

As regards proposing a person for election as a Director, the procedures are available on the website of the Company.

Enquiries to the Board

Shareholders who intend to put forward their enquiries about the Company to the Board could send their enquiries to the headquarters of the Company at No. 16, Hucundang Road, Xiangcheng Economic Development District, Suzhou Jiangsu, PRC (email address: ir@cfpharmtech.com; tel: +86-512-66188089).

CHANGE IN CONSTITUTIONAL DOCUMENTS

The Company adopted the Articles of Association on September 30, 2024, which came into effect from the Listing Date. There were no changes in the above Articles of Association during the period from Listing Date to December 31, 2025.

INDEPENDENT AUDITOR'S REPORT

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To the shareholders of CF PharmTech, Inc.
(Incorporated in the People's Republic of China with limited liability)

OPINION

We have audited the consolidated financial statements of CF PharmTech, Inc. (the "Company") and its subsidiaries (together, the "Group") set out on pages 82 to 163, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (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 ("HKSAs") as issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

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

KEY AUDIT MATTERS (continued)

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

Key audit matter	**How our audit addressed the key audit matter**
Impairment of deferred development costs	
As at 31 December 2025, the Group recognised accumulated deferred development costs of approximately RMB133,231,000. Given the size of the carrying values of the deferred development costs, which have an indefinite useful life and are tested for impairment annually, the management of the Company engaged an external valuer to perform impairment assessments on deferred development costs. Based on the results of the impairment test, no impairment was considered necessary during the year. The impairment assessment has been identified as a key audit matter due to the significant estimations involved in the assessment of the recoverable amounts of the deferred development costs. The Group's disclosures about the impairment of deferred development costs are included in note 2.3, note 3 and note 16 to the consolidated financial statements.	We obtained an understanding of the key internal controls related to impairment assessment of deferred development costs，evaluated and tested the Group's internal controls on the impairment assessment; We obtained and reviewed the valuation report prepared by the external valuer engaged by the Group; We evaluated the competence, capabilities and objectivity of the external valuer; We reviewed the management's future forecasted cash flows and key assumptions including the estimated revenue growth rate and gross margin by comparing to the historical financial performance and our understanding of the latest market information and conditions; We involved our internal specialists to assist us in assessing the methodologies, the discount rates and the royalty rates used by the Group; We also focused on the adequacy of the related disclosures in the consolidated financial statements.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

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

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Mr. CHEUNG Fuk Yuet (practising certificate number: P08224).

Ernst & Young
Certified Public Accountants
Hong Kong
30 March 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
Revenue	5	**432,521**	607,752
Cost of revenue		**(104,583)**	(116,380)
Gross profit		**327,938**	491,372
Other income and gains	6	**14,055**	19,708
Selling and distribution expenses		**(90,340)**	(235,650)
Administrative expenses		**(127,960)**	(129,007)
Research and development expenses		**(124,549)**	(121,849)
Impairment losses on financial assets		**(5,234)**	(1,328)
Other expenses		**(4,607)**	(2,205)
Finance costs	7	**(2,540)**	(1,783)
Share of profits and losses of an associate and a joint venture		**(170)**	(74)
(LOSS)/PROFIT BEFORE TAX	8	**(13,407)**	19,184
Income tax credit	11	**15,892**	1,904
PROFIT FOR THE YEAR		**2,485**	21,088
Attributable to:			
Owners of the parent		**2,485**	21,088
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted (RMB cents)	13	**0.66**	5.69
PROFIT FOR THE YEAR		**2,485**	21,088
OTHER COMPREHENSIVE INCOME/(LOSS)			
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent years:			
Exchange differences on translation of foreign operations		**105**	(294)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**2,590**	20,794
Attributable to:			
Owners of the parent		**2,590**	20,794

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	**547,420**	531,132
Right-of-use assets	15(a)	**27,809**	31,165
Other intangible assets	16	**154,885**	121,952
Investment in an associate and a joint venture	17	**3,697**	1,827
Deferred tax assets	27	**110,765**	94,873
Other non-current assets	18	**41,531**	15,861
Total non-current assets		**886,107**	796,810
CURRENT ASSETS			
Inventories	19	**36,696**	47,180
Trade and bills receivables	20	**159,366**	27,130
Prepayments, deposits and other receivables	21	**33,234**	34,787
Financial assets at fair value through profit or loss	22	**238,337**	266,063
Restricted cash and time deposits	23	**7,626**	5,119
Cash and cash equivalents	23	**414,897**	81,937
Total current assets		**890,156**	462,216
CURRENT LIABILITIES			
Trade and bills payables	24	**21,377**	20,587
Other payables and accruals	25	**126,503**	204,122
Interest-bearing borrowings	26	**44,517**	18,466
Lease liabilities	15(b)	**1,564**	2,433
Total current liabilities		**193,961**	245,608
NET CURRENT ASSETS		**696,195**	216,608
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,582,302**	1,013,418
NON-CURRENT LIABILITIES			
Interest-bearing borrowings	26	**97,791**	55,350
Lease liabilities	15(b)	**1,687**	2,848
Deferred income	28	**12,493**	15,938
Other non-current liabilities	29	**2,000**	–
Total non-current liabilities		**113,971**	74,136
Net assets		**1,468,331**	939,282
EQUITY			
Equity attributable to owners of the parent			
Share capital	30	**411,978**	370,780
Treasury shares		**(2,086)**	–
Reserves	31	**1,058,439**	568,502
Total equity		**1,468,331**	939,282

Dr. LIANG Bill Wenqing
Executive director

Ms. ZHU Yuyu
Executive director

Mr. WEI Wei
Head of finance

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2025

Year ended 31 December 2024

	Attributable to owners of the parent					
	Share capital RMB'000	Capital reserve* RMB'000	Share-based payment reserve* RMB'000	Exchange fluctuation reserve* RMB'000	Accumulated losses* RMB'000	Total equity RMB'000
At 1 January 2024	370,780	1,034,807	330,846	(425)	(825,985)	910,023
Profit for the year	–	–	–	–	21,088	21,088
Other comprehensive loss for the year:						
Exchange differences on translation of foreign operations	–	–	–	(294)	–	(294)
Total comprehensive income for the year	–	–	–	(294)	21,088	20,794
Share-based payments	–	–	8,465	–	–	8,465
At 31 December 2024	370,780	1,034,807	339,311	(719)	(804,897)	939,282

Year ended 31 December 2025

	Attributable to owners of the parent						
	Share capital RMB'000	**Treasury shares RMB'000**	**Capital reserve* RMB'000**	**Share-based payment reserve* RMB'000**	**Exchange fluctuation reserve* RMB'000**	**Accumulated losses* RMB'000**	**Total equity RMB'000**
At 1 January 2025	**370,780**	**–**	**1,034,807**	**339,311**	**(719)**	**(804,897)**	**939,282**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**2,485**	**2,485**
Other comprehensive income for the year:							
Exchange differences on translation of foreign operations	**–**	**–**	**–**	**–**	**105**	**–**	**105**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**105**	**2,485**	**2,590**
Share-based payments	**–**	**–**	**–**	**8,842**	**–**	**–**	**8,842**
Issue of shares	**41,198**	**–**	**513,593**	**–**	**–**	**–**	**554,791**
Share issue expenses	**–**	**–**	**(35,088)**	**–**	**–**	**–**	**(35,088)**
Shares repurchased	**–**	**(2,086)**	**–**	**–**	**–**	**–**	**(2,086)**
At 31 December 2025	**411,978**	**(2,086)**	**1,513,312**	**348,153**	**(614)**	**(802,412)**	**1,468,331**

* These reserve accounts comprise the consolidated reserves of RMB1,058,439,000 (2024: RMB568,502,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/Profit before tax		**(13,407)**	19,184
Adjustments for:			
Finance costs	7	**2,540**	1,783
Share of profits and losses of an associate and a joint venture		**170**	74
Depreciation of property, plant and equipment	8	**52,323**	43,117
Depreciation of right-of-use assets	15(a)	**4,231**	5,160
Amortisation of other intangible assets	16	**11,959**	11,915
Losses on disposal of items of property, plant and equipment	8	**61**	626
Gains on early termination of leases		**–**	(38)
Gains on financial assets at fair value through profit or loss	6	**(3,239)**	(8,381)
Write-down of inventories to net realisable value	8	**1,681**	1,886
Impairment losses on financial assets		**5,234**	1,328
Equity-settled share-based payment expenses	32	**8,490**	7,823
Foreign exchange differences, net	8	**4,482**	91
		74,525	84,568
Decrease/(Increase) in inventories		**8,803**	(12,968)
Increase in trade and bills receivables		**(137,569)**	(25,545)
Decrease in prepayments, deposits and other receivables		**18,164**	22,653
Changes in restricted cash		**(4,134)**	–
Decrease in other non-current assets		**75**	–
Increase in trade payables		**2,417**	7,428
(Decrease)/Increase in other payables and accruals		**(71,133)**	38,842
Increase in deferred income		**(3,445)**	(3,519)
Changes in other non-current liabilities		**2,000**	(15,000)
Cash generated (used in)/from operations		**(110,297)**	96,459
Net cash flows (used in)/from operating activities		**(110,297)**	96,459

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of items of property, plant and equipment		**(112,660)**	(167,663)
Purchase of other intangible assets		**(38,467)**	(32,985)
Purchase of financial assets at fair value through profit or loss		**(788,397)**	(1,099,420)
Proceeds from disposal of financial assets at fair value through profit or loss		**819,361**	1,172,585
Changes in restricted cash		**1,627**	14,046
Capital injection in a joint venture		**(2,040)**	–
Net cash flows used in investing activities		**(120,576)**	(113,437)
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank loans		**88,841**	54,800
Repayment of bank loans		**(20,390)**	(1,048)
Interest paid for interest-bearing borrowings		**(2,359)**	(1,519)
Shares repurchased		**(2,086)**	–
Proceeds from issuance of shares		**554,791**	–
Principal and interest elements of lease payments		**(3,011)**	(4,731)
Share issue expenses		**(47,577)**	(18,812)
Net cash flows from financing activities		**568,209**	28,690
NET INCREASE IN CASH AND CASH EQUIVALENTS		**337,336**	11,712
Cash and cash equivalents at beginning of year		**81,937**	70,612
Effect of foreign exchange differences, net		**(4,376)**	(387)
CASH AND CASH EQUIVALENTS AT END OF YEAR	23	**414,897**	81,937

1. CORPORATE AND GROUP INFORMATION

CF PharmTech, Inc. (the "Company") is a limited liability company incorporated in the People's Republic of China ("PRC"). The registered office of the Company is located at No.16 Hucundang Road, Xiangcheng Economic Development District, Suzhou, Jiangsu, the PRC.

The Company and its subsidiaries (the "Group") were mainly engaged in the research and development, production and sale of respiratory drugs and other related medical products.

In the opinion of the directors, the ultimate controlling shareholders of the Company are Dr. LIANG Bill Wenqing and Dr. LI LI BOVET.

Information about subsidiaries

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

Name	Place of incorporation/ registration and business	Issued ordinary shares/registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
CF PharmTech Jiangsu Limited* (江蘇長風藥業有限公司)	PRC/Chinese Mainland	RMB140,000,000	100%	–	Sales of respiratory products & Research and development
CF PHARM TECH INTERNATIONAL LIMITED	Cayman Islands	USD50,000	100%	–	Investment financing
CF PharmTech USA, Inc.	The United States	USD1,500	–	100%	Research and development
CF PharmTech Wuxi Limited* (無錫長風醫藥科技有限公司)	PRC/Chinese Mainland	RMB10,000,000	100%	–	Research and development

1. CORPORATE INFORMATION (continued)

Information about subsidiaries (continued)

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

Name	Place of incorporation/ registration and business	Issued ordinary shares/registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Suzhou CF Health Technology Co., Ltd.* (蘇州長風健康科技有限公司)	PRC/Chinese Mainland	RMB10,000,000	100%	–	Retail of consumer goods
Suzhou CF Pharmaceutical Research and Development Co., Ltd.* (蘇州長風藥物研發有限公司)	PRC/Chinese Mainland	RMB10,000,000	100%	–	Research and development
Suzhou CF Medical Instruments Co., Ltd.* (蘇州長風醫療器械有限公司)	PRC/Chinese Mainland	RMB10,000,000	100%	–	Research and development
CF PHARMTECH HONG KONG LIMITED	Hong Kong	HKD100,000	100%	–	Research and development
Suzhou Wusheng Technology Co., Ltd.* (蘇州霧笙科技有限公司)	PRC/Chinese Mainland	RMB1,000,000	–	100%	Retail of consumer goods
CF PHARMTECH GUANGZHOU LIMITED* (長風蘇粵藥業(廣州)有限公司)	PRC/Chinese Mainland	USD5,000,000	–	100%	Research and development
Hongkong Vista Innovation Limited* (香港遠見創新有限公司)	Hong Kong	HKD10,000	100%	–	Investment financing

* These entities are limited liability companies established in the PRC. The English names of these companies represent the best effort made by the directors of the Company (the "Directors") to translate their Chinese names as these companies have not been registered with any official English names.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with IFRS Accounting Standards, which comprise all standards and interpretations as issued by the International Accounting Standards Board (the "IASB"), and International Accounting Standards and Standing Interpretations Committee interpretations approved by the International Accounting Standards Committee and the disclosure requirements of the Hong Kong Companies Ordinance.

These financial statements have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss have been measured at fair value. They are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

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

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

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

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

2. ACCOUNTING POLICIES (continued)

2.1 BASIS OF PREPARATION (continued)

Basis of consolidation (continued)

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

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

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

2.2 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

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

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 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]
IFRS 18	*Presentation and Disclosure in Financial Statements*[3]
IFRS 19 and its amendments	*Subsidiaries without Public Accountability: Disclosures*[3]
Amendments to IAS 21	*Translation to a Hyperinflationary Presentation Currency*[3]
Annual Improvements to IFRS Accounting Standards – Volume 11	*Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7*[2]

[1] No mandatory effective date yet determined but available for adoption

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

[3] Effective for annual/reporting periods beginning on or after 1 January 2027

2. ACCOUNTING POLICIES (continued)

2.2 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS (continued)

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

2.3 MATERIAL ACCOUNTING POLICIES

Investments in associates and joint ventures

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

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

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealized losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investment in associates or joint ventures.

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

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

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Fair value measurement

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

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

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

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

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

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

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

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Related parties

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

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

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

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

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

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

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

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

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

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation

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

Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

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

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

Category	Estimated useful life	Estimated residual value
Buildings	5 to 20 years	5%
Machinery	3 to 10 years	5%
Motor vehicles	4 to 5 years	5%
Furniture and fixtures	3 to 5 years	5%
Leasehold improvements	Over the shorter of the lease term and estimated useful lives	0%

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

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation (continued)

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

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

Other intangible assets (other than goodwill)

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

Other intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such other intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

Software

Acquired computer software is stated at historical cost less amortisation. Acquired computer software is capitalised on the basis of the costs incurred to acquire and bring to use the specific software, and is amortised on a straight-line basis over the useful life of 3 to 10 years.

Patents and licences

Purchased patents and licences are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of 5 to 10 years.

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Other intangible assets (other than goodwill) (continued)

Deferred development costs

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

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

Deferred development costs are stated at cost less any impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying products, commencing from the date when the products are put into commercial production.

Leases

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

Group as a lessee

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

(a) Right-of-use assets

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

Buildings and warehouses	1 to 6 years
Land use rights	30 to 50 years

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Leases (continued)

Group as a lessee (continued)

(b) Lease liabilities

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

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

(c) Short-term leases

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

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Investments and other financial assets

Initial recognition and measurement

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

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

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

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

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

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)

Subsequent measurement

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

Financial assets at amortised cost (debt instruments)

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

The Group's financial assets at amortised cost include trade receivables, financial assets included in other receivables and cash and bank balances.

Financial assets at fair value through profit or loss

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

Derecognition of financial assets

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

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

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

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

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

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Impairment of financial assets

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

General approach

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

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

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

General approach (continued)

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

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

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

Classification as equity and financial liabilities

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 financial liability and equity instrument.

A financial liability is any liability that is (a) a contractual obligation (i) to deliver cash or another financial asset to another entity; or (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; or (b) a contract that will or may be settled in the entity's own equity instruments and is: (i) a non derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments; or (ii) a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own 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.

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or payables, as appropriate.

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

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

Subsequent measurement

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

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

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

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

Derecognition of financial liabilities

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

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

Offsetting of financial instruments

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

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Treasury Shares

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

Inventories

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

Cash and cash equivalents

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

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

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the financial year of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

Income tax

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

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

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Income tax (continued)

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

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

- when the deferred tax liabilities arise from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

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

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

- when the deferred tax assets relating to the deductible temporary differences arise from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

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

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Income tax (continued)

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

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

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

Government grants

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

Government grants 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.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments and released to profit or loss by way of a reduced depreciation charge.

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Revenue recognition

Revenue from contracts with customers

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

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

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

(a) Sale of products

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

(i) Volume rebates

Retrospective volume rebates may be provided to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the most likely amount method is used for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The requirements on constraining estimates of variable consideration are applied and a refund liability for the expected future rebates is recognised.

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Revenue from contracts with customers (continued)

(b) Provision of services

Revenue from the provision of entrusted development services and testing services is recognised when the services are rendered.

Other income

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

Contract liabilities

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

Share-based payments

The Group operates share award schemes. Employees (including directors) and consultants of the Group receive remuneration in the form of share-based payments, whereby rendering services in exchange for equity instruments ("equity-settled transactions").The cost of equity-settled transactions with employees is measured by reference to the fair values at the dates at which they are granted. The fair value is determined by an external valuer using discounted cash flow method, further details of which are given in note 32 to the consolidated financial statements.

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

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

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Share-based payments (continued)

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

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

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

Other employee benefits

Pension scheme

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

Borrowing costs

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

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Events after the reporting period

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

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the consolidated financial statements. Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

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

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

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

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Foreign currencies (continued)

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

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

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgements

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

Research and development costs

All research expenses are charged to profit or loss as incurred. Expenses incurred on each pipeline to develop new products are capitalised in accordance with the accounting policy for research and development costs in note 2.3. Determining the amounts to be capitalised requires management to make judgements on the technical feasibility of existing pipelines to be successfully commercialised and bring economic benefits to the Company.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Judgements (continued)

Government grants

Government grants are recognised when they meet the attached conditions and can be received. Management needs to exercise significant judgement to determine the nature of the government grants and the timing of recognition.

Estimation uncertainty

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

Development costs

Determining the amounts to be capitalised requires management to make assumptions regarding the expected future cash generation of the assets, discount rates to be applied and the expected period of benefits.

Recognition of income taxes and deferred tax assets

Determining income tax provision involves judgement on the future tax treatment of certain transactions and certain matters relating to the income taxes have not been confirmed by the local tax bureau. Management evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatments of such transactions are reconsidered periodically to take into account all changes in tax legislation. Deferred tax assets are recognised in respect of deductible temporary differences and unused tax losses. As those deferred tax assets can only be recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences and the losses can be utilised, management's judgement is required to assess the probability of future taxable profits. Management's assessment is revised as necessary and additional deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax assets to be recovered. Further details are included in note 27 to the consolidated financial statements.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each reporting period. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. Further details, including a sensitivity analysis of key assumptions, are given in note 16 to the consolidated financial statements.

4. OPERATING SEGMENT INFORMATION

Operating segment information

No operating segment information is presented as the Group's revenue and reported results during the reporting period, and the Group's total assets as at the end of the reporting period were derived from one single operating segment.

Geographical information

Since approximately all of the Group's non-current assets were located in Chinese Mainland, no geographical segment information is presented in accordance with IFRS 8 *Operating Segments*.

Information about major customers

The Group has a large number of customers, and no revenue from a single customer accounted for more than 10% of the Group's total revenue for the year ended 31 December 2025.

5. REVENUE

	2025 RMB'000	2024 RMB'000
Revenue from contracts with customers:		
Sale of products	**428,987**	603,225
Technical service	**3,534**	4,527
Total	**432,521**	607,752

An analysis of revenue is as follows:

(i) Disaggregated revenue information

	2025 RMB'000	2024 RMB'000
Revenue from contracts with customers:		
Sale of products	**428,987**	603,225
Technical service	**3,534**	4,527
Total	**432,521**	607,752

	2025 RMB'000	2024 RMB'000
Timing of revenue recognition		
At a point in time:		
Sale of products	**428,987**	603,225
Technical service	**3,534**	4,527
Total revenue from contracts with customers	**432,521**	607,752

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	2025 RMB'000	2024 RMB'000
Sale of products	**6,072**	33,701
Technical service	**32**	857
Total	**6,104**	34,558

5. REVENUE (continued)

(ii) Performance obligations

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

Sale of products

The performance obligation is satisfied upon delivery and inspection of products, payment in advance is normally required, except for customers with credit terms, where payment is generally due within 60 days to 90 days from delivery.

Technical service

The performance obligation is satisfied when customers accept the technical service. Before the services are delivered to them, short-term advances are normally required.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are as follows:

	2025	2024
	RMB'000	RMB'000
Within one year	**19,093**	12,689
After one year	**2,382**	816
Total	**21,475**	13,505

6. OTHER INCOME AND GAINS

An analysis of other income and gains, net is as follows:

	2025	2024
	RMB'000	RMB'000
Government grants*	**8,022**	10,354
Gain on financial assets at fair value through profit or loss	**3,239**	8,381
Interest income	**2,150**	608
Others	**644**	365
Total	**14,055**	19,708

* The government grants mainly represent the financial award received from the local governments for the purpose of compensation for expenses on research and development activities and incentives for talent attraction. There are no contingencies relating to these grants.

7. FINANCE COSTS

	2025 RMB'000	2024 RMB'000
Interest on lease liabilities	**140**	216
Interest on bank loans	**2,400**	1,567
Total	**2,540**	1,783

8. (LOSS)/PROFIT BEFORE TAX

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

	Notes	2025 RMB'000	2024 RMB'000
Cost of revenue*		**58,538**	67,256
Depreciation of property, plant and equipment		**52,323**	43,117
Depreciation of right-of-use assets	15(a)	**4,231**	5,160
Amortisation of other intangible assets	16	**11,959**	11,915
Research and development costs		**76,442**	71,894
Lease payments not included in the measurement of lease liabilities	15	**646**	2,601
Listing expenses		**20,776**	22,963
Auditor's remuneration		**2,200**	282
Employee benefit expenses (including directors' and chief executive's remuneration (note 9)):			
Salaries, allowances, benefits in kind and pension scheme contributions		**123,920**	141,199
Equity-settled share-based payment expense		**8,490**	7,823
Foreign exchange differences, net		**4,482**	91
Impairment losses on trade receivables and other receivables		**5,234**	1,328
Write-down of inventories to net realisable value		**1,681**	1,886
Loss on disposal of items of property, plant and equipment		**61**	626
Interest on lease liabilities	15(b)	**140**	216
Fair value gains on financial assets at fair value through profit or loss		**(3,239)**	(8,381)
Share of profit and loss of an associate and a joint venture		**170**	74

* The amount of cost of revenue stated here excludes those included in the depreciation of property, plant and equipment, depreciation of right-of-use assets, amortisation of other intangible assets, write-down of inventories to net realisable value, employee benefit expenses.

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

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

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

	2025 RMB'000	2024 RMB'000
Fees:	**380**	275
Other emoluments:		
Salaries, allowances and benefits in kind	**3,625**	3,343
Share-based payment expense	**124**	3,831
Pension scheme contributions	**208**	210
Subtotal	**3,957**	7,384
Total fees and other emoluments	**4,337**	7,659

(a) Independent non-executive directors

	2025 RMB'000	2024 RMB'000
Fees:		
Dr. JIN Jian	**60**	60
Ms. WANG Lijuan	**60**	60
Mr. XU Zheng[(a)]	**–**	45
Mr. WEI Shirong	**60**	60
Mr. IP Wang Hoi Cliff[(b)]	**200**	50
Total	**380**	275

(a) Mr. XU Zheng resigned as an independent non-executive director in September 2024.

(b) Mr. IP Wang Hoi Cliff was reappointed as an independent non-executive director of the Company in September 2024.

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

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

Year ended 31 December 2025

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Share-based payment expense RMB'000	Pension scheme contributions RMB'000	Total RMB'000
Executive directors:					
Dr. LIANG Bill Wenqing[c]	–	729	-	104	833
Dr. LI LI BOVET[d]	–	726	-	–	726
Dr. LI Qi[e]	–	1,186	47	–	1,233
Ms. ZHU Yuyu[f]	–	984	77	104	1,165
Non-executive directors:					
Mr. CHEN Penghui	–	–	–	–	–
Mr. CAI Lei	–	–	–	–	–
Dr. YI Hua	–	–	–	–	–
Total	–	3,625	124	208	3,957

Year ended 31 December 2024

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Share-based payment expense RMB'000	Pension scheme contributions RMB'000	Total RMB'000
Executive Directors:					
Dr. LIANG Bill Wenqing[c]	–	732	1,801	104	2,637
Dr. LI LI BOVET[d]	–	718	1,801	2	2,521
Dr. LI Qi[e]	–	1,224	78	–	1,302
Ms. ZHU Yuyu[f]	–	669	151	104	924
Non-executive directors:					
Mr. CHEN Penghui	–	–	–	–	–
Mr. CAI Lei	–	–	–	–	–
Dr. YI Hua	–	–	–	–	–
Total	–	3,343	3,831	210	7,384

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

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

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

(c) Dr. LIANG Bill Wenqing was redesignated as an executive director in September 2024. Dr. LIANG Bill Wenqing was the chief executive of the Group during the years ended 31 December 2025 and 2024.

(d) Dr. LI LI BOVET was redesignated as an executive director in September 2024.

(e) Dr. LI Qi was redesignated as an executive director in September 2024.

(f) Ms. ZHU Yuyu was redesignated as an executive director in September 2024.

10. FIVE HIGHEST PAID EMPLOYEES

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

	2025	2024
	RMB'000	RMB'000
Salaries, allowances and benefits in kind	**1,844**	2,514
Share-based payment expenses	**928**	669
Pension scheme contributions	**110**	207
Total	**2,882**	3,390

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

	2025	2024
HK$1,000,001 to HK$1,500,000	**1**	–
HK$1,500,001 to HK$2,000,000	**1**	2
Total	**2**	2

11. INCOME TAX CREDIT

The Group's principal applicable taxes and tax rates are as follows:

(a) Under the Law of the PRC on Corporate Income Tax (the "CIT Law") and Implementation Regulation of the CIT Law, the CIT rate of the Group's PRC subsidiaries is 25% unless subject to tax exemption set out below.

The Company was accredited as a "High and New Technology Enterprise" in December 2023, and therefore, the Company was entitled to a preferential CIT rate of 15% for the years ended 31 December 2025 and 31 December 2024. This qualification is subject to review by the relevant tax authority in the PRC every three years.

Pursuant to "The Announcement on Relevant Tax Policies for Further Supporting the Development of Small-scaled Minimal Profit Enterprise and Individual Industrial and Commercial Households" (Announcement [2023] No. 12) issued by the MOF and National Tax Bureau on 2 August 2023, for a small-scaled minimal profit enterprise with an annual taxable profit below RMB3,000,000 (RMB3,000,000 included), on top of the tax relief policies stipulated under "The Announcement of Implementation on Inclusive Tax Relief Policy of Small-scaled minimal profit enterprise" issued by MOF and National Tax Bureau" (Cai Shui [2019] No. 13) and "The Announcement on the Further Implementation of Preferential Income Tax Policies for Small-scaled Minimal Profit Enterprises" (Cai Shui [2022] No. 13). That is, for a small-scaled minimal profit enterprise whose annual taxable income does not exceed RMB3,000,000, the taxable income is reduced by 25% and the enterprise income tax shall be paid at a rate of 20% from 1 January 2023 to 31 December 2027.

(b) Pursuant to the rules and regulations of the Cayman Islands, CF PHARM TECH INTERNATIONAL LIMITED is not subject to any income tax in the Cayman Islands.

(c) No provision for the United States income tax has been provided for at a rate of 21% pursuant to the Corporate Income Tax Law of the United States and the respective regulations (the "US Law"), as the Group's entity in the United States had no assessable profits.

(d) Under the Hong Kong tax law, the Company's subsidiaries in Hong Kong are subject to Hong Kong profits tax at a rate of 8.25% for assessable profits on the first HK$2 million and 16.5% for any assessable profits in excess of HK$2 million. No provision for Hong Kong profits tax was made as the subsidiaries did not have any assessable profits arising in or derived from Hong Kong during the reporting period.

11. INCOME TAX CREDIT (continued)

The income tax expense/(credit) of the Group for the year ended 31 December 2025 is analysed as follows:

	2025 RMB'000	2024 RMB'000
Current income tax	**–**	–
Deferred income tax	**(15,892)**	(1,904)
Tax credit for the year	**(15,892)**	(1,904)

A reconciliation of the tax expense/(credit) applicable to (loss)/profit before tax at the statutory rate applicable in Chinese Mainland to the tax expense/(credit) at the effective tax rate is as follows:

	2025 RMB'000	2024 RMB'000
(Loss)/profit before tax	**(13,407)**	19,184
Tax at the statutory tax rate of 25%	**(3,352)**	4,796
Effect of different tax rates in different jurisdictions	**(900)**	(5,956)
Effect of adjusting income tax for previous years	**229**	–
Research and development super-deduction	**(17,274)**	(12,340)
Expenses not deductible for tax	**470**	927
Tax losses and temporary differences for which no deferred income tax assets were recognised	**4,935**	10,669
Tax credit for the year at the Group's effective rate	**(15,892)**	(1,904)

12. DIVIDEND

The board of directors does not recommend the payment of any dividend in respect of the year ended 31 December 2025 (2024: Nil).

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

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

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2025 and 2024.

Earnings per share	**2025**	2024
Earnings		
Earnings attributable to ordinary equity holders of the parent (RMB'000)	**2,485**	21,088
Shares		
Weighted average number of ordinary shares outstanding during the year used in the basic earnings per share calculation	**377,646,720**	370,780,387
Earnings per share (RMB cents)	**0.66**	5.69

14. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Leasehold improvements RMB'000	Machinery RMB'000	Furniture and fixtures RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2025							
At 1 January 2025:							
Cost	236,469	17,345	262,624	22,216	2,410	180,937	722,001
Accumulated depreciation	(50,065)	(10,093)	(117,883)	(10,961)	(1,867)	–	(190,869)
Net carrying amount	186,404	7,252	144,741	11,255	543	180,937	531,132
At 1 January 2025, net of accumulated depreciation	186,404	7,252	144,741	11,255	543	180,937	531,132
Additions	245	–	282	1,131	178	68,159	69,995
Disposals	–	–	(31)	(29)	(1)	–	(61)
Transfers	157,602	–	30,940	3,864	–	(192,406)	–
Depreciation provided during the year	(21,354)	(2,292)	(24,823)	(4,956)	(221)	–	(53,646)
At 31 December 2025, net of accumulated depreciation	322,897	4,960	151,109	11,265	499	56,690	547,420
At 31 December 2025							
Cost	394,316	17,345	293,815	27,182	2,587	56,690	791,935
Accumulated depreciation	(71,419)	(12,385)	(142,706)	(15,917)	(2,088)	–	(244,515)
Net carrying amount	322,897	4,960	151,109	11,265	499	56,690	547,420

14. PROPERTY, PLANT AND EQUIPMENT (continued)

	Buildings RMB'000	Leasehold improvements RMB'000	Machinery RMB'000	Furniture and fixtures RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2024							
At 1 January 2024:							
Cost	167,344	14,232	233,736	13,301	2,410	117,608	548,631
Accumulated depreciation	(36,769)	(8,094)	(92,979)	(7,166)	(1,563)	–	(146,571)
Net carrying amount	130,575	6,138	140,757	6,135	847	117,608	402,060
At 1 January 2024, net of accumulated depreciation	130,575	6,138	140,757	6,135	847	117,608	402,060
Additions	–	–	3,086	3,885	3	167,022	173,996
Disposals	–	–	(596)	(27)	(3)	–	(626)
Transfers	69,125	3,113	26,398	5,057	–	(103,693)	–
Depreciation provided during the year	(13,296)	(1,999)	(24,904)	(3,795)	(304)	–	(44,298)
At 31 December 2024, net of accumulated depreciation	186,404	7,252	144,741	11,255	543	180,937	531,132
At 31 December 2024							
Cost	236,469	17,345	262,624	22,216	2,410	180,937	722,001
Accumulated depreciation	(50,065)	(10,093)	(117,883)	(10,961)	(1,867)	–	(190,869)
Net carrying amount	186,404	7,252	144,741	11,255	543	180,937	531,132

15. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Group's leases consist of its buildings, warehouses and land use rights. The movements in right-of-use assets and lease liabilities during the year are as follows:

		2025 RMB'000	2024 RMB'000
(a)	Right-of-use assets		
	Carrying amount at the beginning of the year	**31,165**	28,388
	Additions	**875**	9,155
	Depreciation charge	**(4,231)**	(5,160)
	Termination	**–**	(1,218)
	Carrying amount at the end of the year	**27,809**	31,165
(b)	Lease liabilities		
	Carrying amount at the beginning of the year	**5,281**	1,897
	New leases	**841**	9,155
	Accretion of interest recognised during the year	**140**	216
	Termination	**–**	(1,256)
	Payments	**(3,011)**	(4,731)
	Carrying amount at the end of the year	**3,251**	5,281
	Analysed into:		
	Current portion	**1,564**	2,433
	Non-current portion	**1,687**	2,848
	Maturity analysis:		
	Within 1 year	**1,564**	2,433
	1 to 2 years	**829**	1,342
	2 to 5 years	**858**	1,506
	Total	**3,251**	5,281

15. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

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

	2025 RMB'000	2024 RMB'000
Interest on lease liabilities	140	216
Depreciation charge of right-of-use assets	4,231	5,160
Expense relating to short term leases	646	2,601
Termination of leases	–	(38)
Total amount recognised in profit or loss	5,017	7,939

16. OTHER INTANGIBLE ASSETS

	Software RMB'000	Patents and licences RMB'000	Deferred development costs RMB'000	Total RMB'000
31 December 2025				
At 1 January 2025:				
Cost	12,484	52,995	88,730	154,209
Accumulated amortisation	(4,797)	(27,460)	–	(32,257)
Net carrying amount	7,687	25,535	88,730	121,952
At 1 January 2025, net of accumulated amortisation	7,687	25,535	88,730	121,952
Additions	391	–	44,501	44,892
Amortisation during the year	(1,295)	(10,664)	–	(11,959)
At 31 December 2025, net of accumulated amortisation	6,783	14,871	133,231	154,885
At 31 December 2025:				
Cost	12,875	52,995	133,231	199,101
Accumulated amortisation	(6,092)	(38,124)	–	(44,216)
Net carrying amount	6,783	14,871	133,231	154,885

16. OTHER INTANGIBLE ASSETS (continued)

	Software RMB'000	Patents and licences RMB'000	Deferred development costs RMB'000	Total RMB'000
31 December 2024				
At 1 January 2024:				
Cost	12,263	52,995	50,018	115,276
Accumulated amortisation	(3,456)	(16,886)	–	(20,342)
Net carrying amount	8,807	36,109	50,018	94,934
At 1 January 2024, net of accumulated amortisation	8,807	36,109	50,018	94,934
Additions	221	–	38,712	38,933
Amortisation during the year	(1,341)	(10,574)	–	(11,915)
At 31 December 2024, net of accumulated amortisation	7,687	25,535	88,730	121,952
At 31 December 2024:				
Cost	12,484	52,995	88,730	154,209
Accumulated amortisation	(4,797)	(27,460)	–	(32,257)
Net carrying amount	7,687	25,535	88,730	121,952

Impairment testing of deferred development costs

The management of the Group performed annual impairment testing for deferred development costs. For impairment testing, deferred development costs are allocated to the cash-generating units ("CGUs"), which are supposed to be able to generate cash flows independently from those of the other products.

16. OTHER INTANGIBLE ASSETS (continued)

Impairment testing of deferred development costs (continued)

Impairment review on the deferred development costs of the Group is conducted by the management of the Group by engaging an independent qualified professional valuer, Jiangsu Zhongqihua Zhongtian Asset Appraisal Co., Ltd. ("Appraisal Expert"), to estimate the recoverable amount of the CGUs at the end of each year. For the purpose of impairment review, the recoverable amounts of the CGUs are determined based on the fair value less costs of disposal. The fair value of the deferred development costs was determined using the relief from royalty method, taking into account the nature of the assets, using cash flow projections and the royalty rates. The Group recognises development costs as follows:

CGUs/products	Beginning of capitalisation	Transferred into patents and licences
GW001	February 2021	N/A, has not put into commercial production
CF006/CF043	December 2022	N/A, has not put into commercial production
CF024	August 2024	N/A, has not put into commercial production
CF052	May 2025	N/A, has not put into commercial production

The management uses ten years commencing from the date when the products are put into commercial production as the period for cash flow projections. The management considers the length of the forecast period is appropriate and consistent with industry practice.

With the assistance of the Appraisal Expert, the management determined the recoverable amount of the above CGUs based on the key assumptions, the carrying amounts of the four products during the reporting periods are as follows:

	2025	2024
	RMB'000	RMB'000
GW001	**30,536**	30,443
CF006/CF043	**48,559**	38,379
CF024	**27,251**	19,908
CF052	**26,885**	–
Total	**133,231**	88,730

16. OTHER INTANGIBLE ASSETS (continued)

Impairment testing of deferred development costs (continued)

The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of development costs:

(a) The annual revenue growth rates

	2025	2024
GW001	**16.6%-74.7%**	16.6%-74.7%
CF006/CF043	**9.2%-76.6%**	15.0%-100.0%
CF024	**4.7%-87.2%**	2.0%-89.5%
CF052	**4.0%-96.3%**	N/A

The annual revenue growth rates for the forecast period were determined by the management based on their expectation for market and product development.

(b) The royalty rates

	2025	2024
GW001	**13.0%**	13.0%
CF006/CF043	**12.0%**	11.0%
CF024	**9.0%**	9.0%
CF052	**13.0%**	N/A

The royalty rates are determined according to the royalty rates of the industry and the adjustment coefficient.

(c) The pre-tax discount rates

	2025	2024
GW001	**19.6%**	20.1%
CF006/CF043	**17.8%**	17.5%
CF024	**18.1%**	17.9%
CF052	**18.1%**	N/A

The pre-tax discount rates used reflect specific risks relating to the CGUs.

16. OTHER INTANGIBLE ASSETS (continued)

Impairment testing of deferred development costs (continued)

(c) The pre-tax discount rates (continued)

Details of the headroom measured by excess of the recoverable amounts over the carrying amounts of the CGUs as at 31 December 2025 are set out as follows:

	2025	2024
	RMB'000	RMB'000
GW001	**16,464**	7,557
CF006/CF043	**10,441**	12,621
CF024	**6,749**	11,092
CF052	**7,115**	N/A

(d) Sensitivity analysis

The Group performed the sensitivity analysis based on the assumption that annual revenue growth rates, pre-tax discount rates and royalty rates have been changed. The following table sets out the impact of variations in each of the key assumptions. Had these estimated key assumptions been changed as follows, the headroom would have increased/(decreased) as follows:

GW001	**2025**	2024
	RMB'000	RMB'000
The annual revenue growth rates increased by 5%	**9,300**	6,780
The annual revenue growth rates decreased by 5%	**(7,287)**	(5,360)
The royalty rates increased by 1%	**4,310**	4,410
The royalty rates decreased by 1%	**(5,249)**	(3,710)
The pre-tax discount rates increased by 1%	**(3,562)**	(2,350)
The pre-tax discount rates decreased by 1%	**2,834**	3,260

16. OTHER INTANGIBLE ASSETS (continued)

Impairment testing of deferred development costs (continued)

(d) Sensitivity analysis (continued)

CF006/CF043	2025 RMB'000	2024 RMB'000
The annual revenue growth rates increased by 5%	**10,707**	8,873
The annual revenue growth rates decreased by 5%	**(8,755)**	(8,437)
The royalty rates increased by 1%	**5,301**	5,633
The royalty rates decreased by 1%	**(5,511)**	(6,267)
The pre-tax discount rates increased by 1%	**(3,487)**	(3,127)
The pre-tax discount rates decreased by 1%	**3,304**	2,513

CF024	2025 RMB'000	2024 RMB'000
The annual revenue growth rates increased by 5%	**6,188**	5,996
The annual revenue growth rates decreased by 5%	**(4,613)**	(4,814)
The royalty rates increased by 1%	**4,028**	3,826
The royalty rates decreased by 1%	**(3,533)**	(4,814)
The pre-tax discount rates increased by 1%	**(1,452)**	(1,624)
The pre-tax discount rates decreased by 1%	**1,961**	1,736

CF052	2025 RMB'000	2024 RMB'000
The annual revenue growth rates increased by 5%	**6,025**	N/A
The annual revenue growth rates decreased by 5%	**(5,856)**	N/A
The royalty rates increased by 1%	**2,785**	N/A
The royalty rates decreased by 1%	**(3,696)**	N/A
The pre-tax discount rates increased by 1%	**(2,663)**	N/A
The pre-tax discount rates decreased by 1%	**1,769**	N/A

For the years ended 31 December 2025, the management considered no reasonably possible change in the key assumptions mentioned above would cause the carrying amounts of the CGUs to exceed their recoverable amounts.

The management determined that there was no impairment of the CGUs as at 31 December 2025.

17. INVESTMENTS IN AN ASSOCIATE AND A JOINT VENTURE

	2025 RMB'000	2024 RMB'000
Share of net assets from an associate	1,844	1,827
Share of net assets from a joint venture	1,853	-
Total	3,697	1,827

Investment in an associate

	2025 RMB'000	2024 RMB'000
At the beginning of the year	1,827	1,901
Share of profits and losses	17	(74)
At the end of the year	1,844	1,827

Particulars of the associate as at the end of the current year are as follows:

Name	Place of incorporation	Registered share capital	Percentage of ownership interest attributable to the Company	Principal activities
Guangzhou Xingzhe Medical New Technology Co., Ltd* (廣州行者醫學新科技有限公司)	Chinese Mainland	RMB1,136,000	12	Research and development

* The English names of these companies represent the best effort made by the management of the Company to directly translate their Chinese names as they have not registered any official English names.

In April 2023, the Group acquired a 12% equity interest in Guangzhou Xingzhe Medical New Technology Co., Ltd ("Guangzhou Xingzhe"). As the Group can appoint one director of Guangzhou Xingzhe under the articles of association, the Group has the power to participate in the financial and operating policy decisions of Guangzhou Xingzhe and therefore can exercise significant influence over Guangzhou Xingzhe.

As at 31 December 2025 and 2024, the carrying amounts of Group's investment in an associate were RMB1,844,000 and RMB1,827,000, respectively, which are not considered material to the consolidated financial statements of the Group. The investments in an associate are accounted for using the equity method.

17. INVESTMENT IN AN ASSOCIATE AND A JOINT VENTURE (continued)

Investment in a joint venture

	2025 RMB'000
At the beginning of the year	–
Additions	2,040
Share of profits and losses	(187)
At the end of the year	1,853

Particulars of the joint venture as at the end of the current year are as follows:

Name	Place of incorporation	Registered share capital	Percentage of ownership interest attributable to the Company	Principal activity
Guangzhou CF Hekang Health Technology Co., Ltd* (廣州市長風合康健康科技有限公司) ("Guangzhou Hekang")	Chinese Mainland	RMB4,000,000	51	Promotion and operation services

* The English names of these companies represent the best effort made by the management of the Company to directly translate their Chinese names as they have not registered any official English names.

In July 2025, the Group established a joint venture, Guangzhou Hekang, with an independent third party. The Group owns 51% equity interest in Guangzhou Hekang. According to the articles of association, the board of Guangzhou Hekang consists of four directors, the Group can appoint 2 out of 4, whereas the joint venture partner of can appoint for the remaining 2 directors. Resolutions of the board of directors shall not be passed unless they are unanimous approved by all four directors. Therefore, the Group has joint control over Guangzhou Hekang.

As at 31 December 2025, the carrying amount of Group's investment in a joint venture was RMB1,853,000, which are not considered material to the consolidated financial statements of the Group. The investment in a joint venture is accounted for using the equity method.

18. OTHER NON-CURRENT ASSETS

	2025 RMB'000	2024 RMB'000
Prepayments for long-term assets	**41,507**	15,806
Personal loans	**24**	55
Total	**41,531**	15,861

19. INVENTORIES

	2025 RMB'000	2024 RMB'000
Raw materials	**22,168**	23,888
Work in progress	**6,167**	13,645
Finished goods	**8,361**	9,647
Total	**36,696**	47,180

20. TRADE AND BILLS RECEIVABLES

	2025 RMB'000	2024 RMB'000
Trade receivables	**135,375**	28,567
Impairment	**(6,770)**	(1,437)
Subtotal	**128,605**	27,130
Bills receivable	**30,761**	–
Trade and bills receivables, net	**159,366**	27,130

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

	2025 RMB'000	2024 RMB'000
Within 1 year	**159,366**	27,130

20. TRADE AND BILLS RECEIVABLES (continued)

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

	2025 RMB'000	2024 RMB'000
At beginning of year	1,437	151
Impairment losses, net	5,333	1,286
At end of year	6,770	1,437

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

	2025	2024
Within 1 Year		
Expected credit loss rate	5.00%	5.00%
Gross carrying amount (RMB'000)	135,375	28,567
Expected credit losses (RMB'000)	(6,770)	(1,437)

21. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Note	2025 RMB'000	2024 RMB'000
Prepayments		23,462	22,164
Deposits and other receivables	(a)	2,985	4,102
Value-Added Tax ("VAT") recoverable		5,569	3,382
Others		1,218	5,139
Total		33,234	34,787

Note:

(a) Deposits and other receivables are unsecured, non-interest-bearing and repayable on demand.

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2025 RMB'000	2024 RMB'000
Financial assets at fair value through profit or loss	**238,337**	266,063

The financial assets at fair value through profit or loss above were structured deposits and wealth management products. They were classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest and they were held for trading.

23. CASH AND BANK BALANCES AND RESTRICTED CASH

	2025 RMB'000	2024 RMB'000
Cash and cash equivalents	**414,897**	81,937
Restricted cash and current portion:		
Restricted for bills payable	**3,491**	5,118
Restricted for others	**4,135**	1
Sub-total	**7,626**	5,119
Total	**422,523**	87,056
Denominated in:		
RMB	**86,911**	82,299
HKD	**10,204**	45
EUR	**–**	395
USD	**325,408**	4,317
Total	**422,523**	87,056

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

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks and securities with no recent history of default.

24. TRADE AND BILLS PAYABLES

The trade payables are non-interest-bearing and are normally settled within two months.

	2025 RMB'000	2024 RMB'000
Trade payables	**17,886**	15,469
Bills payable	**3,491**	5,118
Total	**21,377**	20,587

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

	2025 RMB'000	2024 RMB'000
Within 1 year	**21,190**	19,576
Over 1 year	**187**	1,011
Total	**21,377**	20,587

25. OTHER PAYABLES AND ACCRUALS

	Note	2025 RMB'000	2024 RMB'000
Contract liabilities	(a)	**10,818**	6,459
Payroll and welfare payable		**27,573**	31,819
Other tax payable		**6,449**	4,120
Payable for purchase of property, plant and equipment		**42,046**	50,711
Service fee payable		**14,651**	85,130
Others		**24,966**	25,883
Total		**126,503**	204,122

Other payables and accruals were trade in nature, non-interest-bearing and repayable on demand.

25. OTHER PAYABLES AND ACCRUALS (continued)

Note:

(a) Details of contract liabilities are as follows:

	31 December 2025 RMB'000	31 December 2024 RMB'000	1 January 2024 RMB'000
Short-term advances received from customers			
Sale of products	**9,820**	6,427	34,483
Technical service	**998**	32	871
Total	**10,818**	6,459	35,354

Contract liabilities include short-term advances received to deliver products and render technical services. The decrease in contract liabilities in 2024 and the increase in 2025 was mainly due to the fluctuation in short-term advances received from customers in relation to the sales of products at the end of the year.

26. INTEREST-BEARING BORROWINGS

	As at 31 December 2025		
	Effective interest rate (%)	Maturity	RMB'000
Current			
Bank loans – unsecured	**2.20%-2.95%**	**2026**	**10,007**
Current portion of long term bank loans - unsecured	**2.31%-2.85%**	**2026**	**34,510**
Subtotal			**44,517**
Non-current			
Bank loans – unsecured	**2.31%-2.85%**	**2027-2030**	**97,791**
Total			**142,308**
Analysed into:			
Within one year or on demand			**44,517**
In the second year			**58,506**
In the third to fifth years, inclusive			**39,285**
Total			**142,308**

26. INTEREST-BEARING BORROWINGS (continued)

	As at 31 December 2024		
	Effective interest rate (%)	Maturity	RMB'000
Current			
Bank loans – unsecured	2.8%-2.95%	2025	15,013
Current portion of long term bank loans - unsecured	2.45%-2.85%	2025	3,453
Subtotal			18,466
Non-current			
Bank loans – unsecured	2.45%-2.85%	2026-2027	55,350
Total			73,816

Analysed into:	
Within one year or on demand	18,466
In the second year	19,800
In the third to fifth years, inclusive	35,550
Total	73,816

Note:

Bank loans of RMB30,000,000 (2024: RMB20,000,000) are subject to covenants including gearing ratios, contingent liabilities ratio, and net operating cash flow requirements based on a rolling three-year period, which are tested annually on 31 December. The Group was in compliance with these covenants as at 31 December 2025 and 2024.

27. DEFERRED TAX

Deferred tax assets have not been recognised in respect of the following items:

	2025	2024
	RMB'000	RMB'000
Tax losses	**247,537**	225,107
Deductible temporary differences	**5,129**	5,082
Total	**252,666**	230,189

The Group had tax losses of RMB247,537,000 as at 31 December 2025 (2024: RMB225,107,000), mainly arising from subsidiaries in the United States. The tax losses of the subsidiaries in the United States will not expire for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these losses as it is not considered probable that sufficient taxable profits will be available against which the tax losses can be utilised.

27. DEFERRED TAX (continued)

The movements in deferred tax assets and liabilities during the year are as follows:

Deferred tax assets

	Provision and accruals RMB'000	Government grants RMB'000	Lease liabilities RMB'000	Share-based payments RMB'000	Changes in fair value of financial assets RMB'000	Losses available for offsetting against future taxable profits RMB'000	Total RMB'000
As at 1 January 2024	2,670	5,169	295	7,303	–	77,990	93,427
Deferred tax credited/(charged) to profit or loss during the year	1,526	(528)	219	1,393	–	(423)	2,187
As at 31 December 2024 and 1 January 2025	4,196	4,641	514	8,696	–	77,567	95,614
Deferred tax credited to profit or loss during the year	229	(217)	(182)	1,331	9	14,304	15,474
As at 31 December 2025	4,425	4,424	332	10,027	9	91,871	111,088

Deferred tax liabilities

	Right-of-use assets RMB'000	Changes in fair value of financial assets RMB'000	Total RMB'000
As at 1 January 2024	332	127	459
Deferred tax charged to profit or loss during the year	250	32	282
As at 31 December 2024 and 1 January 2025	582	159	741
Deferred tax credited to profit or loss during the year	(259)	(159)	(418)
As at 31 December 2025	323	–	323

27. DEFERRED TAX (continued)

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	2025 RMB'000	2024 RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	**110,765**	94,873
Net deferred tax liabilities recognised in the consolidated statement of financial position	**–**	–

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Chinese Mainland. The requirement is effective from 1 January 2008 and applies to earnings after 31 August 2007. A lower withholding tax rate may be applied if there is a tax treaty between Chinese Mainland and the jurisdiction of the foreign investors. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Chinese Mainland in respect of earnings generated from 1 January 2008.

As at the end of each of the reporting periods, no deferred tax has been recognised for withholding taxes as the Group's subsidiaries incorporated in Chinese Mainland have no such earnings to distribute to their foreign investors from 1 January 2008.

28. DEFERRED INCOME

	2025 RMB'000	2024 RMB'000
Government grants	**12,493**	15,938

The Group's deferred income mainly represented government grants related to an asset, and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments and released to profit or loss by way of a reduced depreciation charge.

29. OTHER NON-CURRENT LIABILITIES

	2025 RMB'000	2024 RMB'000
Government grants	**2,000**	–

The Group's other non-current liabilities mainly represented government grants related to long-term assets in production and research with attached conditions and government acceptance requirements. The other non-current liabilities were mainly transferred to deferred income upon the compliance of the Group with the conditions attached to the grants and the government acknowledgement of acceptance.

30. SHARE CAPITAL

A summary of movements in the Company's issued share capital during the reporting period is as follows:

	2025 RMB'000	2024 RMB'000
Issued and fully paid:		
Ordinary shares with par value of RMB1.00 each	**411,978**	370,780
Total	**411,978**	370,780

	Note	Number of shares in issue	
		Ordinary shares '000	Share capital RMB'000
At 1 January 2024, 31 December 2024 and 1 January 2025		370,780	370,780
Issue of shares from initial public offering	(a)	41,198	41,198
At 31 December 2025		**411,978**	**411,978**

(a) On 8 October 2025, the Company successfully completed the IPO on The Stock Exchange of Hong Kong Limited. The Company issued 41,198,000 H shares at the offering price of HK$14.75 per share.

Treasury shares

	Note	Number of shares '000	Amounts RMB'000
At 1 January 2024, 31 December 2024 and 1 January 2025		–	–
Shares repurchased	(b)	67	2,086
At 31 December 2025		**67**	**2,086**

(b) During the year ended 31 December 2025, the Company repurchased 67,000 of its own shares from the market, out of which, none had been cancelled as at 31 December 2025. The shares were repurchased at prices ranging from HKD33.34 to HKD36.00 per share (before expenses), with an average price of HKD34.23 per share (before expenses).

31. RESERVES

The amounts of the Group's reserves and the movements therein are presented in the consolidated statement of changes in equity.

(a) Capital reserve

The capital reserve represents the difference between the par value of the shares issued and the consideration received.

(b) Share-based payment reserve

The share-based payment reserve comprises the fair value of restricted share units granted, as further explained in the accounting policy for share-based payments in note 2 to the consolidated financial statements.

(c) Exchange fluctuation reserve

The exchange fluctuation reserve is used to record exchange differences arising from the translation of the financial statements of entities of which the functional currency is not RMB.

32. SHARE-BASED PAYMENTS

The Company established five employee incentive platforms and adopted share award schemes (the "Schemes") for the purpose of providing incentives and rewards to eligible employees who contribute to the success of the Group's operations. The Group granted the shares of the Company under the Schemes through Suzhou Minmei Investment Management Enterprise (Limited Partnership) ("Suzhou Minmei"), Suzhou Wolun Enterprise Management Center (Limited Partnership) ("Suzhou Wolun"), Suzhou Yuanchen Enterprise Management Center (Limited Partnership) ("Suzhou Yuanchen"), Suzhou Yuansheng Enterprise Management Partnership (Limited Partnership) ("Suzhou Yuansheng") and Suzhou Dachen Enterprise Management Partnership (Limited Partnership) ("Suzhou Dachen") which were set up in the PRC in April 2017, September 2020, September 2020, May 2023 and May 2023, respectively.

In 2022, the Company transferred the shares held by the resigned employees of the year to other employees designated by the Company, and recognised the share-based payments amounting to RMB9,924,000 based on the stock price of the Company evaluated by the valuer on 31 December 2022 after deducting the cash payment received from the selected employees.

32. SHARE-BASED PAYMENTS (continued)

The Group implemented a new round of equity incentive plan on 25 May 2023, and the granted amount and vesting period are determined according to the employees' positions and special contributions. In the first half of 2023, the Group transferred the shares held by the resigned employees of the period to other employees designated by the Company, and recognised the share-based payment after deducting the cash payment received from the selected employees based on the share price of the Company assessed by the valuer on 31 December 2022. In the second half of 2023, the Group transferred the shares held by the resigned employees of the period to other employees designated by the Company, and recognised the share-based payment after deducting the cash payment received from the selected employees based on the share price of the Company assessed by the valuer on 31 December 2023.

In the first half of 2024, the Group transferred the shares held by the resigned employees of the period to other employees designated by the Company, and recognised the share-based payment after deducting the cash payment received from the selected employees based on the share price of the Company assessed by the valuer on 31 December 2023. In the second half of 2024, the Group transferred the shares held by the resigned employees of the period to other employees designated by the Company, and recognised the share-based payment after deducting the cash payment received from the selected employees based on the share price of the Company assessed by the valuer on 31 December 2024.

Restricted share units ("RSUs") granted to directors and employees

	Weighted average fair value RMB per share	Number of RSUs '000
At 1 January 2024		3,023
Granted	35	104
Vested	26	(312)
Forfeited	27	(401)
At 31 December 2024		2,414
At 1 January 2025		**2,414**
Vested	**24**	**(747)**
Forfeited	**33**	**(194)**
At 31 December 2025		**1,473**

32. SHARE-BASED PAYMENTS (continued)

Restricted share units ("RSUs") granted to directors and employees (continued)

Movements of the number of restricted share units granted to directors and certain employees outstanding during the year are as follows:

For the year ended 31 December 2025

Name or category of grantee	Year of grant	Fair value as of date of grant (RMB/share)	Balance as at 1 January, 2025	Granted during the year	Vested during the year	Balance as at 31 December, 2025	Vesting period
Executive directors							
Dr. LI Qi	2020	22	7,303	–	(7,303)	–	August 2020 to August 2025
	2020	22	7,377	–	–	7,377	August 2020 to August 2026
Subtotal			14,680	–	(7,303)	7,377	

Name or category of grantee	Year of grant	Fair value as of date of grant (RMB/share)	Balance as at 1 January, 2025	Granted during the year	Vested during the year	Balance as at 31 December, 2025	Vesting period
Executive directors							
Ms. ZHU Yuyu	2020	22	7,303	–	(7,303)	–	August 2020 to August 2025
	2020	22	7,377	–	–	7,377	August 2020 to August 2026
	2020	22	70,000	–	(70,000)	–	August 2020 to October 2025
	2022	32	3,332	–	(3,332)	–	May 2022 to August 2025
Subtotal			88,012	–	(80,635)	7,377	

32. SHARE-BASED PAYMENTS (continued)

Restricted share units ("RSUs") granted to directors and employees (continued)

For the year ended 31 December 2025 (continued)

Name or category of grantee	Year of grant	Fair value as of date of grant (RMB/ share)	Balance as at 1 January, 2025	Granted during the year	Vested during the year	Balance as at 31 December, 2025	Vesting period
Employees (five highest paid individuals)							
An individual	2021	31	3,320	–	(3,320)	–	November 2021 to November 2025
	2021	31	5,533	–	–	5,533	November 2021 to November 2026
	2021	31	7,746	–	–	7,746	November 2021 to November 2027
	2021	31	9,959	–	–	9,959	November 2021 to November 2028
	2023	35	30,000	–	(30,000)	–	May 2023 to October 2025
Subtotal			56,558	–	(33,320)	23,238	

Name or category of grantee	Year of grant	Fair value as of date of grant (RMB/ share)	Balance as at 1 January, 2025	Granted during the year	Vested during the year	Balance as at 31 December, 2025	Vesting period
Employees (five highest paid individuals)							
An individual	2020	22	4,611	–	–	4,611	August 2020 to August 2026
	2023	35	7,377	–	–	7,377	May 2023 to April 2026
	2023	35	23,000	–	(23,000)	–	May 2023 to October 2025
Subtotal			34,988	–	(23,000)	11,988	

32. SHARE-BASED PAYMENTS (continued)

Restricted share units ("RSUs") granted to directors and employees (continued)

For the year ended 31 December 2024

Name or category of grantee	Year of grant	Fair value as of date of grant (RMB/ share)	Balance as at 1 January, 2024	Granted during the year	Vested during the year	Balance as at 31 December, 2024	Vesting period
Executive directors							
Dr. LIANG Bill Wenqing	2024	35	–	52,101	(52,101)	–	N/A
Executive directors							
Dr. LI LI BOVET	2024	35	–	52,101	(52,101)	–	N/A

Name or category of grantee	Year of grant	Fair value as of date of grant (RMB/ share)	Balance as at 1 January, 2024	Granted during the year	Vested during the year	Balance as at 31 December, 2024	Vesting period
Executive directors							
Dr. LI Qi	2020	22	5,680	–	(5,680)	–	August 2020 to August 2024
	2020	22	7,303	–	–	7,303	August 2020 to August 2025
	2020	22	7,377	–	–	7,377	August 2020 to August 2026
Subtotal			20,360	–	(5,680)	14,680	

Name or category of grantee	Year of grant	Fair value as of date of grant (RMB/ share)	Balance as at 1 January, 2024	Granted during the year	Vested during the year	Balance as at 31 December, 2024	Vesting period
Executive directors							
Ms. ZHU Yuyu	2020	22	5,680	–	(5,680)	–	August 2020 to August 2024
	2020	22	7,303	–	–	7,303	August 2020 to August 2025
	2020	22	7,377	–	–	7,377	August 2020 to August 2026
	2020	22	70,000	–	–	70,000	August 2020 to October 2025
	2022	32	3,332	–	–	3,332	May 2022 to August 2025
Subtotal			93,692	–	(5,680)	88,012	

32. SHARE-BASED PAYMENTS (continued)

Restricted share units ("RSUs") granted to directors and employees (continued)

For the year ended 31 December 2024 (continued)

Name or category of grantee	Year of grant	Fair value as of date of grant (RMB/share)	Balance as at 1 January, 2024	Granted during the year	Vested during the year	Balance as at 31 December, 2024	Vesting period
Employees (five highest paid individuals)							
An individual	2021	31	1,107	–	(1,107)	–	November 2021 to November 2024
	2021	31	3,320	–	–	3,320	November 2021 to November 2025
	2021	31	5,533	–	–	5,533	November 2021 to November 2026
	2021	31	7,746	–	–	7,746	November 2021 to November 2027
	2021	31	9,959	–	–	9,959	November 2021 to November 2028
	2023	35	30,000	–	–	30,000	May 2023 to October 2025
Subtotal			57,665	–	(1,107)	56,558	

Name or category of grantee	Year of grant	Fair value as of date of grant (RMB/share)	Balance as at 1 January, 2024	Granted during the year	Vested during the year	Forfeited during the year	Balance as at 31 December, 2024	Vesting period
Employees (five highest paid individuals)								
An individual	2018	24.03	104,023	-	-	(104,023)	-	July 2018 to October 2025
	2018	24.03	104,023	-	-	(104,023)	-	July 2018 to October 2026
	2020	21.69	5,680	-	-	(5,680)	-	August 2020 to August 2024
	2020	21.69	7,303	-	-	(7,303)	-	August 2020 to August 2025
	2020	21.69	7,377	-	-	(7,377)	-	August 2020 to August 2026
Subtotal			228,406	-	-	(228,406)	-	

32. SHARE-BASED PAYMENTS (continued)

Restricted share units ("RSUs") granted to directors and employees (continued)

The fair value of the restricted shares as at the grant date was determined using the discounted cash flow model. Major inputs used for the determination of the fair value of shares are listed as follows:

	At grant date
The annual revenue growth rates	8.7-65.7%
The pre-tax discount rates	15.6%

During the year, the share-based payment costs charged to the consolidated statements of profit or loss were amounted to RMB8,490,000 (2024: RMB7,823,000), and the share-based payment costs capitalised in deferred development costs amounted to RMB352,000 (2024: RMB642,000).

33. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB841,000 (2024: RMB9,155,000), in respect of lease arrangements for plant and equipment.

(b) Changes in liabilities arising from financing activities

Year ended 31 December 2025

	Interest-bearing borrowings RMB'000	Lease liabilities RMB'000
At 1 January 2025	**73,816**	**5,281**
Changes from financing cash flows	**66,092**	**(3,011)**
New leases	**–**	**841**
Interest expense (note 7)	**2,400**	**140**
At 31 December 2025	**142,308**	**3,251**

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

(b) Changes in liabilities arising from financing activities (continued)

Year ended 31 December 2024

	Interest-bearing borrowings RMB'000	Lease liabilities RMB'000
At 1 January 2024	20,016	1,897
Changes from financing cash flows	52,233	(4,731)
New leases	–	9,155
Interest expense (note 7)	1,567	216
Termination of lease contracts	–	(1,256)
At 31 December 2024	73,816	5,281

(c) Total cash outflow for leases

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

	2025 RMB'000	2024 RMB'000
Within operating activities	**646**	2,601
Within financing activities	**3,011**	4,731
Total	**3,657**	7,332

34. COMMITMENTS

The Group had the following capital commitments at the each of the reporting period:

	2025 RMB'000	2024 RMB'000
Contracted, but not provided for:		
Property, plant and equipment	**59,589**	108,710

The Group had no lease contracts that have not yet commenced as at 31 December 2025.

35. RELATED PARTY TRANSACTIONS

Compensation of key management personnel of the Group

Compensation of key management personnel of the Group, which comprises the directors' and chief executive's remuneration as disclosed in note 9 to the consolidated financial statements, is as follows:

	2025 RMB'000	2024 RMB'000
Salaries, allowances and benefits in kind	**4,826**	5,854
Share-based payment expense	**601**	4,500
Pension scheme contributions	**226**	420
Total	**5,653**	10,774

36. FINANCIAL INSTRUMENTS BY CATEGORY

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

As at 31 December 2025

Financial assets

	Financial assets at amortised cost RMB'000	Financial assets at fair value through profit or loss RMB'000	Total RMB'000
Financial assets at fair value through profit or loss	**–**	**238,337**	**238,337**
Trade and bills receivables	**159,366**	**–**	**159,366**
Financial assets included in deposits and other receivables	**3,106**	**–**	**3,106**
Restricted cash and time deposits	**7,626**	**–**	**7,626**
Cash and cash equivalents	**414,897**	**–**	**414,897**
Total	**584,995**	**238,337**	**823,332**

36. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

As at 31 December 2025 (continued)

Financial liabilities

	Financial liabilities at amortised cost RMB'000
Trade and bills payables	**21,377**
Financial liabilities included in other payables and accruals	**65,424**
Interest-bearing borrowings	**142,308**
Lease liabilities	**3,251**
Total	**232,360**

As at 31 December 2024

Financial assets

	Financial assets at amortised cost RMB'000	Financial assets at fair value through profit or loss RMB'000	Total RMB'000
Financial assets at fair value through profit or loss	–	266,063	266,063
Trade and bills receivables	27,130	–	27,130
Financial assets included in deposits and other receivables	4,139	–	4,139
Restricted cash and time deposits	5,119	–	5,119
Cash and cash equivalents	81,937	–	81,937
Total	118,325	266,063	384,388

Financial liabilities

	Financial liabilities at amortised cost RMB'000
Trade and bills payables	20,587
Financial liabilities included in other payables and accruals	143,865
Interest-bearing borrowings	73,816
Lease liabilities	5,281
Total	243,549

37. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to their fair values, are as follows:

	Carrying amounts		Fair values	
	2025	2024	**2025**	2024
	RMB'000	RMB'000	**RMB'000**	RMB'000
Financial assets				
Financial assets at fair value through profit or loss	**238,337**	266,063	**238,337**	266,063

Management has assessed that the fair values of cash and cash equivalents, the current portion of restricted cash and time deposits, trade and bills receivables, trade and bill payables, financial assets included in deposits and other receivables, and financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short term maturities of these instruments. The fair values of interest-bearing borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the directors of the Company periodically for financial reporting.

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

The Group invests in structured deposits and wealth management products. The Group has measured the fair values of these structured deposits and wealth management products by using the net asset value reported by banks and funds.

37. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's financial instruments:

As at 31 December 2025:

	Fair value measurement categorised into			
	Quoted prices in active markets (Level 1) RMB'000	**Significant observable inputs (Level 2) RMB'000**	**Significant unobservable inputs (Level 3) RMB'000**	**Total RMB'000**
Financial investments at fair value through profit or loss	**–**	**238,337**		**238,337**

As at 31 December 2024:

	Fair value measurement categorised into			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Financial investments at fair value through profit or loss	–	266,063	–	266,063

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise financial assets at fair value through profit or loss, cash and cash equivalents and financial liabilities such as interest-bearing borrowings. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as other receivables and other payables, which arise directly from its operations.

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

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with a floating interest rate.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's loss before tax (through the impact on floating rate borrowings) and the Group's equity.

	Increase/ (decrease) in basis points	Increase/ (decrease) in loss before tax RMB'000	(Decrease)/ increase in equity RMB'000
Year ended 31 December 2024	100/(100)	449/(449)	(449)/449
Year ended 31 December 2025	**100/(100)**	**951/(951)**	**(951)/951**

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from purchases by operating units in currencies other than the units' functional currencies.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the USD and RMB exchange rates, HKD and RMB exchange rate, with all other variables held constant, of the Group's loss before tax (due to changes in the fair values of monetary assets and liabilities) and the Group's equity.

	Increase/ (decrease) in rate of foreign currency %	(Decrease)/ increase in loss before tax RMB'000	Increase/ (decrease) in equity RMB'000
Year ended 31 December 2024			
If RMB weakens against US$	5	(216)	216
If RMB strengthens against US$	(5)	216	(216)
Year ended 31 December 2025			
If RMB weakens against US$	**5**	**(16,270)**	**16,270**
If RMB strengthens against US$	**(5)**	**16,270**	**(16,270)**
If RMB weakens against HK	**5**	**(510)**	**510**
If RMB strengthens against HK	**(5)**	**510**	**(510)**

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk

The Group trades only with recognised and creditworthy third parties. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

Maximum exposure and year-end staging

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at the end of each of the reporting periods. The amounts presented are gross carrying amounts for financial assets.

31 December 2025

	12 months ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Financial assets included in other non-current assets	358	–	–	–	358
Trade and bills receivables	–	–	–	135,375	135,375
Financial assets included in deposits and other receivables	3,008	–	2,000	–	5,008
Restricted cash and time deposits	7,626	–	–	–	7,626
Cash and cash equivalents	414,897	–	–	–	414,897
Total	425,889	–	2,000	135,375	563,264

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

Maximum exposure and year-end staging (continued)

31 December 2024

	12 months ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Financial assets included in other non-current assets	488	–	–	–	488
Trade and bills receivables	–	–	–	28,567	28,567
Financial assets included in deposits and other receivables	3,145	–	3,000	–	6,145
Restricted cash and time deposits	5,119	–	–	–	5,119
Cash and cash equivalents	81,937	–	–	–	81,937
Total	90,689	–	3,000	28,567	122,256

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

Concentrations of credit risk are managed by customer/counterparty, by geographical region and by industry sector.

Liquidity risk

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

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

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

31 December 2025

	Within 1 year RMB'000	1 to 2 years RMB'000	2 to 5 years RMB'000	Total RMB'000
Trade and bills payables	**21,377**	**–**	**–**	**21,377**
Financial liabilities included in other payables and accruals	**65,424**	**–**	**–**	**65,424**
Interest-bearing borrowings	**44,517**	**60,587**	**42,303**	**147,407**
Lease liabilities	**1,590**	**984**	**990**	**3,564**
Total	**132,908**	**61,571**	**43,293**	**237,772**

31 December 2024

	Within 1 year RMB'000	1 to 2 years RMB'000	2 to 5 years RMB'000	Total RMB'000
Trade and bills payables	20,587	–	–	20,587
Financial liabilities included in other payables and accruals	143,865	–	–	143,865
Interest-bearing borrowings	18,466	20,717	37,916	77,099
Lease liabilities	2,472	1,398	1,621	5,491
Total	185,390	22,115	39,537	247,042

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital management

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

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

The Group monitors capital using a gearing ratio, which is total liabilities divided by total assets. The gearing ratio as at the end of each of the reporting periods is as follows:

	2025	2024
	RMB'000	RMB'000
Total assets	**1,776,263**	1,259,026
Total liabilities	**307,932**	319,744
Gearing ratio	**17.34%**	25.40%

39. EVENTS AFTER THE REPORTING PERIOD

The Group has evaluated the events subsequent to 31 December 2025 and noted there were no significant subsequent events.

40. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2025 RMB'000	2024 RMB'000
NON-CURRENT ASSETS		
Property, plant and equipment	**456,272**	437,563
Right-of-use assets	**18,346**	20,639
Other intangible assets	**124,346**	91,500
Investments in subsidiaries	**444,931**	432,760
Investments in an associate and a joint venture	**3,697**	1,827
Deferred tax assets	**85,211**	74,688
Other non-current assets	**41,525**	14,703
Total non-current assets	**1,174,328**	1,073,680
CURRENT ASSETS		
Inventories	**31,263**	42,586
Trade and bills receivables	**166,754**	33,763
Prepayments, deposits and other receivables	**143,589**	108,439
Financial assets at fair value through profit or loss	**238,337**	266,063
Restricted cash and time deposits	**3,492**	2,392
Cash and cash equivalents	**399,411**	71,327
Total current assets	**982,846**	524,570
CURRENT LIABILITIES		
Trade and bills payables	**19,977**	21,743
Other payables and accruals	**115,551**	187,679
Interest-bearing borrowings	**44,517**	18,466
Lease liabilities	**680**	1,563
Total current liabilities	**180,725**	229,451
NET CURRENT ASSETS	**802,121**	295,119
TOTAL ASSETS LESS CURRENT LIABILITIES	**1,976,449**	1,368,799
NON-CURRENT LIABILITIES		
Interest-bearing borrowings	**97,791**	55,350
Lease liabilities	**1,536**	1,865
Deferred income	**12,493**	15,938
Other non-current liabilities	**2,000**	–
Total non-current liabilities	**113,820**	73,153
NET ASSETS	**1,862,629**	1,295,646
EQUITY		
Share capital	**411,978**	370,780
Treasury shares	**(2,086)**	–
Reserves (note)	**1,452,737**	924,866
Total equity	**1,862,629**	1,295,646

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

Note:

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

	Capital reserve RMB'000	Share-based payment reserve RMB'000	Accumulated losses RMB'000	Total equity RMB'000
At 1 January 2024	1,034,807	330,846	(541,611)	824,042
Profit for the year	–	–	92,359	92,359
Share-based payments	–	8,465	–	8,465
At 31 December 2024 and 1 January 2025	**1,034,807**	**339,311**	**(449,252)**	**924,866**
Profit for the year	**–**	**–**	**40,524**	**40,524**
Share-based payments	**–**	**8,842**	**–**	**8,842**
Issue of shares	**513,593**	**–**	**–**	**513,593**
Share issue expenses	**(35,088)**	**–**	**–**	**(35,088)**
At 31 December 2025	**1,513,312**	**348,153**	**(408,728)**	**1,452,737**

41. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 30 March 2026.

FINANCIAL SUMMARY

	Year ended December 31			
	2022	2023	2024	**2025**
	RMB'000	RMB'000	RMB'000	**RMB'000**
Key Operating Results				
Revenue	349,127	556,421	607,752	**432,521**
Gross profit	267,455	457,508	491,372	**327,938**
(Loss)/profit before tax	(70,615)	22,443	19,184	**(13,407)**
(Loss)/profit for the year	(49,399)	31,726	21,088	**2,485**

	At December 31			
	2022	2023	2024	**2025**
	RMB'000	RMB'000	RMB'000	**RMB'000**
Key Financial Position				
Non-current assets	530,954	640,102	796,810	**886,107**
Current assets	484,264	495,043	462,216	**890,156**
Non-current liabilities	16,103	53,657	74,136	**113,971**
Current liabilities	137,189	171,465	245,608	**193,961**
Total equity	861,926	910,023	939,282	**1,468,331**

The summary of the consolidated results of the Group for the three years ended 31 December 2022, 2023 and 2024 and the consolidated assets, liabilities and equity of the Group as at 31 December 2022, 2023 and 2024 have been extracted from the Prospectus. Such summary is presented on the basis set out in the Prospectus. The financial information for the year ended 31 December 2021 was not disclosed as the consolidated financial statements for the Group have not been prepared for that year.