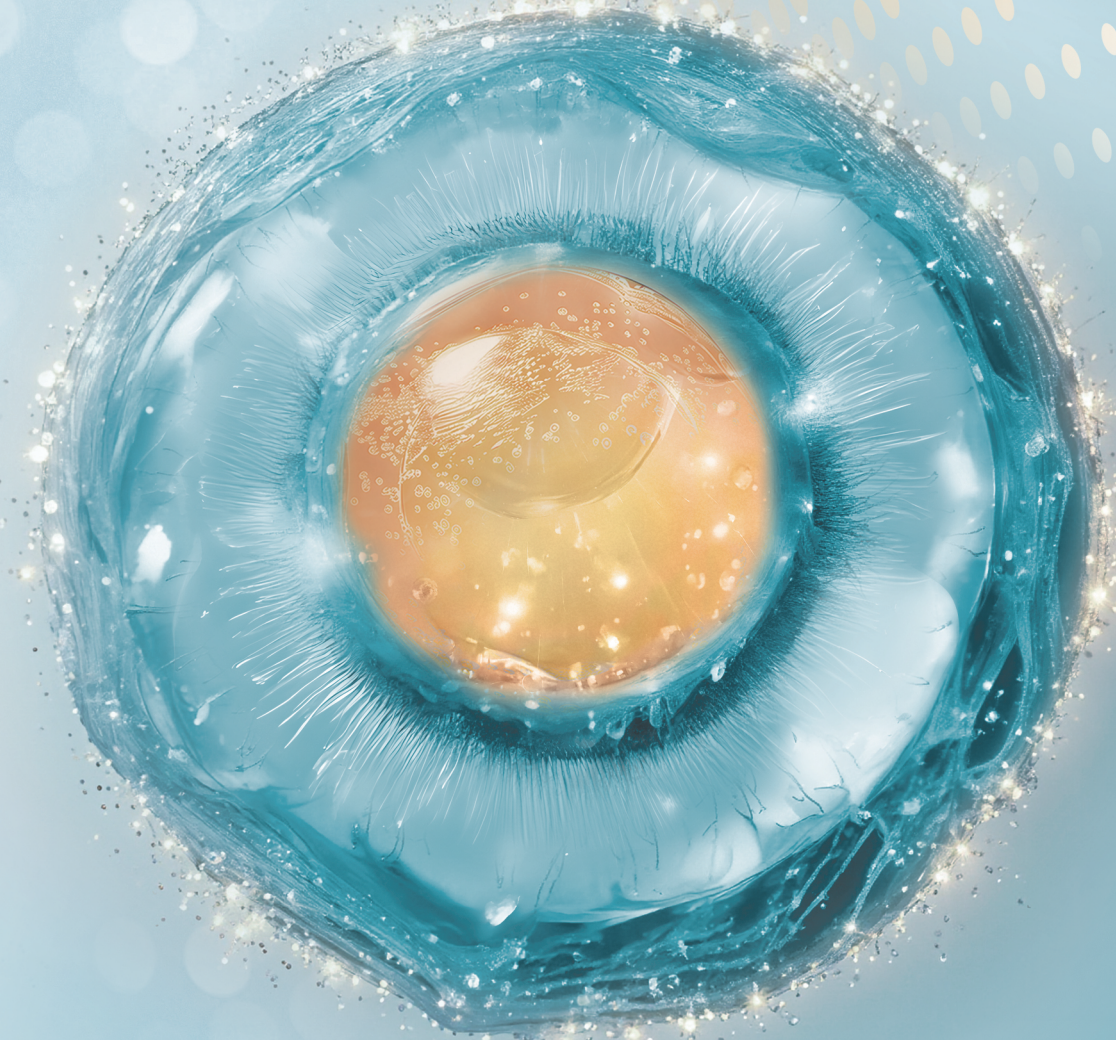




翰森製藥  
HANSOH PHARMA

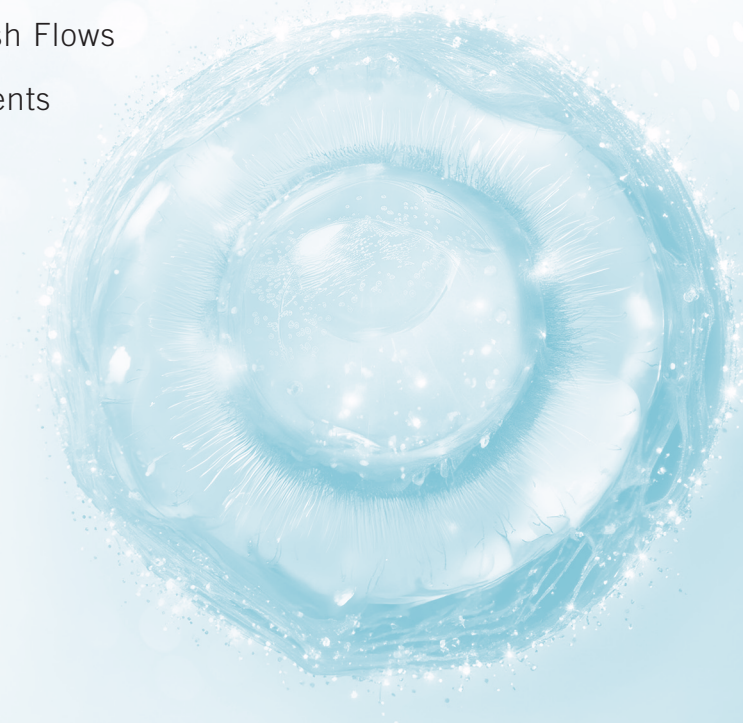
# ANNUAL REPORT 2025



翰森製藥集團有限公司 | Stock Code: 3692  
Hansoh Pharmaceutical Group Company Limited (Incorporated in the Cayman Islands with limited liability)

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# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors

Ms. Zhong Huijuan (鍾慧娟)  
(*Chairlady and Chief Executive Officer*)  
Ms. Sun Yuan (孫遠)  
Dr. Lyu Aifeng (呂愛鋒)

### Independent Non-executive Directors

Mr. Lin Guoqiang (林國強)  
Mr. Chan Charles Sheung Wai (陳尚偉)  
Ms. Yang Dongtao (楊東濤)  
Mr. Yan Jia (嚴嘉)<sup>1</sup>

### AUDIT COMMITTEE

Mr. Chan Charles Sheung Wai (陳尚偉) (*Chairman*)  
Mr. Lin Guoqiang (林國強)  
Ms. Yang Dongtao (楊東濤)  
Mr. Yan Jia (嚴嘉)<sup>1</sup>

### REMUNERATION COMMITTEE

Ms. Yang Dongtao (楊東濤) (*Chairlady*)  
Ms. Zhong Huijuan (鍾慧娟)  
Mr. Lin Guoqiang (林國強)

### STRATEGY AND DEVELOPMENT COMMITTEE

Ms. Zhong Huijuan (鍾慧娟) (*Chairlady*)  
Dr. Lyu Aifeng (呂愛鋒)  
Mr. Chan Charles Sheung Wai (陳尚偉)  
Ms. Yang Dongtao (楊東濤)

## ESG COMMITTEE

Dr. Lyu Aifeng (呂愛鋒) (*Chairman*)  
Mr. Chan Charles Sheung Wai (陳尚偉)  
Ms. Yang Dongtao (楊東濤)  
Mr. Yan Jia (嚴嘉)<sup>1</sup>

## NOMINATION COMMITTEE

Ms. Zhong Huijuan (鍾慧娟) (*Chairlady*)  
Mr. Lin Guoqiang (林國強)  
Mr. Chan Charles Sheung Wai (陳尚偉)

## JOINT COMPANY SECRETARIES

Ms. Zhong Shengli (鍾勝利)  
Ms. Tam Sze Wai Sara (譚思慧)<sup>2</sup>  
Ms. Wong Yuen Ki (黃浣琪)<sup>2, 3</sup>  
Mr. Lee Leong Yin (李亮賢)<sup>3</sup>

## AUTHORISED REPRESENTATIVES

Ms. Sun Yuan (孫遠)  
Ms. Tam Sze Wai Sara (譚思慧)<sup>2</sup>  
Ms. Wong Yuen Ki (黃浣琪)<sup>2, 3</sup>  
Mr. Lee Leong Yin (李亮賢)<sup>3</sup>

## LISTING INFORMATION

*Ordinary Shares*  
The Stock Exchange of Hong Kong Limited  
Stock Code: 3692

<sup>1</sup> Mr. Yan Jia was appointed as an independent non-executive Director, a member of the Audit Committee and a member of the ESG Committee with effect from December 26, 2025.

<sup>2</sup> Ms. Tam Sze Wai Sara resigned as the joint company secretary, authorized representative and process agent of the Company with effect from January 24, 2025. Ms. Wong Yuen Ki was appointed as the joint company secretary, authorized representative and process agent of the Company with effect from January 24, 2025.

<sup>3</sup> Ms. Wong Yuen Ki resigned as the joint company secretary, authorized representative and process agent of the Company with effect from December 26, 2025. Mr. Lee Leong Yin was appointed as the joint company secretary, authorized representative and process agent of the Company with effect from December 26, 2025.

# Corporate Information

## REGISTERED OFFICE IN THE CAYMAN ISLANDS

P.O. Box 309, Ugland House  
Grand Cayman, KY1-1104  
Cayman Islands

## PRINCIPAL PLACE OF BUSINESS AND HEAD OFFICE IN THE PRC

No. 287 Xiangke Road  
Pudong New Area  
Shanghai  
The PRC

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG<sup>4</sup>

Room 1928, 19/F, Lee Garden One  
33 Hysan Avenue  
Causeway Bay  
Hong Kong

## AUDITOR

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

## HONG KONG LEGAL ADVISOR

Cleary Gottlieb Steen & Hamilton (Hong Kong)  
37/F, Hysan Place  
500 Hennessy Road  
Causeway Bay  
Hong Kong

## CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Maples Fund Services (Cayman) Limited  
P.O. Box 1093, Boundary Hall  
Cricket Square  
Grand Cayman, KY1-1102  
Cayman Islands

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

## PRINCIPAL BANK

Lianyungang Branch of the Bank of Communications  
No. 45 Huanghe Road  
Economic & Technical Development Zone  
Lianyungang  
Jiangsu  
The PRC

## COMPANY'S WEBSITE

[www.hspharm.com](http://www.hspharm.com)

<sup>4</sup> Change of address took effect from January 10, 2025.

# Financial Highlights

## RESULTS

|                                   | <b>2025</b>        | 2024        | 2023        | 2022        | 2021        |
|-----------------------------------|--------------------|-------------|-------------|-------------|-------------|
|                                   | <b>RMB'000</b>     | RMB'000     | RMB'000     | RMB'000     | RMB'000     |
| <b>REVENUE</b>                    | <b>15,028,324</b>  | 12,260,814  | 10,103,806  | 9,382,410   | 9,935,141   |
| Cost of sales                     | <b>(1,497,867)</b> | (1,105,408) | (1,030,863) | (867,010)   | (870,042)   |
| <b>Gross profit</b>               | <b>13,530,457</b>  | 11,155,406  | 9,072,943   | 8,515,400   | 9,065,099   |
| Other income                      | <b>1,208,919</b>   | 1,133,336   | 1,125,424   | 448,687     | 393,188     |
| Selling and distribution expenses | <b>(4,063,790)</b> | (3,795,848) | (3,531,163) | (3,550,230) | (3,427,818) |
| Administrative expenses           | <b>(671,716)</b>   | (712,546)   | (709,844)   | (597,460)   | (943,423)   |
| Research and development costs    | <b>(3,357,981)</b> | (2,701,650) | (2,097,046) | (1,693,314) | (1,797,012) |
| Other (expenses)/gains, net       | <b>(92,146)</b>    | 13,173      | (27,480)    | (116,513)   | 62,866      |
| Finance cost                      | <b>(3,162)</b>     | (6,689)     | (66,679)    | (58,142)    | (52,818)    |
| <b>PROFIT BEFORE TAX</b>          | <b>6,550,581</b>   | 5,085,182   | 3,766,155   | 2,948,428   | 3,300,082   |
| Income tax expense                | <b>(995,120)</b>   | (713,357)   | (488,652)   | (364,681)   | (587,180)   |
| <b>PROFIT FOR THE YEAR</b>        | <b>5,555,461</b>   | 4,371,825   | 3,277,503   | 2,583,747   | 2,712,902   |

## ASSETS AND LIABILITIES

|                          | <b>2025</b>       | 2024       | 2023       | 2022       | 2021       |
|--------------------------|-------------------|------------|------------|------------|------------|
|                          | <b>RMB'000</b>    | RMB'000    | RMB'000    | RMB'000    | RMB'000    |
| <b>Total assets</b>      | <b>39,900,351</b> | 31,657,849 | 33,039,079 | 30,001,879 | 27,160,171 |
| <b>Total liabilities</b> | <b>4,535,900</b>  | 2,977,935  | 7,244,306  | 7,354,935  | 7,131,326  |
| <b>Total equity</b>      | <b>35,364,451</b> | 28,679,914 | 25,794,773 | 22,646,944 | 20,028,845 |

# Corporate Overview

The Company is a leading innovation-driven pharmaceutical enterprise in China. With the mission of “continuous innovation for better life”, the Company focuses on major disease therapeutic areas such as oncology, anti-infectives, CNS, metabolism and immunology. The Company has launched seven innovative medicines that generate product sales in China, forming a rich product pipeline. For the year ended December 31, 2025, the revenue of innovative medicines and collaborative products amounted to approximately RMB12,354 million and accounted for approximately 82.2% of the revenue, becoming a core driver for sustainable growth of the Group’s performance.

The major achievements during the Reporting Period were as follows:

In January 2025, Risvutatug Rezetecan (Company code HS-20093/collaborator code GSK5764227), the Group’s self-developed B7-H3-targeted ADC, received the FDA BTB, and was evaluated for the treatment of adult patients with relapsed or refractory osteosarcoma (bone cancer) who have progressed on at least two prior lines of therapy.

In February 2025, the NMPA listed HS-20093 for injection as a Breakthrough-Therapy-Designated Drug, with the proposed indication for the treatment of patients with osteosarcoma who have progressed on at least two prior lines of therapy.

In February 2025, based on the positive results from the global pivotal phase III MITIGATE trial on XINYUE (昕越®) (Inebilizumab Injection), the treatment of IgG4-RD of the product has been included in the Priority Review and Approval Procedure by the NMPA. In March 2025, BLA of this indication was accepted by the NMPA. In August 2025, XINYUE was granted drug registration approval by the NMPA for the treatment of adult patients with IgG4-RD. This is the second indication of XINYUE which has been approved.

In February 2025, the Category 1 small molecule BTKi HS-10561 capsules, which is jointly developed by the Group and Lupeng Pharma, obtained a clinical trial approval issued by the NMPA, which is intended to be investigated in clinical trials for chronic spontaneous urticaria.

In March 2025, Ameile (阿美樂®) (Aumolertinib Mesylate Tablets), an innovative medicine of the Group, was granted drug registration approval for its third indication by the NMPA for the treatment of patients with locally advanced, unresectable NSCLC whose disease has not progressed following definitive platinum-based chemoradiotherapy whose tumors have EGFR exon 19 deletions or exon 21 (L858R) substitute mutations.

In April 2025, the Group’s ADC targeting EGFR/c-MET, HS-20122 for injection, obtained a clinical trial approval issued by the NMPA, which is intended to be investigated in clinical trials for advanced solid tumors, including NSCLC, head and neck squamous cell carcinoma, or colorectal cancer.

In April 2025, HS-20108 for injection, self-developed by the Group, obtained a clinical trial approval issued by the NMPA, which is intended to be investigated in clinical trials for advanced solid tumors such as SCLC and neuroendocrine tumors.

# Corporate Overview

In April 2025, HS-10529 tablets, a small molecule drug targeting KRAS G12D self-developed by the Group, obtained a clinical trial approval issued by the NMPA, which is intended to be investigated in clinical trials for advanced solid tumors (pancreatic cancer, colorectal cancer, NSCLC, etc.) with KRAS G12D mutations.

In April 2025, the NMPA listed HS-20093 as a Breakthrough-Therapy-Designated Drug, with the proposed indication for locally advanced or metastatic non-squamous NSCLC without driver mutations, progressed or recurred following platinum-based chemotherapy.

In May 2025, the NMPA listed HS-20089 for injection, the Group's self-developed B7-H4-targeted ADC, as a Breakthrough-Therapy-Designated Drug, with the proposed indication for platinum-resistant recurrent epithelial ovarian cancer, fallopian tube cancer or primary peritoneal cancer patients.

In May 2025, Ameile was granted drug registration approval for its fourth indication by the NMPA for the treatment of adult patients with stage II to IIIB NSCLC whose tumors have EGFR exon 19 deletions or exon 21 (L858R) substitute mutations, and who have undergone tumor resection with or without prior adjuvant chemotherapy as determined by their physician.

In May 2025, the Group's self-developed HS-20118 tablets obtained a clinical trial approval issued by the NMPA, which is intended to be investigated in clinical trials for moderate to severe plaque psoriasis.

In May 2025, the Group's self-developed HS-10542 capsules obtained a clinical trial approval issued by the NMPA, which is intended to be investigated in clinical trials for PNH and IgAN.

In May 2025, the Group's self-developed HS-10510 tablets obtained a clinical trial approval issued by the NMPA, which is intended to be investigated in clinical trials for primary hypercholesterolemia and mixed dyslipidemia.

In May 2025, the third BLA of XINYUE was accepted by the NMPA, which is for the treatment of gMG in adult patients.

In June 2025, the Group entered into a license agreement with Regeneron, pursuant to which the Group has granted Regeneron an exclusive worldwide license (excluding the Chinese Mainland, Hong Kong and Macau) to develop, manufacture and commercialize HS-20094, an investigational dual GLP-1/GIP receptor agonist.

In June 2025, Aumolertinib Mesylate Tablets (overseas trade name: Aumseqa®), the Group's innovative medicine, was approved by the MHRA, which as monotherapy is indicated for the first-line treatment of adult patients with locally advanced or metastatic NSCLC with activating EGFR mutations, and the treatment of adult patients with locally advanced or metastatic EGFR T790M mutation-positive NSCLC.

In October 2025, the Group entered into a license agreement with Roche, pursuant to which, the Group granted Roche an exclusive worldwide license (excluding the Chinese Mainland, Hong Kong, Macau and Taiwan) to develop, manufacture and commercialize HS-20110, an investigational CDH17-targeting ADC.

## Corporate Overview

In October 2025, the NDA of the Group's innovative medicine HS-10365 capsules, a potent and selective RET inhibitor, was accepted by the NMPA for the treatment of adult patients with RET fusion-positive locally advanced or metastatic NSCLC.

In December 2025, the third and the fourth indications of Ameile have been newly added to the 2025 NRDL. Additionally, all indications of the Group's innovative medicine, Pegmolesatide Injection (trade name: Saint Luolai 聖羅萊®) and Tenofovir Amibufenamide Tablets (trade name: Hengmu 恒沐®) have been renewed in the 2025 NRDL.

In December 2025, the Group entered into an exclusive license, collaboration and distribution agreement with Glenmark, pursuant to which, the Group has granted Glenmark an exclusive license to develop and commercialize Aumolertinib across its licensed territories: the Middle East and Africa, Southeast and South Asia, Australia, New Zealand, Russia/CIS and a few selected Caribbean countries covered by the license agreement.

In December 2025, the Group entered into a license agreement with Hengrui, pursuant to which, the Group was granted an exclusive license to develop, manufacture and commercialize HS-10568 (collaborator code SHR6508), an investigational calcium-sensing receptor (CaSR) allosteric modulator, in the PRC (excluding Hong Kong, Macau and Taiwan).

The Group has improved steadily in ESG aspects. As of the date of this report, the MSCI ESG rating of the Group was upgraded to the highest level of AAA, and the Group was again selected for inclusion in the *Sustainability Yearbook (Global Edition) 2026* and the *Sustainability Yearbook (China Edition) 2025* published by S&P, and ranked among the top 1% in the Chinese pharmaceutical industry, as well as received a B rating for climate change and a B rating for water safety in the 2025 corporate environmental information disclosure rating by Carbon Disclosure Project (CDP), a globally authoritative environmental information disclosure platform, maintaining a leading position among pharmaceutical enterprises in the PRC. It not only indicates the Company's past achievements in the ESG field, but also represents our long-term commitment and strategic plan for sustainable development.

The website of the Group: [www.hspharm.com/](http://www.hspharm.com/)

# Chairlady's Statement

2025 marks the 30th anniversary of Hansoh Pharma. Over three decades of relentless progress, we are more firmly convinced that innovation means being patient-centered, and development embodies the commitment for better life. Hansoh people stay focused on developing medicines that truly matter in clinical practice, with the aim of bringing meaningful improvements to patients and their families.

Over the past year, China's pharmaceutical industry has continued to evolve, driven by policy guidance, scientific progress and clinical demand. Seizing the opportunities of the era, we have stayed disciplined in our innovation-driven strategy. Our innovative medicines business maintained steady growth, with revenue of innovative medicines and collaborative products exceeding 80% of total revenue for the first time.

As our R&D capabilities continue to strengthen and our global layout advances steadily, we completed three new overseas licensing collaborations in 2025, further optimizing our revenue mix. Meanwhile, we remain focused on long-term growth, with a broader innovation pipeline and several key products progressing into late-stage development and critical registration phases. The successive launch of new products in the future will provide strong support for the Company's performance leap.

On sustainability, we continue to integrate ESG considerations into our operations, with a focus on product quality, fulfilling the social responsibilities of a pharmaceutical enterprise. We are also advancing green operations and industrial symbiosis to support the long-term development of the Company with high-standard governance.

"30 Years Renewed, Honor the Mission." Standing at a new starting point, I would like to extend my sincere gratitude to our shareholders, board members, management team, employees and partners for walking alongside us. Let us embark on a new journey together.

**Zhong Huijuan**

*Chairlady and Chief Executive Officer*

# Management Discussion and Analysis

## INDUSTRY REVIEW

In 2025, China's innovative medicine industry entered a new development stage of "equal emphasis on quality and efficiency". Its development pathway has gradually shifted from a previously R&D investment-driven model to a model driven by clinical value prioritization and commercialization efficiency. On the one hand, the efficiency of the review and approval process for domestic innovative medicines has continued to improve, the accessibility of innovative medicines has been continuously enhanced, and coupled with the multi-level medical payment system becoming increasingly mature, a solid foundation has been laid for high-quality industry development. On the other hand, industry competition has continued to intensify, with a rising concentration of projects in core therapeutic areas, which has imposed higher requirements on enterprises in terms of areas including differentiated clinical positioning, real-world evidence accumulation, commercialization implementation capabilities and cost control efficiency.

As the overall innovation capacity and industry influence of the China innovative biopharmaceutical sector have steadily improved, a number of innovative assets with differentiated potential have already demonstrated cross-border development value and industrial synergy advantages as early as the R&D stage, driving the industry into a new phase of accelerated global value realization. In 2025, the activity of China's innovative pharmaceutical companies in cross-border licensing and cooperation increased significantly, with license-out transactions witnessing explosive growth. The transaction amount accounted for approximately 50% of the total global pharmaceutical transaction amount, reflecting the growing global recognition of China's innovative capabilities within the international pharmaceutical value chain, as well as the further enhancement of the value and the increasing global pricing influence of China's innovative assets.

## BUSINESS HIGHLIGHTS

For the year ended December 31, 2025, the Group recorded revenue of approximately RMB15,028 million, representing an increase of approximately 22.6% compared with the corresponding period of the previous year; profit for the year of approximately RMB5,555 million, representing an increase of approximately 27.1% compared with the corresponding period of the previous year; basic earnings per share of approximately RMB0.93, representing an increase of approximately 26.4% compared with the corresponding period of the previous year; revenue of innovative medicines and collaborative products amounted to approximately RMB12,354 million, and its proportion of total revenue increased to approximately 82.2%.

We generate our revenue primarily from sales of pharmaceutical products. Our main products are concentrated in the main therapeutic areas on which the Group strategically focuses, including oncology, anti-infectives, CNS, metabolic and other diseases. The increase in revenue, profit for the year and basic earnings per share during the Reporting Period was primarily due to the increase in the revenue of innovative medicines and collaborative products.

# Management Discussion and Analysis

## BUSINESS HIGHLIGHTS *(Continued)*

For the year ended December 31, 2025, the revenue and product portfolio of our therapeutic areas are as follows:

| Therapeutic Area   | Product Portfolio   |
|--|---|
| Oncology (revenue amounted to approximately RMB9,974 million, accounting for approximately 66.4% of the total revenue)                     | Innovative medicine Ameile (Aumolertinib Mesylate Tablets), innovative medicine Hansoh Xinfu (Flumatinib Mesylate Tablets), Pulaile (Pemetrexed Disodium for Injection), Pulaitan (Enzalutamide Soft Capsules) and Xinwei (Imatinib Mesylate Tablets), etc. |
| Anti-infectives (revenue amounted to approximately RMB1,586 million, accounting for approximately 10.6% of the total revenue)              | Innovative medicine Hengmu (Tenofovir Amibufenamide Tablets) and Hengsen (Micafungin Sodium for Injection), etc.  |
| CNS (revenue amounted to approximately RMB1,310 million, accounting for approximately 8.7% of the total revenue)                           | Innovative medicine XINYUE (Inebilizumab Injection), Ameining (Agomelatine Tablets), Ailanning (Paliperidone Extended-Release Tablets) and Oulanning (Olanzapine Tablets/Orally Disintegrating Tablets/Oral Soluble Film), etc.                             |
| Metabolic and other diseases (revenue amounted to approximately RMB2,158 million, accounting for approximately 14.3% of the total revenue) | Innovative medicine Fulaimei (PEG-Loxenatide for Injection), innovative medicine Saint Luolai (Pegmolesatide Injection), Fulaidi (Repaglinide Tablets) and Punuoan (Ambrisentan Tablets), etc.  |

# Management Discussion and Analysis

## INNOVATIVE MEDICINE PRODUCTS

### Ameile (阿美樂®)

Ameile (Aumolertinib Mesylate Tablets) is the first original third-generation EGFR-TKI innovative medicine in China self-developed by the Group. In March 2020, it was approved for the treatment of patients with locally advanced or metastatic NSCLC with T790M mutation positive, who have progressed on or after EGFR-TKI therapy; in December 2021, it was approved as the first-line treatment for adult patients with locally advanced or metastatic NSCLC whose tumors have EGFR exon 19 deletions or exon 21 (L858R) substitute mutation positive.

Ameile is continuously expanding its indications. As of the date of this report, three new indications of Ameile have been approved by the NMPA, with details as follows:

In March 2025, the third indication of Ameile was approved for the treatment of patients with locally advanced, unresectable NSCLC whose disease has not progressed following definitive platinum-based chemoradiotherapy whose tumors have EGFR exon 19 deletions or exon 21 (L858R) substitute mutations.

In May 2025, the fourth indication of Ameile was approved for the treatment of adult patients with stage II to IIIB NSCLC whose tumors have EGFR exon 19 deletions or exon 21 (L858R) substitute mutations, and who have undergone tumor resection with or without prior adjuvant chemotherapy as determined by their physician.

In January 2026, the fifth indication of Ameile was approved, in combination with pemetrexed and platinum based chemotherapy to be used as the first-line treatment of adult patients with locally advanced or metastatic NSCLC whose tumors have EGFR exon 19 deletions or exon 21 (L858R) mutations.

Currently, the first to fourth indications of Ameile have been included in the NRDL, continuously enhancing patient accessibility.

Ameile continues to strengthen its evidence base. As of the date of this report, Ameile has been recommended as Class I or Preferred by eight national diagnosis and treatment guidelines, including the *CSCO Guidelines for the treatment of Non-small Cell Lung Cancer (2025 Edition)*\* 《中國臨床腫瘤學會非小細胞肺癌診療指南(2025版)》。During the Reporting Period, 33 academic achievements of Ameile were selected for authoritative conferences or top academic journals such as the AACR, the European Lung Cancer Congress (ELCC), the American Society of Clinical Oncology (ASCO) Annual Meeting, the World Conference on Lung Cancer (WCLC), the CSCO Annual Meeting and *The Lancet Oncology*.

In April 2025, two phase III pivotal clinical studies of Ameile were selected for oral presentations at the 2025 AACR Annual Meeting, namely the ARTS study (adjuvant treatment of NSCLC post-surgery) and the AENEAS2 study (in combination with chemotherapy as first-line therapy for advanced NSCLC). ARTS study data shows that for patients with stage II to IIIB NSCLC whose tumors have EGFR mutations and who have undergone complete tumor resection, following Ameile adjuvant therapy as appropriate, their DFS can be significantly improved with HR of 0.17. The investigator-assessed 2-year DFS rate was as high as 90.2%, and the safety profile was manageable on the whole. The AENEAS2 study data shows that for patients with locally advanced or metastatic NSCLC whose tumors have EGFR-sensitive mutations, progression-free survival (PFS) of the patients with Ameile in combination with chemotherapy as first line therapy has been significantly extended with HR of 0.47 as compared to monotherapy, suggesting that Ameile in combination with chemotherapy can reduce risks of disease progression or death by 53% as compared to monotherapy. Median progression-free survival (mPFS) has been extended to 28.9 months and objective response rate (ORR) was as high as 93.2%. No new safety risk has been identified.

# Management Discussion and Analysis

## INNOVATIVE MEDICINE PRODUCTS (Continued)

### Ameile (阿美樂®) (Continued)

As at the date of this report, Ameile has made additional global progress, including:

In June 2025, Ameile (overseas trade name: Aumseqa®) was approved in the UK by the MHRA as monotherapy, indicated for the first-line treatment of adult patients with locally advanced or metastatic NSCLC with activating EGFR mutations, and the treatment of adult patients with locally advanced or metastatic EGFR T790M mutation-positive NSCLC.

In December 2025, the Group entered into an exclusive license, collaboration and distribution agreement with Glenmark, pursuant to which, the Group has granted Glenmark an exclusive license to develop and commercialize Aumolertinib across its licensed territories: the Middle East and Africa, Southeast and South Asia, Australia, New Zealand, Russia/CIS and a few selected Caribbean countries covered by the license agreement. The Group will receive an upfront payment, followed by potential regulatory and commercial milestone payments possibly cumulating to over US\$1 billion, in addition to tiered royalties on net sales in the licensed territories.

In February 2026, Ameile (overseas trade name: Aumseqa®) was approved in the European Union as monotherapy for: (i) the first-line treatment of adult patients with advanced NSCLC whose tumors have EGFR exon 19 deletions or exon 21 (L858R) substitution mutations; and (ii) the treatment of adult patients with advanced EGFR T790M mutation-positive NSCLC. The approval by the European Commission (EC) follows the positive opinion of the Committee for Medicinal Products for Human Use (CHMP) of the EMA.

### Hansoh Xinfu (豪森昕福®)

Hansoh Xinfu (Flumatinib Mesylate Tablets) is the first original novel second-generation TKI for chronic myelogenous leukemia in China, which was approved in 2019. In 2020, Hansoh Xinfu was included in the NRDL for the first time and was successfully renewed in November 2024, and is currently within the term of the agreement. For the treatment of chronic myelogenous leukemia, based on results of existing clinical trials, compared with first-generation TKIs, Hansoh Xinfu achieved faster and deeper molecular remission (e.g. MMR, MR4.5), and compared to second-generation and other TKIs, it has comparable depth of remission and longer-lasting efficacy. Hansoh Xinfu also has favorable safety profile, with no specific adverse reactions (such as pleural effusion or cardiotoxicity) relating to the use of other second-generation BCR-ABL TKI treatments being found. Further, no adverse reactions (such as hypertension or elevated lipase) related to STAMP allosteric inhibitor treatment have been reported, and it has been adopted for long-term application by an increasing number of patients. Both the *Guidelines for the Diagnosis and Treatment of Chronic Myelogenous Leukemia (2022 Edition)*\* (《慢性髓性白血病診療指南(2022年版)》) issued by the National Health Commission of the PRC and the *Guidelines for Diagnosis and Treatment of Malignant Hematologic Diseases (2025)*\* (《惡性血液病診療指南(2025)》) issued by the CSCO recommended Hansoh Xinfu as the first-line treatment of chronic myelogenous leukemia. The *Guideline for the Diagnosis and Treatment of Chronic Myeloid Leukemia in China (2025 Edition)*\* (《慢性髓細胞性白血病中國診斷與治療指南(2025年版)》) recommended Flumatinib for first-line and subsequent line switching treatment of chronic myelogenous leukemia.

During the Reporting Period, four clinical studies of Hansoh Xinfu were presented at the 30th European Hematology Association (EHA) Annual Congress and the 67th American Society of Hematology (ASH) Annual Meeting.

# Management Discussion and Analysis

## INNOVATIVE MEDICINE PRODUCTS *(Continued)*

### XINYUE (昕越®)

XINYUE (Inebilizumab Injection) is a targeted CD19 B-cell depleting antibody and the world's first humanized CD19 monoclonal antibody approved for the treatment of adult patients with AQP4 antibody-positive NMOSD. On May 24, 2019, the Group entered into a license agreement with Viela Bio Inc. (which was acquired by Horizon Therapeutics plc in 2021, and the latter was acquired by Amgen in 2023) to obtain an exclusive license to develop and commercialize the product in Chinese Mainland, Hong Kong and Macau. On March 14, 2022, the product was approved by the NMPA in China and is indicated for the treatment of adult NMOSD patients who are AQP4 antibody positive. In January 2023, XINYUE was included in the NRDL for the first time and was successfully renewed in November 2024, and is currently within the term of the agreement.

In February 2025, based on the positive results of the global pivotal phase III MITIGATE trial on XINYUE, the new indication of the product for the treatment of IgG4-RD was included in the Priority Review and Approval Procedure by the NMPA. In March 2025, the BLA of this indication was accepted by the NMPA, which is also the second BLA of XINYUE. In August 2025, XINYUE was granted drug registration approval by the NMPA for the treatment of IgG4-RD in adult patients. This is the second indication of XINYUE which has been approved.

In April 2025, Amgen, a collaborator of the Company, announced that inebilizumab for the treatment of IgG4-RD in adult patients had been approved by the FDA, making it the first drug approved by the FDA for the treatment of IgG4-RD.

In May 2025, the third BLA for XINYUE was accepted by the NMPA for the treatment of adult patients with gMG. In March 2026, this indication was granted drug registration approval by the NMPA. This is the third indication of XINYUE which has been approved.

### Fulaimei (孚來美®)

Fulaimei (PEG-Loxenatide for Injection) is the first innovative medicine launched leveraging on the Group's proprietary PEGylation technology. It is the first original GLP-1RA weekly formulation in China and the world's first PEG GLP-1RA weekly formulation, which was approved in May 2019 for the treatment of type 2 diabetes mellitus. Fulaimei provides a new treatment option that is safe, effective and convenient for type 2 diabetic patients in China, with clear efficacy in lowering blood glucose, combined with weight loss, lowering of cholesterol and blood pressure, renal and cardiovascular benefits, as well as low incidence of gastrointestinal reactions and hypoglycemic adverse events, while requiring only one subcutaneous injection per week. In 2020, Fulaimei was included in the NRDL for the first time and was successfully renewed in November 2024, and is currently within the term of the agreement.

During the Reporting Period, multiple research findings related to Fulaimei were published in internationally renowned journals, including the results of a large-scale multicenter bidirectional cohort real-world study on cardiovascular safety published in *MedComm* (IF:10.7), the results of a real-world study on Fulaimei in combination with insulin therapy published in *Diabetes Therapy*, as well as multiple action mechanism studies on Fulaimei promoting wound healing, improving insulin resistance and lipid metabolism disorders. These results provide new strategies for the clinical treatment of patients with type 2 diabetes and related complications, and support broader clinical application prospects of Fulaimei.

# Management Discussion and Analysis

## INNOVATIVE MEDICINE PRODUCTS (Continued)

### Fulaimei (孚來美®) (Continued)

Fulaimei has been included in the *Guidelines for the Prevention and Treatment of Diabetes Mellitus in China (2024 Edition)*\* (《中國糖尿病防治指南(2024版)》) released by the Chinese Diabetes Society (CDS). It was also included in the *Chinese Expert Consensus on the Comprehensive Management of Patients with Cardiovascular-Kidney-Metabolic Syndrome*\* (《心血管-腎臟-代謝綜合徵患者的綜合管理中國專家共識》) in March 2025, recommended by the *Expert Consensus on Combination Treatment with a Glucagon-like Peptide-1 Receptor Agonist and Insulin for Treatment of Type 2 Diabetes (2025 Edition)*\* (《胰高糖素樣肽1受體激動劑聯合胰島素治療2型糖尿病專家共識(2025版)》) in April 2025 and included in the *National Guidelines for the Prevention and Control of Diabetes in Primary Care (2025 Edition)*\* (《國家基層糖尿病防治管理指南(2025)》) in December 2025.

### Hengmu (恒沐®)

Hengmu (Tenofovir Amibufenamide Tablets) is a novel nucleotide reverse transcriptase inhibitor (NRTI) self-developed by the Group, which is the first wholly developed oral dose medicine indicated for the treatment of hepatitis B virus infection in China. Hengmu was approved by the NMPA in June 2021 for the treatment of adult patients with chronic hepatitis B. In the same year, Hengmu was included in the NRDL for the first time and was successfully renewed for inclusion in the 2025 NRDL in December 2025.

The 48-week, 96-week and 144-week results of the phase III registration clinical study and the research data of the phase IV study with a follow-up period of up to 5 years (240 weeks) of Hengmu have been published in several academic journals and international conferences. The results of the studies strongly confirmed the efficacy and safety of Hengmu in the long-term treatment of patients with chronic hepatitis B. Specifically, in terms of bone and renal safety, Hengmu has more advantages over tenofovir disoproxil fumarate (TDF).

As of the date of this report, findings on multiple clinical studies of Hengmu were presented at top international academic conferences in the field of hepatology, including the American Association for the Study of Liver Diseases (AASLD) Annual Meeting, the European Association for the Study of the Liver (EASL) Annual Meeting and the Asian Pacific Association for the Study of the Liver (APASL) Annual Meeting, and were published in domestic and international journals such as *Alimentary Pharmacology & Therapeutics*, *Frontiers In Pharmacology*, *World Journal of Gastroenterology*, *Journal of Clinical and Translational Hepatology* and *Chinese Journal of Hepatology*.

To date, Hengmu has been recommended by 16 authoritative domestic guidelines and consensuses, including the *Guidelines for the Prevention and Treatment of Chronic Hepatitis B (2022 Edition)*\* (《慢性乙型肝炎防治指南(2022年版)》), the *Guidelines for the Diagnosis and Treatment of Liver Failure (2024 Edition)*\* (《肝衰竭診治指南(2024年版)》), the *Diagnosis and Treatment Guidelines for Primary Liver Cancer (2024 Edition)*\* (《原發性肝癌診療指南(2024年版)》), and the *Guidelines for the Prevention and Treatment of Hepatitis B Virus Reactivation in High-Risk Groups in China (2026 Edition)*\* (《中國高危險人群乙型肝炎病毒再激活防治指南(2026年版)》), providing better treatment option for the long-term management of chronic hepatitis B (CHB).

# Management Discussion and Analysis

## INNOVATIVE MEDICINE PRODUCTS (Continued)

### Saint Luolai (聖羅萊®)

Saint Luolai (Pegmolesatide Injection), is the “only class 1 small molecule peptide chemical drug approved worldwide in the field of renal anaemia treatment” self-developed by the Group. In June 2023, Saint Luolai was approved for two indications to treat anemia in CKD adult patients who have not received ESA and are not on dialysis, as well as those who are receiving short-acting erythropoietin treatment and on dialysis. In 2023, Saint Luolai was included in the NRDL for the first time and was successfully renewed for inclusion in the 2025 NRDL in December 2025.

Saint Luolai has high affinity and selectivity to EPO receptor. It effectively promotes erythropoiesis and assists in reducing potential safety risks. The data of the phase III pivotal registrational clinical trial of Saint Luolai (published in *eClinicalMedicine*, a subset of *The Lancet* in 2023) demonstrated that, subcutaneous injection of Saint Luolai once a month is as effective and safe as fast-acting recombinant human erythropoietin (rHuEPO) conventionally administered 1 to 3 times a week in treating anemia in Chinese dialysis patients. It even shows a trend of superiority and a lower incidence of adverse cardiovascular events. Latest post-hoc analyses have demonstrated that the risk of adverse cardiovascular events in the Saint Luolai group was lower than that in the rHuEPO group in both dialysis and non-dialysis patients. A mechanistic study further suggested that the favorable cardiovascular safety profile of Saint Luolai may be attributable to its high selectivity for the EPO receptor. Post-hoc analyses also revealed that, among non-dialysis patients, the Saint Luolai group exhibited higher iron utilization rates and lower iron supplementation requirements compared with the rHuEPO group. Recent studies also found that Saint Luolai’s prolonged anti-anemia effect not only results from higher pharmacokinetic half-life due to PEGylation, but is also related to mechanisms such as Pegmolesatide’s enhanced EPO receptor binding stability.

As of the date of this report, multiple research findings of Saint Luolai have been published in top-tier journals or medical conferences, including *Journal of Translational Medicine*, *Kidney International Reports*, *Kidney Medicine* and *International Immunopharmacology* as well as the American Society of Nephrology (ASN) Annual Meeting and the World Congress of Nephrology (WCN) of the International Society of Nephrology (ISN).

Currently, Saint Luolai has been recommended by a number of guidelines and consensuses, including the *Chinese Expert Consensus on Long-acting Erythropoiesis-stimulating Agents in the Treatment of Renal Anemia (2024 Edition)*\* (《長效紅細胞生成刺激劑治療腎性貧血中國專家共識(2024年版)》). In particular, in January 2025, Saint Luolai was included in the *Chinese Expert Consensus on Guiding Self-management of Patients with Renal Anemia (2024 Edition)*\* (《指導腎性貧血患者自我管理的中國專家共識(2024版)》). In July 2025, Saint Luolai was recommended by *Clinical Practice Guideline for Delaying the Progression of Chronic Kidney Disease (2025 Edition)*\* (《延緩慢性腎臟病進展臨床管理指南(2025年版)》) for therapy and management of renal anemia. In November 2025, Saint Luolai was recommended by the *Chinese Clinical Practice Guidelines for the Management of Peridialysis-Related CKD (2025 Edition)*\* (《中國圍透析期CKD管理臨床實踐指南(2025年版)》) for the treatment of peridialysis-related renal anemia.

# Management Discussion and Analysis

## R&D AND INNOVATION

Innovation is the core driver of the Company's development. The Group has consistently increased its investment in R&D year by year, established comprehensive R&D platforms, and built a portfolio of proprietary technologies. It has successfully developed and commercialized multiple innovative medicines, while advancing a pipeline of innovative medicines across various stages of development. Our professional R&D team consists of over 2,300 research fellows at 4 R&D centres located in Maryland, United States and Shanghai, Changzhou and Lianyungang, China. We have several national-level R&D designations, including the National Technology Center\* (國家級技術中心), Post-doctoral Research Station\* (博士後科研工作站) and Key National Laboratory\* (國家重點實驗室).

During the year ended December 31, 2025, we submitted 40 formal patent applications in China and 128 formal patent applications overseas, and were granted 80 patents globally.

### R&D pipeline update

During the year ended December 31, 2025, the Group had more than 70 clinical trials of innovative medicines being investigated, covering more than 40 innovative medicine candidates.

During the Reporting Period, we had eight new innovative medicine candidates entering clinical stage, including an ADC drug HS-20108 (for advanced solid tumors such as SCLC and neuroendocrine tumors); HS-20122, an ADC targeting EGFR/c-MET (for advanced solid tumors, including NSCLC, head and neck squamous cell carcinoma, or colorectal cancer); HS-10542 (for PNH and IgAN); HS-10510 (for primary hypercholesterolemia and mixed dyslipidemia); HS-10529, a small molecule KRAS G12D inhibitor (for advanced solid tumors with KRAS G12D mutations such as pancreatic cancer, colorectal cancer, NSCLC); HS-20118 (for moderate to severe plaque psoriasis); and cooperative project small molecule BTKi HS-10561 (for chronic spontaneous urticaria).

During the Reporting Period, seven new phase III pivotal registration clinical trials were added, including: HS-20093, a self-developed B7-H3-targeted ADC (for osteosarcoma); HS-20089, a self-developed B7-H4-targeted ADC (for ovarian cancer); HS-20094, a self-developed dual GLP-1/GIP receptor agonist (for diabetes); HS-20137, a monoclonal antibody targeting IL-23p19 in-licensed from Qyuns (for moderate to severe plaque psoriasis); and HS-20117, a bispecific antibody targeting EGFR/c-MET, in-licensed from Biotheus (for NSCLC).

# Management Discussion and Analysis

## **R&D AND INNOVATION** *(Continued)*

### **R&D progress of late-stage key products**

#### ***Risvutatug Rezetecan (HS-20093)***

Risvutatug Rezetecan, a B7-H3-targeted ADC self-developed by the Group, is composed of a fully human anti-B7-H3 monoclonal antibody covalently linked to topoisomerase inhibitor (TOPOi) payload. In December 2023, the Group entered into an exclusive license agreement with GSK, pursuant to which GSK was granted an exclusive worldwide license (excluding the Chinese Mainland, Hong Kong, Macau and Taiwan) to develop, manufacture and commercialize the product.

During the Reporting Period, Risvutatug Rezetecan has entered phase III clinical research for the treatment of osteosarcoma indication in China. Risvutatug Rezetecan has entered phase III clinical research for the treatment of SCLC in China, and is also undergoing multiple proofs of concept (PoC) clinical studies for the treatment of head and neck cancer, castrate-resistant prostate cancer, esophageal squamous cell carcinoma and other solid tumors.

Currently, Risvutatug Rezetecan has obtained a number of regulatory designations, covering various high-clinical-demand solid tumor indications, with details as follows:

Three Breakthrough-Therapy-Designated Drugs were granted by the NMPA of China: in November 2024, for ES-SCLC developed after standard first-line treatment (platinum doublet chemotherapy combined with immunotherapy); in February 2025, for the treatment of patients with osteosarcoma who have progressed on at least two prior lines of therapy; in April 2025, for locally advanced or metastatic non-squamous NSCLC without driver mutations, progressed or recurred following platinum-based chemotherapy.

Two BTDs were granted by the U.S. FDA: in August 2024, for the treatment of patients with ES-SCLC with disease progression on or after platinum-based chemotherapy (relapsed or refractory); in January 2025, for the treatment of adult patients with relapsed or refractory osteosarcoma (bone cancer) who have progressed on at least two prior lines of therapy. The FDA granted ODD in December 2025 for the treatment of SCLC.

One Priority Medicines (PRIME) designation was granted by the European EMA in December 2024, for the treatment of patients with relapsed ES-SCLC. One ODD was granted by the EMA in October 2025, for the treatment of pulmonary neuroendocrine cancer, including SCLC.

In October 2025, the results of a phase II study of HS-20093 in the treatment of relapsed or refractory sarcoma were presented orally at the ESMO Annual Meeting. The results showed that HS-20093 demonstrated promising anti-tumor activity and a manageable safety profile in patients with relapsed or refractory osteosarcoma or other sarcomas.

In December 2025, the results of a phase I study of HS-20093 in patients with NSCLC was presented at the ESMO Asia Meeting. The results showed that HS-20093 demonstrated exciting anti-tumor activity and a manageable safety profile in patients with locally advanced or metastatic NSCLC.

# Management Discussion and Analysis

## **R&D AND INNOVATION** *(Continued)*

### **R&D progress of late-stage key products** *(Continued)*

#### ***Mocertatug Rezetecan (HS-20089)***

Mocertatug Rezetecan is a B7-H4-targeted ADC self-developed by the Group. In October 2023, the Group entered into an exclusive license agreement with GSK, pursuant to which GSK was granted an exclusive worldwide license (excluding the Chinese Mainland, Hong Kong, Macau and Taiwan) to develop, manufacture and commercialize the product.

During the Reporting Period, HS-20089 has entered phase III clinical research for the PROC indication in China and currently is also undergoing PoC clinical studies for the treatment of endometrial cancer and other solid tumors.

In May 2025, HS-20089 was approved by the NMPA as a Breakthrough-Therapy-Designated Drug, with the proposed indication for platinum-resistant recurrent epithelial ovarian cancer, fallopian tube cancer or primary peritoneal cancer.

In October 2025, the results of the phase II study of HS-20089 for the treatment of patients with PROC who had failed multiple prior lines of therapy were presented at the ESMO Annual Meeting. The study results showed that HS-20089 demonstrated encouraging anti-tumor efficacy and manageable safety profile in patients with PROC who had failed multiple prior lines of therapy.

#### ***HS-20094***

HS-20094 is a dual GIP and GLP-1 receptor agonist self-developed by the Group. By selectively activating both the GIP and GLP-1 receptors, it promotes insulin secretion, delays gastric emptying, inhibits appetite and reduces food intake, thereby producing biological effects such as glucose control, weight loss and metabolic improvement. Its administration method is once a week via subcutaneous injection. The relevant clinical studies have administered the drug to over a thousand subjects. During the Reporting Period, the indication of HS-20094 for the treatment of type 2 diabetes mellitus has entered into phase III clinical research stage in China. Currently, a phase III clinical study of HS-20094 in the treatment of obesity or overweight is ongoing.

#### ***HS-10374***

HS-10374 is a selective allosteric inhibitor of TYK2 self-developed by the Group. In phase II clinical trial in patients with moderate-to-severe plaque psoriasis, HS-10374 demonstrated significant efficacy, with overall safety similar to other TYK2 inhibitors and a lower risk of skin-related toxicity. Currently, we are actively advancing phase III clinical studies of HS-10374 in adult patients with moderate-to-severe plaque psoriasis.

#### ***HS-10365***

HS-10365 capsules is a potent and selective RET inhibitor self-developed by the Group. In October 2025, its NDA has been accepted by the NMPA for the treatment of adult patients with RET fusion-positive locally advanced or metastatic NSCLC.

# Management Discussion and Analysis

## **R&D AND INNOVATION** *(Continued)*

### **R&D progress of late-stage key products** *(Continued)*

#### ***Dalmelitinib Mesylate Tablets (HS-10241)***

Dalmelitinib Mesylate Tablets is an orally administered, highly selective c-MET TKI self-developed by the Group, for the treatment of patients with locally advanced or metastatic EGFR mutation-positive NSCLC whose tumors have MET amplification after prior EGFR TKI therapy. As of the date of this report, the NDA for Dalmelitinib Mesylate Tablets in combination with Aumolertinib Mesylate Tablets (Ameile 阿美樂®) has been accepted by the NMPA.

## **BUSINESS DEVELOPMENT**

As an important part of our daily business, the Group pays close attention to the cutting-edge developments in the global pharmaceutical industry and proactively seizes opportunities for out-licensing and collaboration in BD. On December 18, 2024, the Group entered into a license agreement with a wholly-owned subsidiary of MSD, pursuant to which, the Group received an upfront payment of US\$112 million of BD license fee from collaborator MSD during the Reporting Period, which was included in collaboration revenue. In addition, (i) on June 2, 2025, the Group granted an exclusive license to Regeneron for its investigational dual GLP-1/GIP receptor agonist HS-20094; (ii) on October 16, 2025, the Group granted an exclusive license to Roche for a novel CDH17-targeting ADC HS-20110; and (iii) on December 16, 2025, the Group granted an exclusive license to Glenmark for Aumolertinib in multiple territories. See below for details.

#### ***Collaboration with Regeneron***

On June 2, 2025, Shanghai Hansoh Biomedical Co., Ltd.\* (上海翰森生物醫藥科技有限公司) and Jiangsu Hansoh, wholly-owned subsidiaries of the Company, entered into a license agreement with Regeneron. Pursuant to the license agreement, the Group granted an exclusive worldwide license (excluding Chinese Mainland, Hong Kong and Macau) to Regeneron to develop, manufacture, and commercialize HS-20094. The transaction amount of the agreement is up to US\$2.01 billion, comprising an upfront payment and milestone payments, plus tiered royalties on potential future product sales.

#### ***Collaboration with Roche***

On October 16, 2025, Shanghai Hansoh Biomedical Co., Ltd.\* (上海翰森生物醫藥科技有限公司) and Changzhou Hansoh Pharmaceutical Co., Ltd.\* (常州恒邦藥業有限公司), wholly-owned subsidiaries of the Company, entered into a license agreement with Roche. Pursuant to the license agreement, the Group granted an exclusive worldwide license (excluding the Chinese Mainland, Hong Kong, Macau and Taiwan) to Roche to develop, manufacture and commercialize HS-20110. The transaction amount of the agreement is up to US\$1.53 billion, comprising an upfront payment and milestone payments, plus tiered royalties on potential future product sales.

# Management Discussion and Analysis

## **BUSINESS DEVELOPMENT** *(Continued)*

### ***Collaboration with Glenmark***

On December 16, 2025, Jiangsu Hansoh, a wholly-owned subsidiary of the Company, entered into an exclusive license, collaboration and distribution agreement with Glenmark. Pursuant to the license agreement, the Group granted an exclusive license to Glenmark to develop and commercialize Aumolertinib across its licensed territories: the Middle East and Africa, Southeast and South Asia, Australia, New Zealand, Russia/CIS and a few selected Caribbean countries covered by the license agreement. Pursuant to the agreement, Glenmark is required to pay upfront payment. The transaction amount of the agreement could exceed US\$1 billion, comprising an upfront payment and milestone payments, plus tiered royalties on potential future product sales.

## **CLINICAL PROGRESS OF IN-LICENSING AND COLLABORATION PROGRAMS**

During the Reporting Period, the Group incurred a total of approximately RMB332 million of R&D expenses due to the in-licensed or collaborative projects that had been introduced in the past, which were mainly used to advance the clinical trials of a number of in-licensed projects.

### ***Progress of HS-20122***

In March 2024, the Group entered into a licensing agreement with Biotheus and obtained an exclusive license from Biotheus to use bispecific antibodies targeting EGFR/c-MET, including HS-20117, for the development, production and commercialization of antibody conjugate products globally, with the right to further sub-license.

HS-20122 is a bispecific ADC developed based on HS-20117 that targets EGFR/c-MET. In April 2025, HS-20122 obtained a clinical trial approval issued by the NMPA, which is intended to be investigated in clinical trials for advanced solid tumors, including NSCLC, head and neck squamous cell carcinoma, or colorectal cancer.

### ***Progress on HS-20137***

In April 2024, the Group entered into a licensing agreement with Qyuns and obtained an exclusive license from Qyuns to develop and commercialize HS-20137 in China (including Hong Kong, Macau and Taiwan) (collaborator code QX004N).

In March 2025, the findings of phase II clinical trial of HS-20137 for plaque psoriasis in adults were presented at the American Academy of Dermatology (AAD) Annual Meeting. The trial results show that during the 28-week treatment period, HS-20137 shows strong efficacy and favorable safety profile in patients with moderate to severe plaque psoriasis. The results were consistent with the phase I study results published in *JAMA Dermatology*.

HS-20137 is a monoclonal antibody that targets IL-23p19. During the Reporting Period, HS-20137 for the treatment of adult patients with moderate to severe plaque psoriasis entered into phase III clinical study in China.

# Management Discussion and Analysis

## **CLINICAL PROGRESS OF IN-LICENSING AND COLLABORATION PROGRAMS** *(Continued)*

### ***Progress on HS-10561***

In August 2024, the Group entered into a licensing agreement with Lupeng Pharma and obtained an exclusive license from Lupeng Pharma to develop and commercialize HS-10561 (collaborator code LP-168) in China (including Hong Kong, Macau and Taiwan). The Group is responsible for the R&D, regulatory approval, manufacturing and commercialization of this product in all non-oncology indications in China.

HS-10561 is a small molecule BTKi. In February 2025, HS-10561 capsules obtained a clinical trial approval issued by the NMPA, which is intended to be investigated in clinical trials for chronic spontaneous urticaria. During the Reporting Period, HS-10561 for the treatment of patients with chronic spontaneous urticaria entered into phase I/II clinical studies in China.

### ***Progress on HS-10518***

In August 2022, the Group entered into an exclusive license agreement with TiumBio Co., Ltd., pursuant to which the Group was granted an exclusive license to develop and commercialize HS-10518 (collaborator code TU2670) in the PRC, including Hong Kong, Macau and Taiwan, for gynecology-related indications.

HS-10518 is an orally active non-peptide GnRH antagonist. According to the completed early clinical studies, its safety and tolerability were favorable. As of the end of the Reporting Period, HS-10518 for assisted reproductive technology (ART) treatment was in phase II clinical study in China.

### ***Progress on HS-10568***

In December 2025, the Group and Hengrui entered into a licensing agreement. Pursuant to the agreement, the Group obtained an exclusive license from Hengrui to develop, manufacture and commercialize HS-10568 (collaborator code SHR6508) in the PRC (excluding Hong Kong, Macau and Taiwan), with the right of sublicense in accordance with the relevant terms of the license agreement.

HS-10568 is an allosteric modulator of calcium-sensing receptor (CaSR) which increases the receptor's sensitivity to extracellular calcium, thereby inhibiting the secretion of parathyroid hormone (PTH). As of the end of the Reporting Period, HS-10568 for the treatment of secondary hyperparathyroidism in adult patients with CKD requiring hemodialysis was in phase III clinical study.

# Management Discussion and Analysis

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

Adhering to our core values of “responsibility, integrity, hard work and innovation”, the Group has in the long term been committed to improving the accessibility of innovative medicines in the areas of unfulfilled clinical needs. During the Reporting Period, we continued to optimize in terms of R&D innovation, governance, environmental protection, talent cultivation and inclusive healthcare, laying a solid foundation for the long-term development of the Company. We are continuously improving the disclosures of our governance, strategy, risk management, metrics and targets on key ESG issues in response to stakeholders’ concerns, as well as enhancing the level of ESG management to lower operating risks.

In 2025, the Board continued to perform its supervisory duties and, through the ESG Committee, regularly reviewed risk prevention strategies and systems, ESG strategies and emerging risks, as well as key performance indicators that reflect the comprehensive improvement of ESG results, and responded to identified hidden hazards or potential risks with forward-looking actions. During the Reporting Period, we engaged a third party to provide independent assurance on our 2024 ESG report, and continued to conduct systematic inspections and third-party verification of Scope 1, Scope 2 and Scope 3 greenhouse gases, to ensure accuracy, completeness and reliability of information and data for ESG disclosure.

As of the date of this report, the MSCI ESG rating of the Group was upgraded to the highest level of AAA and the Group achieved global industry leading standards in all key issues including corporate governance, toxic emissions and waste, product safety and quality, human resource development as well as inclusive healthcare. The Group was again selected for inclusion in the *Sustainability Yearbook (Global Edition) 2026* and the *Sustainability Yearbook (China Edition) 2025* published by S&P, and ranked among the top 1% in the Chinese pharmaceutical industry. The Group achieved a score of 74 in S&P’s 2025 Corporate Sustainability Assessment (CSA), retaining the top spot in China’s pharmaceutical industry again. At the same time, in the 2025 corporate environmental information disclosure rating of the Carbon Disclosure Project (CDP), the Group received a B rating for climate change and a B rating for water safety, maintaining a leading position among the top pharmaceutical enterprises in the PRC. Jiangsu Hansoh, the Group’s main entity for production and operations, has continuously improved its sustainable supply chain and received the EcoVadis Bronze Medal. In addition, we have also won awards such as the ESG New Benchmark Enterprise Award awarded by Securities Star and Forbes China Best Employer Award.

We actively respond to the Sustainable Development Goals of the United Nations, deeply integrating ESG management into the Company’s long-term planning, and proactively addressing challenges in the ESG domains to contribute to global sustainability. We are committed to sharing proven practices with partners across the industry value chain, striving to enable green innovations to benefit a broader medical community and bring new hope to areas of unmet clinical needs. This is not only conducive to natural environment protection and social welfare, but also beneficial to creating a more stable and sustainable business environment, realizing coordinated economic, social and environmental development. Going forward, we will continue to adhere to the philosophy of being “patient-centered and innovation-driven”, actively fulfilling our responsibilities as a corporate citizen and creating long-term value for the industry and society.

# Management Discussion and Analysis

## FINANCIAL REVIEW

### Revenue

During the Reporting Period, the Group's revenue amounted to approximately RMB15,028 million, representing an increase of approximately 22.6% as compared to approximately RMB12,261 million for the year ended December 31, 2024. The Group's revenue primarily generates from the sales of pharmaceutical products, major products are concentrated in the main therapeutic areas on which the Group strategically focuses, including oncology, anti-infectives, CNS, metabolic and other diseases. The increase in revenue during the Reporting Period was primarily due to the increase in the revenue of innovative medicines and collaborative products.

### Cost of Sales

The Group's cost of sales increased by approximately 35.5% from approximately RMB1,105 million for the year ended December 31, 2024 to approximately RMB1,498 million for the Reporting Period, which accounted for approximately 10.0% of the Group's total revenue for the same year. The increase in cost of sales of the Group was mainly attributable to the increased sales of products for the Reporting Period, as compared to the year ended December 31, 2024.

### Other Income

The Group's other income mainly consisted of government grants, interest income and other income. During the Reporting Period, the Group's other income amounted to approximately RMB1,209 million, representing an increase of approximately 6.7% as compared to approximately RMB1,133 million for the year ended December 31, 2024. The increase was mainly attributable to increased interest income during the year.

### Selling and Distribution Expenses

The Group's selling and distribution expenses consisted of expenses that were directly related to the Group's marketing and promotion activities. During the Reporting Period, the Group's selling and distribution expenses amounted to approximately RMB4,064 million, representing an increase of approximately 7.1% as compared to approximately RMB3,796 million for the year ended December 31, 2024. The increase was mainly attributable to the growth of sales revenue.

### Administrative Expenses

The Group's administrative expenses primarily consisted of staff costs, general operating expenses, depreciation and amortization, auditor's remuneration, consulting expenses, taxation and other administrative expenses. During the Reporting Period, the Group's administrative expenses amounted to approximately RMB672 million, representing a decrease of approximately 5.7% as compared to approximately RMB713 million for the year ended December 31, 2024. The decrease was mainly due to strengthened cost controls during the year.

# Management Discussion and Analysis

## FINANCIAL REVIEW *(Continued)*

### R&D Expenses

The Group's R&D expenses primarily consisted of employee costs, CRO and experiment costs, material expenses, energy expenses, BD expenses, depreciation and amortization and other R&D expenses. During the Reporting Period, the Group's R&D expenses amounted to approximately RMB3,358 million, representing an increase of approximately 24.3% as compared to approximately RMB2,702 million for the year ended December 31, 2024. The increase was primarily attributable to the fact that the Group has focused on innovation and consistently increased its investment in R&D year by year, established comprehensive R&D platforms, developing and launching multiple innovative medicine products and reserving pipelines of innovative medicines at various stages of development.

### Other (Expenses)/Gains, Net

The Group's other (expenses)/gains, net primarily consisted of fair value (losses)/gains of financial assets at fair value through profit or loss, donations, foreign exchange differences, net and impairment of inventories, net, etc. For the Reporting Period, the Group's other expenses amounted to approximately RMB92 million, as compared to other gains of approximately RMB13 million for the year ended December 31, 2024. The change was mainly due to increased fair value losses of financial assets at fair value through profit or loss and foreign exchange losses during the year.

### Finance Costs

During the Reporting Period, the Group's finance costs amounted to approximately RMB3 million, representing a decrease of approximately 52.7% as compared to approximately RMB7 million for the year ended December 31, 2024. The decrease was mainly due to the decreased bank interest costs for the Reporting Period, as compared to the year ended December 31, 2024.

### Income Tax Expense

During the Reporting Period, the Group's income tax expense amounted to approximately RMB995 million, representing an increase of approximately 39.5% as compared to approximately RMB713 million for the year ended December 31, 2024. The increase in the Group's income tax expense was primarily attributable to the increase in profit before tax for the Reporting Period as compared to the year ended December 31, 2024.

### Profit for the Year

The Group's profit for the Reporting Period was approximately RMB5,555 million, representing an increase of approximately 27.1% as compared to approximately RMB4,372 million for the year ended December 31, 2024, which was primarily due to the increase in revenue of innovative medicines and collaborative products.

# Management Discussion and Analysis

## LIQUIDITY AND FINANCIAL RESOURCES

Currently, the Group follows a set of funding and treasury policies to manage its capital resources and mitigate potential risks. The Board considers various funding sources depending on the Group's funding needs to ensure that the financial resources have been used in the most cost-effective and efficient way. We also closely monitor uses of cash resources and strive to maintain healthy liquidity for the needs of our business operations.

For the year ended December 31, 2025, the Group's operating activities generated a net cash inflow of RMB6,738 million. The capital expenditure during the Reporting Period was RMB458 million, mainly relating to the construction of workshops, as well as, among other things, the purchase of equipment, motor vehicles and software required for production, R&D and administrative activities, etc. The cash flow of financing activities for the Reporting Period mainly consisted of proceeds from the placement of new shares, which was approximately RMB3,558 million.

The Group's financial position remains sound. As at December 31, 2025, the Group had net current assets of approximately RMB31,160 million, as compared to approximately RMB24,747 million as at December 31, 2024. The increase in net current assets was mainly attributable to increased cash and bank balances. The current ratio of the Group decreased to approximately 8.1 as at December 31, 2025 from approximately 10.2 as at December 31, 2024, primarily due to the increased contract liabilities in the year. As at December 31, 2025, we had cash and bank balances of RMB31,549 million (as at December 31, 2024: RMB22,622 million) and current financial assets at fair value through profit or loss of RMB18 million (as at December 31, 2024: RMB17 million). As at December 31, 2025, our current financial assets at fair value through profit or loss primarily comprised financial products issued by commercial banks. As each of the financial products was subscribed with different banks under different terms and are of different nature and none of the financial products exceeds 5% of the applicable percentage ratios on a standalone basis, the Group's purchase of financial products during the year ended December 31, 2025 does not constitute notifiable transactions of the Company under the Listing Rules. As at December 31, 2025, the Group's gearing ratio (calculated as total liabilities divided by total assets) was approximately 11.4% (as at December 31, 2024: 9.4%). The increase in gearing ratio was primarily due to the increased current liabilities in the year. After reviewing the Group's profitability, working capital and capital expenditure requirements, the Board is of the view that the Group has no significant liquidity risk and has sufficient working capital.

Most of the Group's assets and liabilities are denominated in Renminbi and United States Dollars. The Group manages its foreign exchange risk by closely monitoring its net foreign exchange exposure to reduce the impact of foreign exchange fluctuations.

## PLEDGE OF GROUP ASSETS

As at December 31, 2025, none of the Group's assets was subject to any encumbrance, mortgage, lien, charge or pledge.

# Management Discussion and Analysis

## CONTINGENT LIABILITIES

As at December 31, 2025, the Group had no material contingent liabilities.

## SIGNIFICANT INVESTMENTS HELD

During the Reporting Period, the Group did not have any significant investments.

## FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at December 31, 2025, the Group did not have any plans for material investments and capital assets.

## MATERIAL ACQUISITIONS AND DISPOSALS

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

## EMPLOYEES AND EMOLUMENTS POLICY

As at December 31, 2025, the Group had a total of 9,347 full-time employees, whose remuneration was determined based on their performance and experience as well as the prevailing market salary levels.

The staff costs, including remuneration of the executive Directors, social welfare and other benefits, were approximately RMB3,422 million for the year ended December 31, 2025. We also provided regular training to employees designed to strengthen staff commitment to us and improve staff knowledge in a number of important areas of our services, such as knowledge about the Company and our products as well as sales, laws and regulations applicable to our operation, requirements under applicable GMP or other certifications, quality control, production safety and corporate culture.

The Company has conditionally approved and adopted the RSU Scheme on May 27, 2019 to recognize contributions by selected participants and give incentives thereto in order to retain them for the continual operation and development of the Group and to attract suitable personnel for further development of the Group. Participants may include employees of the Group (including director, chief executive officer, vice president, financial controller, company secretary, members of senior management or key technical personnel) as well as any other person selected by the Board at its sole discretion from time to time (subject to compliance with the applicable Listing Rules).

On April 22, 2025, pursuant to the terms of the RSU Scheme, the Company allotted and issued 11,500,000 new ordinary shares (aggregate nominal value: HK\$115) to the RSU Trustee, holding such shares for the benefit of the participants of the RSU Scheme, with the issue price per share of HK\$2.9595 as measured by the Company, which was arrived at after taking into consideration the number of shares currently held by the RSU Trustee and the purchase prices of the RSUs at the time of measurement, and the closing price per share of the Company on the business day immediately preceding the issuance is HK\$22.10. During the Reporting Period, the RSU Trustee was not instructed by the Company to purchase any shares from the open market. As at December 31, 2025, a balance of 1,194,647 shares of the Company was held by the RSU Trustee for settlement of the RSUs under the RSU Scheme. For details of the RSU Scheme, please refer to the section headed “Statutory and General Information – D. Post-IPO RSU Scheme” in Appendix IV to the prospectus of the Company dated May 31, 2019.

# Management Discussion and Analysis

## **EMPLOYEES AND EMOLUMENTS POLICY** *(Continued)*

During the Reporting Period, RSUs representing an aggregate of 8,560,990 shares of the Company had been granted by the Company pursuant to the RSU Scheme. Among the grants during the Reporting Period (details of the grants are set out in the announcement of the Company dated April 28, 2025), all RSUs granted to Dr. Lyu Aifeng (representing 211,910 shares of the Company granted), being an executive Director of the Company, only involve existing shares of the Company held or to be held by the RSU Trustee, and no new shares were or will be allotted or issued by the Company for the vesting of such RSUs. According to the director's service contract with the Company, the RSUs granted to him form part of his remuneration package and are therefore exempted from the reporting, announcement and independent shareholders' approval requirements under Rules 14A.73(6) and 14A.95 of the Listing Rules.

## **PRINCIPAL RISKS AND UNCERTAINTIES**

The Company has identified the following principal risks and uncertainties that may have a significant impact on our operations, financial condition, and business plans. The management has conducted a comprehensive assessment of various risks and developed corresponding mitigation measures to reduce their potential impact. In addition to the risks described below, there may still be unknown or currently insignificant factors that may transform into significant risks in the future. The Group will continue to monitor and dynamically adjust its response strategies.

### **Principal risks and uncertainties related to the industry**

#### ***Industry competition and technological change***

The industry in which the Company operates is highly competitive. If the Company fails to keep up with changes in clinical needs or technological iterations, competitors may accelerate the research and development process through new technologies and break through the technical barriers of the Group, resulting in a decline in our core product competitiveness and affecting our revenue and profitability. We will continue to invest in research and development, keep up with industry developments, explore new targets and technologies, and strengthen the competitiveness of innovative medicine pipeline. The Group simultaneously monitors market demand dynamically, optimizes product portfolio, and expands technology and product reserves through strategic cooperation to consolidate market competitiveness.

#### ***Policies and regulations***

The Chinese pharmaceutical industry is currently in a stage of rapid development. In order to promote innovation, upgrading, and standardized development in the industry, relevant regulations and policies are constantly iterating and upgrading. These adjustments may pose challenges to the short-term business pace and cost structure. In this process, the Company will actively adapt to regulatory requirements, keep up with changes in drug review and approval, medical insurance policies, etc., formulate corresponding strategies, and seize opportunities for high-quality development in the medium and long term.

# Management Discussion and Analysis

## **PRINCIPAL RISKS AND UNCERTAINTIES** *(Continued)*

### **Principal risks and uncertainties related to the industry** *(Continued)*

#### ***Global economy and supply chain***

Global trade frictions may affect raw material costs, logistics costs, supply chain stability, etc.; the interruption of raw material supply may affect production stability. The Company will continue to implement lean management, strengthen supply chain management and diversify the supplier network, ensure critical material reserves, jointly build emergency plans with our partners, and enhance our capabilities in demand forecasting and risk warning.

### **Principal risks and uncertainties related to the product**

#### ***Existing products***

If the main products are not included in the national or provincial reimbursement drug list, or competition from similar products bring downward pressure on prices, sales revenue or profit margins will be affected; product quality defects or side effects may result in legal liability and reputation damage. The Company will focus on high-tech barrier products, continuously strengthen the evidence-based medicine moat of our products, deploy a multi-channel marketing network, promote production process optimization and large-scale production. Simultaneously, the Group has integrated quality management into the entire process of research and development, process scale-up, manufacturing, and product launch by measures such as enhancing employee training, optimizing processes and procedures, and strengthening pharmacovigilance, thereby controlling quality risks.

#### ***Products under research and development***

The research and development cycle of innovative medicines is long, costly, and highly uncertain in terms of outcomes. The Company's products under research and development may not achieve the expected results, timely regulatory approval, successful commercialization or market recognition as planned and/or disclosed. Patent infringement lawsuits or insufficient market acceptance may weaken the competitiveness of products under research and development. The Group will actively explore efficient research and development models, build a global patent layout, and continuously apply new technologies that may improve efficiency to target screening, molecular design, clinical trials, and other processes to balance the input-output ratio.

# Management Discussion and Analysis

## **PRINCIPAL RISKS AND UNCERTAINTIES** *(Continued)*

### **Other principal risks and uncertainties**

#### ***Information security and compliance***

Interruption of core business systems or damage to critical data assets may hinder operational decisions, and data leakage incidents caused by network attacks may lead to knock-on risks such as trade secret leakage and privacy infringement. If a major compliance loophole occurs, it may trigger regulatory penalties and shake investor confidence.

The Company attaches great importance to providing a secure and reliable information protection environment. We authorize the Information Security Committee to regularly review and promote key information and data security work, establish a sound information security incident handling process, and develop emergency plans and mitigation measures for sudden network security incidents, comprehensively enhancing the information security awareness and protection capabilities of all employees.

The Company has established a comprehensive compliance management system, covering areas such as anti-corruption, anti-bribery, anti-monopoly, anti-conflict of interest, anti-money laundering, and anti-insider trading, to ensure that our operations worldwide always comply with legal and ethical standards. We attach great importance to compliance training and regularly conduct multi-level and multi-topic training activities for all employees to ensure that employees in different positions master the compliance requirements related to their responsibilities.

#### ***Talent competition and organizational capability***

In highly competitive industries, attracting and retaining key talents is crucial for enhancing organizational capabilities. Employee turnover or failure to attract key talents may affect the Company's innovation capability and market competitiveness. Our business relies on key position talents, and any loss may lead to technological gaps, operational efficiency lags etc. The Group has established a comprehensive talent selection, training, and incentive mechanism, including the RSU Scheme and other aspects.

#### ***Climate risk***

Climate risks include physical risks and transition risks. The physical risks include acute physical risks such as water resource risks, typhoons, and extreme heat, as well as chronic physical risks that may cause significant asset losses; the transition risks include changes in laws and regulations, changes in greenhouse gas emissions and fossil fuel pricing, rising raw material costs that may affect supply chain stability, and low-carbon technology transformation that may increase additional investment. The Group continues to attach great importance to ESG and sustainable development, mapping identified climate risks to our future strategies and business activities. Based on macro-environmental expectations and future policy directions, we select short-term, medium-term, and long-term time dimensions for financial impact assessment, deploy a systematic framework for climate transition strategy around the goal of carbon neutrality, and deeply integrate it with our business to better resist climate risks.

Based on the likelihood and degree of impact of risks, the Group uses professional tools such as risk matrix, sensitivity analysis, and scenario analysis to scientifically classify risks and accurately identify key risks in each operational stage. The Group develops and implements corresponding priorities and control strategies for different levels of risks to ensure effective risk control. We believe that sustainable growth can be achieved in complex environments by continuously optimizing the risk management framework and maintaining core competitiveness.

# Management Discussion and Analysis

## PROSPECTS

The Group operates an innovation-driven business model that integrates in-house R&D, global strategic collaborations and the commercialization of innovative medicines. Over the past several years, the Group has continued to increase investment in R&D and has gradually built a diversified innovation pipeline spanning multiple therapeutic areas. This, along with the Group's established commercialization infrastructure in China and its expanding global development capabilities, provides an important foundation for the Group's long-term development.

As innovative medicine candidates continue to advance through clinical development and regulatory approvals, the Group's pipeline is expected to provide opportunities for future commercialization in the Chinese market. At the same time, certain innovation programs may also generate opportunities for global licensing and collaboration, enabling the Group to explore the ex-China commercialization potential of its pipeline. Through ongoing collaboration with external partners, the Group continues to strengthen its global development capabilities while seeking to unlock the broader value of its innovation programs.

Industry activity in licensing and collaboration transactions has remained robust in recent years, particularly for innovative assets originating from the PRC. According to industry statistics, the global pharmaceutical industry recorded more than 1,000 licensing and collaboration transactions in 2025, with total disclosed transaction amount of approximately US\$275 billion, representing year-on-year growth of around 30%. China-related pharmaceutical transactions also increased significantly, with over 300 transactions reported in 2025, and the associated transaction amount accounting for close to half of global transaction amount. These trends reflect the increasing recognition by international markets of PRC-origin innovative pharmaceutical assets and the growing global focus in differentiated innovation pipelines.

Against this industry backdrop, the Group has continued to increase the contribution of innovative medicines and collaboration income to its overall revenue structure. Currently, approximately 80% of the Group's revenue is derived from innovative medicines and collaboration products as well as collaboration revenue. As the innovation pipeline matures and more products advance toward commercialization, the Group expects innovative medicines to remain an important driver of its future growth.

A number of the Group's marketed innovative medicines currently remain in the commercialization expansion phase. As clinician awareness of these medicines continues to improve and market penetration continues to increase, these products are expected to contribute a higher proportion of the Group's revenue. In particular, the inclusion of multiple innovative medicines in the NRDL has effectively improved patient accessibility and affordability, providing strong support for the broader adoption of these therapies in the PRC market.

At the same time, the pharmaceutical industry remains highly competitive and subject to ongoing technological change. Policy and regulatory frameworks in the PRC healthcare sector also continue to be refined, including potential adjustments in areas such as drug approval, pricing and reimbursement mechanisms under medical insurance. In addition, the R&D of innovative medicines is characterized by significant investment requirements and high inherent uncertainty, and drug candidates may ultimately fail to obtain regulatory approval, achieve successful commercialization or attain expected levels of market acceptance.

Looking ahead, the Group will continue to develop pipelines in core disease areas including oncology, CNS, metabolism and immunology, and will continue to seek global strategic collaborations at appropriate juncture, with a view to further expanding the international development and commercialization potential of its innovation assets. As an innovation-driven pharmaceutical company, we continue to bring innovative treatment options to patients with significant unmet medical needs.

# Corporate Governance Report

The Board is pleased to present the Corporate Governance Report for the Reporting Period.

## **A. CORPORATE GOVERNANCE PRACTICES**

The Company is committed to achieving high standards of governance that properly protects and promotes the interests of all Shareholders and enhances corporate value and accountability.

The Company's corporate governance practices are based on the principles and code provisions as set out in the Corporate Governance Code contained in Appendix C1 to the Listing Rules and the Company has adopted the Corporate Governance Code as its own code of corporate governance.

The Company has complied with all applicable code provisions in effect during 2025 as set out in Part 2 of the Corporate Governance Code\* during the Reporting Period, save for code provision C.2.1 as disclosed in this report.

\* The amendments to the Corporate Governance Code effective on July 1, 2025 will apply to the corporate governance reports and annual reports of the Company for financial years commencing on or after July 1, 2025 (i.e. the year ended December 31, 2026).

## **B. BOARD OF DIRECTORS**

The businesses of the Company are managed and conducted by the Board. The Board is responsible for leading and controlling the Group, promoting the success of the Company by guiding and overseeing the affairs of the Group, and making decisions objectively in the best interests of the Company.

The Board will regularly review the contribution required from a Director to perform his/her responsibilities to the Group, and whether the Director is spending sufficient time performing them. Each Director should also disclose to the Company in a timely manner for any change, the number and nature of offices held in public companies or organizations and other significant commitments.

To oversee particular aspects of the Company's affairs, the Board has established five Board committees, including the Audit Committee, the Remuneration Committee, the Strategy and Development Committee, the ESG Committee and the Nomination Committee. The Board has delegated to the Board committees the responsibilities as set out in their respective terms of reference.

The Company has arranged appropriate insurance coverage in respect of liability arising from legal action against its Directors, and will conduct annual review on such insurance coverage.

# Corporate Governance Report

## B. BOARD OF DIRECTORS *(Continued)*

### Board Composition

As at December 31, 2025, the Board comprised of three executive Directors (including the Chairlady and Chief Executive Officer) and four independent non-executive Directors.

| Position                                  | Name   |
|---|--|
| <b>Executive Director</b>                 | Ms. Zhong Huijuan <i>(Chairlady and Chief Executive Officer)</i><br>Ms. Sun Yuan<br>Dr. Lyu Aifeng |
| <b>Independent Non-executive Director</b> | Mr. Lin Guoqiang<br>Mr. Chan Charles Sheung Wai<br>Ms. Yang Dongtao<br>Mr. Yan Jia                 |

Notes:

Ms. Sun Yuan and Mr. Chan Charles Sheung Wai were re-elected as executive Director and independent non-executive Director, respectively, by the Shareholders at the annual general meeting held on June 20, 2025.

Mr. Yan Jia was appointed as an independent non-executive Director, a member of the audit committee and a member of the ESG committee of the Company with effect from December 26, 2025. Mr. Yan had obtained legal advice pursuant to Rule 3.09D of the Listing Rules on December 25, 2025 and had confirmed that he understood his obligations as a director of the Company.

The biographical details of the Directors and the relationships of Board members are set out in the section headed “Biographical Details of Directors and Senior Management” in this Annual Report.

### Independent Non-executive Directors

The Board has complied with the requirements of the Listing Rules at any time during the Reporting Period. The Company has appointed four independent non-executive Directors with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise, and the independent non-executive Directors represent over one-third of the Board.

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

# Corporate Governance Report

## B. BOARD OF DIRECTORS *(Continued)*

### Corporate Governance Functions

The Board is responsible for performing the functions set out in the code provisions of the Corporate Governance Code so as to ensure the establishment of sound corporate governance practices and procedures by the Company. During the Reporting Period, the Board has:

- (1) considered, formulated and reviewed the Company's policies and practices on corporate governance;
- (2) reviewed and monitored the training and continuous professional development of Directors and senior management;
- (3) reviewed and monitored the Company's policies and practices in compliance with legal and regulatory requirements as required under the applicable requirements of the Listing Rules;
- (4) reviewed and monitored the Directors' and relevant employees' compliance with the Company Code; and
- (5) reviewed the Company's compliance with the Corporate Governance Code and relevant disclosure.

### Responsibilities of the Board and the Management

The Board reserves for its decision on all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and coordinating the daily operation and management of the Company are delegated to the management.

### Chairlady and Chief Executive Officer

Code provision C.2.1 of the Corporate Governance Code states that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The Company has appointed Ms. Zhong Huijuan ("**Ms. Zhong**") as both the chairlady and the chief executive officer of the Company. Due to the nature and the extent of the Group's operations and Ms. Zhong's in-depth knowledge and experience in the PRC pharmaceutical industry, the Board considers that the balance of power and authority under the present arrangement is not impaired and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will continue to review and consider splitting the roles of chairlady of the Board and the chief executive officer of the Company at a time when it is appropriate by taking into account the circumstances of the Group as a whole.

# Corporate Governance Report

## **B. BOARD OF DIRECTORS** *(Continued)*

### **Re-election of Directors**

Code provision B.2.2 states that every Director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

In accordance with the Articles of Association, one third of the Directors for the time being shall retire from office by rotation at every annual general meeting of the Company provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years and any Director appointed by the Board or elected by the Shareholders to fill a casual vacancy or as an addition to the Board shall hold office until next annual general meeting of the Company after his/her appointment and be subject to re-election at such meeting.

The Company has entered into a service contract with each of the executive Directors for a term of three years and an appointment letter with each of the independent non-executive Directors for a term of three years. Directors are subject to retirement by rotation and re-election pursuant to the Articles of Association and the Listing Rules.

The procedures and process of appointment, re-election and removal of Directors are set out in the Articles of Association. The Nomination Committee is responsible for reviewing the Board composition, monitoring the appointment/re-election and succession planning of Directors.

# Corporate Governance Report

## B. BOARD OF DIRECTORS *(Continued)*

### Training and Continuous Professional Development

#### **Directors**

Each newly appointed Director receives formal, comprehensive and tailored induction on the first occasion of his/her appointment, in order to make sure that he/she has appropriate understanding of the business and operations of the Company and is fully aware of his/her duties and responsibilities under the Listing Rules and other relevant statutory requirements.

Directors are encouraged to participate in appropriate continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant.

During the Reporting Period, the Company arranged internal briefings for Directors and sent reading material on relevant topics to Directors for their reference and studies, including reading materials in relation to legal and regulatory updates. Internal training sessions were also arranged for the Directors, which covered topics including but not limited to new regulations and practices related to ESG, and the amendments of the Listing Rules.

| <b>Directors</b>                           | <b>Type(s) of Training<sup>Note</sup></b> |
|--|---|
| <b>Executive Directors</b>                 |   |
| Ms. Zhong Huijuan                          | A   |
| Ms. Sun Yuan                               | A   |
| Dr. Lyu Aifeng                             | A   |
| <b>Independent Non-executive Directors</b> |   |
| Mr. Lin Guoqiang                           | A   |
| Mr. Chan Charles Sheung Wai                | A   |
| Ms. Yang Dongtao                           | A and B                                   |
| Mr. Yan Jia                                | A   |

Note:

Types of Training

- A: Attending training sessions, including but not limited to, briefings, seminars, conferences and workshops
- B: Reading relevant news alerts, newspapers, journals, magazines and relevant publications

# Corporate Governance Report

## B. BOARD OF DIRECTORS *(Continued)*

### Training and Continuous Professional Development *(Continued)*

#### ***Joint Company Secretaries***

The company secretaries are responsible for facilitating the Board process, as well as communications among the Board members, Shareholders and management. During the Reporting Period, Ms. Zhong Shengli, together with Ms. Tam Sze Wai Sara of Tricor Services Limited, which is an external service provider specializing in integrated business, corporate and investor services, have been engaged by the Company as its joint company secretaries. Ms. Wong Yuen Ki, who is also of Tricor Services Limited, has subsequently been engaged by the Company as its joint company secretary as Ms. Tam Sze Wai Sara resigned with effect from January 24, 2025. Ms. Wong Yuen Ki has resigned as joint company secretary with effect from December 26, 2025. Mr. Lee Leong Yin of Tricor Services Limited, has been appointed as joint company secretary with effect from December 26, 2025.

The biographical information of Ms. Zhong Shengli and Mr. Lee Leong Yin are set out in the section headed “Biographical Details of Directors and Senior Management” of this Annual Report. Ms. Zhong Shengli, Ms. Tam Sze Wai Sara, Ms. Wong Yuen Ki and Mr. Lee Leong Yin have confirmed that they have taken not less than 15 hours of relevant professional training during the Reporting Period in compliance with Rule 3.29 of the Listing Rules.

The primary contact person at the Company is Ms. Zhong Shengli.

#### **Committees**

As at December 31, 2025, the Board has established the following committees: Audit Committee, Remuneration Committee, Strategy and Development Committee, ESG Committee and Nomination Committee. These committees operate in accordance with their respective terms of reference established by the Board. All Board committees of the Company are established with defined written terms of reference. The terms of reference of the Board committees are posted on the websites of the Company and the Stock Exchange and are available to Shareholders upon request. The majority of the members of each Board committee (except the Strategy and Development Committee) are independent non-executive Directors and the list of the chairman and members of each Board committee is set out under “Corporate Information” of this Annual Report.

# Corporate Governance Report

## B. BOARD OF DIRECTORS *(Continued)*

### Audit Committee

The Audit Committee consists of four independent non-executive Directors, namely, Mr. Chan Charles Sheung Wai (“**Mr. Chan**”) (chairman of the Audit Committee), Mr. Lin Guoqiang (“**Mr. Lin**”), Ms. Yang Dongtao (“**Ms. Yang**”) and Mr. Yan Jia (“**Mr. Yan**”).

The major duties and responsibilities of the Audit Committee are set out clearly in its terms of reference, which primarily include assisting the Board in reviewing the financial information and reporting system, risk management and internal control system, relationship with external auditors, and reviewing arrangements that employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters. The Audit Committee also performs the responsibilities as set out in the Corporate Governance Code.

The consolidated financial statements of the Group for the year ended December 31, 2025 have been reviewed by the Audit Committee and the external auditor. The Audit Committee is of the view that the consolidated financial statements of the Group for the year ended December 31, 2025 comply with the applicable accounting standards and the Listing Rules, and that sufficient disclosures have been made.

During the year ended December 31, 2025, three meetings were held by the Audit Committee to review the consolidated financial statements for the year ended December 31, 2024 as well as the effectiveness of the internal audit function of the Company, any recommendations on the management and control of internal risks and the review of the unaudited financial statements for the six months ended June 30, 2025. All members of the Audit Committee save Mr. Yan, who was appointed as an independent non-executive Director on December 26, 2025, attended the meetings of the Audit Committee in person.

# Corporate Governance Report

## B. BOARD OF DIRECTORS *(Continued)*

### Remuneration Committee

The Remuneration Committee consists of three members: two independent non-executive Directors, namely, Ms. Yang (chairlady of the Remuneration Committee) and Mr. Lin, and one executive Director, namely, Ms. Zhong.

The primary duties of the Remuneration Committee include reviewing and making recommendations to the Board on the remuneration packages of individual executive Directors, non-executive Directors and senior management, the remuneration policy and structure for all Directors and senior management; establishing transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his/her associates will participate in deciding his/her own remuneration; reviewing and/or approving matters relating to share schemes under Chapter 17 of the Listing Rules; and considering other matters relating to share schemes under Chapter 17 of the Listing Rules.

During the Reporting Period, the Remuneration Committee approved a written resolution under the authority of the RSU scheme to allot and issue 11,500,000 new shares (with an aggregate nominal value of HK\$115) to the RSU Trustee holding for the benefit of the participants of the RSU Scheme. The Remuneration Committee also held a meeting in April 2025 to consider and recommend to the Board the remuneration and other benefits paid by the Company to the Directors and senior management and grant of RSUs pursuant to the RSU Scheme. The Remuneration Committee, after evaluating the contributions made by the grantees, approved the grant of RSUs representing a total of 8,560,990 Shares to 776 grantees pursuant to the RSU Scheme, among which no RSUs were granted to the Company's Directors and senior managers with a vesting period less than 12 months since the grant date and a clawback mechanism was in place. For further details, please refer to our announcement dated April 28, 2025.

During the year ended December 31, 2025, the Remuneration Committee held two meetings, and all members of the Remuneration Committee attended the meeting of the Remuneration Committee. The emoluments of Directors are determined by reference to the skills, experiences, responsibilities, employment conditions and time commitment in the Group's affairs and performance of each Director as well as salaries paid by comparable companies and the prevailing market conditions. Details of the emoluments of the Directors and five highest paid individuals are set out in Notes 8 and 9 to the consolidated financial statements.

# Corporate Governance Report

## B. BOARD OF DIRECTORS *(Continued)*

### Strategy and Development Committee

The Strategy and Development Committee consists of four members: two executive Directors, namely, Ms. Zhong (chairlady of the Strategy and Development Committee) and Dr. Lyu Aifeng (“**Dr. Lyu**”), and two independent non-executive Directors, namely, Mr. Chan and Ms. Yang.

The primary duties of the Strategy and Development Committee include conducting research and making suggestions for the medium-to-long-term development strategy and development plans of the Group, considering the annual operation plans and investment proposals of the Group, as well as conducting research and making suggestions for any expansion to new markets, launch of new business and R&D of new products of the Group.

During the year ended December 31, 2025, the Strategy and Development Committee held one meeting to evaluate the development of the Group in 2025 and consider the future development strategies and plans, including but not limited to, the discussion about major investments, financing, reorganization, and plans for expansion to new markets, launch of new business and development of new products. All members of the Strategy and Development Committee attended the meeting of the Strategy and Development Committee.

### ESG Committee

The ESG Committee consists of four members: one executive Director, namely Dr. Lyu (chairman of the ESG Committee), and three independent non-executive Directors, namely Mr. Chan, Ms. Yang and Mr. Yan.

The primary duties of the ESG Committee include guiding and formulating the Group’s ESG vision, objectives, strategy and structure to ensure they meet the Group’s needs and comply with applicable laws, regulations, regulatory requirements and international standards; supervising the development and implementation of the Group’s ESG vision, strategy and structure; guiding and reviewing the identification and prioritization of key ESG issues of the Group; reviewing major ESG trends and related risks and opportunities; assessing the adequacy and effectiveness of the Group’s ESG structure accordingly; formulating relevant policies to effectively promote the relationship between the Group and its stakeholders and to protect the reputation of the Group; reviewing the Company’s ESG reports and other ESG related disclosures and making recommendations to the Board, etc.

During the year ended December 31, 2025, the ESG Committee held two meetings to review ESG enhancement initiatives and consider work plans, review and identify the material ESG issues of the Group and their priorities, identify risks relating to climate change, formulate countermeasures etc. All members of the ESG Committee save Mr. Yan, who was appointed as an independent non-executive Director on December 26, 2025, attended meeting of the ESG Committee.

# Corporate Governance Report

## B. BOARD OF DIRECTORS *(Continued)*

### Nomination Committee

The Nomination Committee consists of three members: one executive Director, namely Ms. Zhong (chairlady of the Nomination Committee), and two independent non-executive Directors, namely Mr. Lin and Mr. Chan.

The primary duties of the Nomination Committee include reviewing the structure, size and composition of the Board (including skills, knowledge and experience of Directors), identifying individuals suitably qualified to become members of the Board, selecting or making recommendations to the Board on nominations, appointing or re-appointing of Directors and succession planning for Directors, and assessing the independence of independent non-executive Directors.

During the year ended December 31, 2025, the Nomination Committee held two meetings to nominate candidates to the Board, to review the independence of the Company's independent non-executive Directors and to review the structure, size and composition of the Board and the Board Diversity Policy. All members of the Nomination Committee attended meeting of the Nomination Committee.

To ensure independent views and input are available to the Board, the Nomination Committee is responsible for evaluating the Board performance on an annual basis. Evaluation is based on the following factors to ensure a strong independent element on the Board and improve Board effectiveness: (1) professional qualification and industry experience; (2) sufficient time devoted to the Board; (3) continuous participation into training and regular review of the relevant policy of the Company. During the Reporting Period, the Board has reviewed the board independence mechanism and considered that the implementation of the mechanism was effective.

### Director Nomination Policy

The Company has adopted a Director nomination policy on November 26, 2018 which aims to render clear basis and procedures for the nomination and appointment of Directors. The Board will take into account factors such as character and integrity, qualifications, skills, experience, independence and diversity of the candidates, and whether or not the candidate is willing and able to devote adequate time to discharge duties as a member of the Board and Board committee(s), upon receipt of the proposal of appointment of new Directors or the nomination proposal made by Shareholders at general meetings of the Company. When Directors are re-elected at general meetings, apart from the above standards, the Board will also review the overall contributions and services of retiring Directors to the Company and their level of participation and performance in the Board.

The Nomination Committee is responsible for reviewing the Director nomination policy to ensure its effectiveness.

# Corporate Governance Report

## B. BOARD OF DIRECTORS *(Continued)*

### Board Diversity Policy

The Company has adopted the Board Diversity Policy which sets out the objective and approach to achieve and maintain diversity of the Board in order to enhance its effectiveness. Pursuant to the Board Diversity Policy, the Board seeks to achieve its diversity through the consideration of a number of factors when selecting candidates to the Board, including but not limited to professional experience, skills, knowledge, gender, age, cultural and education background, ethnicity and length of service.

The Directors have a mix of knowledge and skills of, including, management, strategic development, business development, sales, R&D, industry research, investment management, finance, corporate finance, legal, risk management, education, chemistry and the pharmaceutical industry. They obtained degrees in various areas including chemistry, organic chemistry, biomedical engineering, biomedical sciences, business administration, commerce, law, engineering, economics and corporate management. The age of Directors ranges from 39 years old to 83 years old.

The Nomination Committee is responsible for reviewing the Board Diversity Policy, monitoring the implementation of the Board Diversity Policy and reviewing the Board Diversity Policy from time to time to ensure its continued effectiveness. As at December 31, 2025, the Board comprises 7 Directors, of which about 42.9% of them are female and 57.1% of them are male. Having reviewed the implementation and effectiveness of Board Diversity Policy and the Board's composition, the Nomination Committee considered that the requirements of the Board Diversity Policy had been met and therefore, no measurable objective for the implementation of the Board Diversity Policy is required to be set. However, from time to time, the Nomination Committee will monitor the Board's composition and consider setting measurable objectives and reviewing such objectives to ensure their appropriateness and ascertain the progress made towards achieving Board diversity.

As at December 31, 2025, the employees of the Group (including senior management) comprise about 58% male and 42% female. To promote diversity, the Company takes effective actions to recruit and attract a wide range of diverse talents and ensure that candidates from different backgrounds and gender identities are fairly and impartially considered. The Company also provides diversity training to employees and implements employee development plan, as well as makes compensation and promotion decisions regardless of gender and marital status.

### Attendance of Board Meetings and Committee Meetings

Pursuant to the Corporate Governance Code, board meetings should be held at least four times a year at approximately quarterly intervals. During the Reporting Period, the Board has held four meetings.

Pursuant to the Corporate Governance Code, the chairman of the Board should at least hold meetings annually with the independent non-executive Directors without the presence of the other Directors. During the Reporting Period, the chairlady of the Board held one meeting with the independent non-executive Directors in compliance with the Corporate Governance Code.

Details of the attendance of Directors at the Board meetings, committee meetings and general meetings during the year under review are set out below:

# Corporate Governance Report

## B. BOARD OF DIRECTORS *(Continued)*

### Attendance of Board Meetings and Committee Meetings *(Continued)*

#### Number of meetings attended/held

| Directors                                  | Board | Audit Committee | Remuneration Committee | Strategy and Development Committee | ESG Committee | Nomination Committee | General Meeting |
|--|-------|-----------------|------------------------|------------------------------------|---------------|----------------------|-----------------|
| <b>Number of meetings held</b>             | 4     | 3               | 2                      | 1                                  | 2             | 2                    | 1               |
| <b>Executive Directors</b>                 |       |                 |                        |                                    |               |                      |                 |
| Ms. Zhong Huijuan                          | 4/4   | -               | 2/2                    | 1/1                                | -             | 2/2                  | 1/1             |
| Ms. Sun Yuan                               | 4/4   | -               | -                      | -                                  | -             | -                    | 1/1             |
| Dr. Lyu Aifeng                             | 4/4   | -               | -                      | 1/1                                | 2/2           | -                    | 1/1             |
| <b>Independent Non-executive Directors</b> |       |                 |                        |                                    |               |                      |                 |
| Mr. Lin Guoqiang                           | 4/4   | 3/3             | 2/2                    | -                                  | -             | 2/2                  | 1/1             |
| Mr. Chan Charles Sheung Wai                | 4/4   | 3/3             | -                      | 1/1                                | 2/2           | 2/2                  | 1/1             |
| Ms. Yang Dongtao                           | 4/4   | 3/3             | 2/2                    | 1/1                                | 2/2           | -                    | 1/1             |
| Mr. Yan Jia                                | 1/1   | N/A             | -                      | -                                  | N/A           | -                    | -               |

Note: Mr. Yan Jia was appointed as an independent non-executive Director, a member of the Audit Committee and a member of the ESG Committee with effect from December 26, 2025.

### Compliance with the Model Code for Securities Transactions by Directors

The Company has adopted the Company Code on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules. Specific enquiry has been made to all Directors by the Company and all Directors confirmed that they have complied with the Company Code during the Reporting Period.

No incident of non-compliance of the Company Code by the employees was noted by the Company.

### Remuneration of Senior Management

There were six employees classified as senior management for the year ended December 31, 2025. The remuneration of the senior management by band is set out below:

|                              | Number of employee(s) |
|------------------------------|-----------------------|
| RMB3,500,001 to RMB6,000,000 | 3                     |
| RMB6,000,001 to RMB8,500,000 | 2                     |
| RMB8,500,001 to RMB9,500,000 | 1                     |
|                              | <b>6</b>              |

# Corporate Governance Report

## C. ACCOUNTABILITY AND AUDIT

### Directors' Responsibility in respect of the Financial Statements

The Board acknowledges its responsibility for preparing the accounts which seek to give a true and fair view of the financial position of the Company and the Group, with necessary supporting assumptions or judgments. The Directors also ensure the timely publication of the financial statements of the Company.

The management provides explanation and information to the Board to enable it to make an informed assessment of the financial and other information to be approved.

The Board endeavors to ensure a balanced, clear and understandable assessment of the Company's position and prospects when the Company presents financial reports and other information to general public and regulators pursuant to the Listing Rules and other statutory requirements.

The Board is not aware of any material uncertainties relating to events or conditions which may cast significant doubt over the Group's ability to continue as a going concern. Accordingly, the Board continues to prepare the financial statements on a going concern basis.

### Risk Management and Internal Control

The Company is dedicated to establishing and maintaining a robust internal control system. The Company has adopted and implemented risk management policies in various aspects of our business operations to address various potential risks in relation to our strategic plan, R&D, infrastructure, procurement, manufacturing, distribution and retail. Our risk management system also covers general finance management, human resources, information technology, projects, logistics, subsidiaries and policy matters.

The Board acknowledges its responsibility for the risk management and internal control systems and reviewing their effectiveness. The systems are designed to manage rather than eliminate the risk of failing to achieve our business objectives, and can only provide a reasonable and not absolute assurance against material misstatement or loss.

The Company has established a three-layer organizational framework (business departments, functional departments and internal control and audit department) to identify, analyze, categorize, control, and monitor various risks relating to our strategy, operation, market development, financial matters, legal matters, investment and financing, information security, anti-bribery and anti-money laundering. For risk identified, the Group promptly implements internal controls and continually optimizes related processes to mitigate potential risks.

The internal audit department of the Company examined key issues in relation to the accounting practices and all material controls and provided its findings and recommendations for improvement to the Audit Committee. The Directors have conducted an annual review of the effectiveness of the risk management and internal control system of the Group during the year ended December 31, 2025, covering all major functions including finance, operation and compliance. Based on the review results, the Directors are of the opinion that the system is effective and sufficient.

# Corporate Governance Report

## C. ACCOUNTABILITY AND AUDIT *(Continued)*

### Risk Management and Internal Control *(Continued)*

The Company has also adopted an information disclosure policy which has set out comprehensive guidelines in respect of handling and dissemination of inside information. The Board has established an inside information team entrusted with the responsibility for monitoring and implementing the procedural requirements in the information disclosure policy. Release of inside information shall be led by the Board. Unless duly authorized, all staff members of the Company shall not disseminate inside information relating to the Group to any external parties and shall not respond to false media report or market speculation which may materially affect the trading price or volume of the shares.

### Auditor and Auditors' Remuneration

The statement of the external auditors of the Company about their reporting responsibilities on the financial statements is set out in this Annual Report on pages 77 to 81.

During the Reporting Period, the remuneration payable to the external auditor of the Group, being Ernst & Young, is set out as follows:

|                                       | <b>Fee paid/payable<br/>for the Reporting Period<br/>(RMB'000)</b> |
|---------------------------------------|--|
| <b>Service category</b>               |  |
| Audit services                        | 3,250  |
| Non-audit services:                   |  |
| - Tax experience sharing consultation | 80   |
| Total                                 | <b>3,330</b>   |

# Corporate Governance Report

## D. COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company has adopted the Shareholder communication policy with an aim to ensure that the Shareholders of the Company and as appropriate, the general investors have timely access to the same and readily comprehensible comprehensive information about the Company.

The Company has reviewed the implementation and effectiveness of the above Shareholder communication policy during the Reporting Period and is satisfied that the policy has been implemented effectively, having considered the availability of multiple channels of communication and engagement in place below.

The Company conveys the information to the Shareholders and investors mainly through the following channels:

- the website of the Stock Exchange on which the information disclosed to the market and submitted to the Stock Exchange is published;
- the website of the Company ([www.hspharm.com](http://www.hspharm.com));
- the interim reports and annual reports; and
- the annual general meeting and other general meetings.

To facilitate the exchange of views between the Shareholders and the Board, the chairlady of the Board and chairman/chairlady of the Board committees (or their delegates (if applicable)), appropriate executive management personnel and the external auditor will attend the annual general meetings and answer the questions raised by the Shareholders.

### Rights of Shareholders

Pursuant to Article 12.3 of the Articles of Association, any two or more members holding not less than one-tenth of the paid-up capital of the Company and carrying the right of voting at general meetings of the Company, or any one member which is a recognized clearing house (or its nominee(s)) shall be entitled to require the convening of a general meeting with a written requisition deposited at the principal office of the Company in Hong Kong and specifying the objects of the meeting and signed by the requisitionist. If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting to be held within a further 21 days, the requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Board provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition.

Shareholders may also contact the Investor Relations Department of the Company from time to time to understand the information published by the Company. The Company will inform the Shareholders of the designated e-mail address and enquiry hotline of the Company so that they can make any enquiries of the Company.

# Corporate Governance Report

## **D. COMMUNICATION WITH SHAREHOLDERS AND INVESTORS** *(Continued)*

### **Enquiry to the Board**

Enquiry may be made to the Board at the principal place of business of the Company in Hong Kong at Room 1928, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong.

The Company publishes on its website ([www.hspharm.com](http://www.hspharm.com)) the latest company news relating to the Group. The public is welcome to provide opinions and make enquiries through the Company's website.

### **Amendments to the Constitutional Documents**

No changes have been made to the Articles of Association by the Company during the Reporting Period. The latest version of Articles of Association is also available on the websites of the Company and the Stock Exchange.

### **Dividend Policy**

The Company has adopted a dividend policy pursuant to the Corporate Governance Code. The Board may declare and pay dividends by way of cash or by other means that the Board considers appropriate. While deciding on the declaration or payment of any dividends and the amount of any dividends, the Board will take into account, among other things, the Company's results of operations, cash flows and financial condition, operating and capital expenditure requirements, distributable profits, contractual and legal restrictions and other factors that the Directors may consider relevant.

# Directors' Report

The Board is pleased to submit this report and audited consolidated financial statements of the Group for the year ended December 31, 2025.

## PRINCIPAL BUSINESS

The Company is an investment holding company. The Group is principally engaged in the R&D, production and sales of a series of pharmaceutical products in China. The shares of the Company were listed on the Main Board of The Stock Exchange on June 14, 2019.

Operating segment information of the Company for the year ended December 31, 2025 is presented in Note 4 to the consolidated financial statements, and a list of principal subsidiaries of the Company, together with the details of their places of incorporation, principal businesses and shares in issue/registered capital, is set out in Note 1 to the consolidated financial statements. There are no substantial changes in the principal business of the Group during the Reporting Period.

## RESULTS AND DIVIDENDS

The operating results of the Group for the year ended December 31, 2025 and the financial positions of the Company and the Group as at the same date are set out on pages 82 to 89 of the consolidated financial statements.

The Board recommends a final dividend of HK\$20.00 cents per share for the year ended December 31, 2025 (2024: HK\$13.53 cents). Subject to the approval of the Shareholders at the AGM, the proposed final dividend will be payable on Friday, July 24, 2026 to Shareholders whose names appear on the register of members of the Company at the close of business on Thursday, July 9, 2026, being the record date. Together with an interim dividend of HK\$23.16 cents per share, the full-year dividend for 2025 amounted to HK\$43.16 cents per share. All treasury shares and repurchased shares pending cancellation, if any, will not receive the proposed final dividend.

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

## BUSINESS REVIEW

Details of the business review and performance of the Group during the Reporting Period (including the description of the main risks and uncertainties faced by the Group, material events affecting the Company that have occurred since the end of 2025, the key financial performance indicators and prospects) are set out in the "Chairlady's Statement" and "Management Discussion and Analysis" sections on pages 8 to 30 of this Annual Report, which form part of this report.

## ANNUAL GENERAL MEETING

The AGM of the Company will be held on Friday, June 26, 2026. The notice of AGM will be published on the websites of the Company ([www.hspharm.com](http://www.hspharm.com)) and the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) at least 21 days before the AGM.

# Directors' Report

## **CLOSURE OF REGISTER OF MEMBERS**

To determine the right to attend and vote at the AGM, the Company will close the register of members between Tuesday, June 23, 2026 and Friday, June 26, 2026 (both days inclusive), during which period no transfer of shares will be registered. The record date shall be Friday, June 26, 2026. To ensure the effect of right to attend and vote at the AGM, all Shareholders shall return all the documents together with the related stocks to the Company's branch share registrar and transfer office, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong before 4:30 pm on Monday, June 22, 2026.

In order to ascertain the Shareholders' entitlements to the proposed final dividend (subject to the approval by the Shareholders at the AGM), the register of members of the Company will be closed from Tuesday, July 7, 2026 to Thursday, July 9, 2026, both days inclusive, during which period no transfer of shares will be registered. The record date shall be Thursday, July 9, 2026. In order to qualify for the proposed final dividend, all share transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Monday, July 6, 2026.

## **SUMMARY OF FINANCIAL INFORMATION**

According to the audited consolidated financial statements and after reclassification as appropriate, the published results, assets, liabilities and net assets of the Group for the past five fiscal years are presented in the "Financial Highlights" section of this Annual Report on page 4. This summary does not form part of the audited consolidated financial statements.

## **PROPERTY, PLANT AND EQUIPMENT**

Details of changes in the property, plant and equipment of the Group during the Reporting Period are set out in Note 13 to the consolidated financial statements.

## **SHARE CAPITAL**

The Company had 6,055,150,070 ordinary shares in issue as at December 31, 2025. The changes in the share capital and share option (if any) of the Company during the year, together with the reasons therefor, are set out in Note 28 to the consolidated financial statements.

# Directors' Report

## USE OF PROCEEDS FROM PREVIOUS FUNDRAISING ACTIVITIES AS AT DECEMBER 31, 2025

### Use of Proceeds from Issuance of Convertible Bonds

In January 2021, the Company successfully completed the issuance and listing of US\$600 million zero-coupon convertible bonds due in 2026 to professional investors only. The net proceeds from the bonds were approximately US\$595.65 million. In December 2022, the Company repurchased bonds with an aggregate principal amount of US\$4 million. In January 2024, the Company redeemed the outstanding convertible bonds in the aggregate principal amount of US\$590,622,000. On January 22, 2026, being the maturity date of the convertible bonds, the Company redeemed the outstanding principal amount of US\$5,378,000.

As at December 31, 2023, US\$591.65 million was utilized and the net proceeds had been fully utilized. Such proceeds were primarily used for R&D expenditure (including but not limited to allocating funding to clinical trials for innovative medicines, innovative medicines development and/or in-license opportunities) as well as upgrading and expanding manufacturing facilities (including R&D facilities) and procuring equipment for its production facilities, in line with the purpose previously disclosed by the Company. For details of the use of proceeds, please refer to the section headed "Use of Proceeds from Issuance of Convertible Bonds" in the 2023 annual report and 2024 annual report of the Company.

### Use of Proceeds from the Placing

On August 20, 2025, the Company entered into a placing agreement with Citigroup Global Markets Asia Limited, Citigroup Global Markets Limited and Morgan Stanley Asia Limited (in alphabetical order), pursuant to which Citigroup Global Markets Limited and Morgan Stanley Asia Limited (together, the "**Placing Agents**") agreed to place 108,000,000 ordinary shares (with an aggregate nominal value of HK\$1,080) in the Company, or, failing which, to purchase themselves on a fully underwritten basis, to not fewer than six places who are professional, institutional or other investors selected and procured by the Placing Agents and whose ultimate beneficial owners are independent third parties (the "**Placing**"). The Placing price was HK\$36.30 per share. The closing price per share as quoted on the Stock Exchange on August 19, 2025, being the date on which the Placing price was fixed, was HK\$38.82. The Directors consider that the Placing represents an opportunity to raise capital for the business development of the Group and to broaden the Shareholder base of the Company. For further details of the Placing, please refer to the announcement of the Company dated August 20, 2025.

The net proceeds from the Placing (after deducting the Placing commission, levies and trading fee) were approximately HK\$3,896.54 million, which have been and will be utilized as follows:

# Directors' Report

## USE OF PROCEEDS FROM PREVIOUS FUNDRAISING ACTIVITIES AS AT DECEMBER 31, 2025 (Continued)

### Use of Proceeds from the Placing (Continued)

- (i) approximately 65% for (a) the R&D of new innovative medicines in therapeutic areas including oncology, autoimmune, CNS and metabolic diseases, and (b) the in-licensing for innovative medicines and innovative technology platforms. Proceeds is mainly used for the later-stage clinical R&D activities of the Group's existing programs.
- (ii) approximately 25% for (a) the construction of new innovative medicine production facilities and R&D laboratories, and (b) the upgrade of the Group's existing R&D laboratories and production facilities. Part of the proceeds has been applied to Phase I construction of the Company's Shanghai global R&D headquarters project.
- (iii) approximately 10% for working capital and other general corporate purposes.

On this basis, the net price per Placing share was approximately HK\$36.08. As at December 31, 2025, net proceeds of approximately HK\$436 million was utilized and approximately HK\$3,461 million remains unutilized. The net proceeds were used, and the remaining proceeds will be used, according to the intended purposes and timeline previously disclosed by the Company. As at December 31, 2025, the net proceeds utilized by the Group were as follows:

| Purpose  | Percentage of the total amount | Net proceeds (HK\$100 million) | Utilized from the issuance date to December 31, 2025 (HK\$100 million) | Unutilized as at December 31, 2025 (HK\$100 million) | Expected time frame                                  |
|--|--------------------------------|--------------------------------|--|--|--|
| (i) (a) the R&D of new innovative medicines in therapeutic areas including oncology, autoimmune, CNS and metabolic diseases, and (b) the in-licensing for innovative medicines and innovative technology platforms | 65%                            | 25.32751                       | 3.96799  | 21.35952   | The balance is expected to be fully utilized by 2031 |
| (ii) (a) the construction of new innovative medicine production facilities and R&D laboratories, and (b) the upgrade of the Group's existing R&D laboratories and production facilities                            | 25%                            | 9.74135                        | 0.38889  | 9.35246  | The balance is expected to be fully utilized by 2031 |
| (iii) working capital and other general corporate purposes   | 10%                            | 3.89654                        | –  | 3.89654  | The balance is expected to be fully utilized by 2031 |
| <b>Total</b>   | <b>100%</b>                    | <b>38.96540</b>                | <b>4.35688</b>   | <b>34.60852</b>                                      |  |

To the best knowledge of the Directors, there has neither been any material change nor delay in the use of proceeds during the year ended December 31, 2025.

# Directors' Report

## **PRE-EMPTIVE RIGHT**

There are no provisions for pre-emptive rights under the Articles of Association or the laws of Cayman Islands (the jurisdiction in which the Company was incorporated) which would oblige the Company to offer new shares on a pro rata basis to existing Shareholders.

## **PURCHASE, SALE OR REDEMPTION**

During the year ended December 31, 2025, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares) (as defined under the Listing Rules). As at December 31, 2025, no treasury shares (as defined under the Listing Rules) were held by the Company.

## **TAX RELIEF AND EXEMPTION**

The Company has no knowledge of any tax relief and exemption provided to the Shareholders due to their holding of the Company's securities.

## **RESERVES**

Details of movements in the reserves of the Group and the Company during the Reporting Period are set out in Notes 30 and 38 to the consolidated financial statements and the consolidated statement of changes in equity, respectively.

## **RESERVES AVAILABLE FOR DISTRIBUTION**

The Company may pay dividends out of its share premium account and retained earnings.

As at December 31, 2025, the Company had distributable reserves for share premium of RMB17,879,784,000 (2024: RMB13,999,985,000).

Details of movements in the reserves of the Company during the year ended December 31, 2025 are set out in Note 38 to the consolidated financial statements.

# Directors' Report

## MAJOR CUSTOMERS AND SUPPLIERS

During the Reporting Period, the sales to the Group's five largest customers and the purchases from the Group's five largest suppliers accounted for less than 30% of the total sales and 30% of the total purchases of the year, respectively.

## ENVIRONMENTAL POLICIES AND PERFORMANCE

The business of the Group is subject to national, provincial and local environmental laws and regulations in China. The main pollutants generated during the production process of the Group's products include waste water, waste gas and solid waste. The Group has established a pollution control system in order to comply with the applicable laws and regulations. For hazardous waste that can be recycled, we carry out resource recycling, while hazardous waste that cannot be recycled is entrusted to institutions with professional treatment qualifications for compliant disposal. For non-hazardous waste such as office waste and kitchen waste, we entrust the environmental sanitation department or professional institutions for regular disposal. The Group seeks to reduce the waste generated in the production process at the source and improve the Group's end-of-pipe treatment facilities to reduce the pollutants discharged to the environment.

The Company will publish an "Environmental, Social and Governance Report" in accordance with the "Environmental, Social and Governance Reporting Code" as set out in Appendix C2 to the Listing Rules as soon as practicable and in any event at the same time as the Company's annual report.

## DONATIONS

During the Reporting Period, the Group made charitable and other donations in an aggregate amount of approximately RMB9 million.

# Directors' Report

## RELATIONSHIP WITH STAKEHOLDERS

The Group recognizes that the interests of stakeholders are vital to the sustainable development of its business operation and is committed to maintaining effective communication with the major stakeholders, including customers, suppliers and employees to enhance the relationship and cooperation for the long-term development of the Group.

The Group's customers are pharmaceutical product distributors. According to industry practice, we will not engage our distributors to provide marketing and promotional services for our products. The Group's in-house sales and marketing team enhances the professionals' awareness and understanding of the usage, clinical effects and advantages of the Group's drug products through its promotion efforts. The Group generally entered into annual distribution agreements with distributors. The Group believes that this distribution model helps extend the Group's coverage in a cost-effective manner while retaining proper control over the distribution network and marketing and promotion process.

Employees are considered as the most important and valuable assets of the Group. The remuneration package for employees generally includes salary and bonuses. The Group conducts periodic performance reviews for employees, and their remuneration is performance-based. Employees also receive welfare benefits including medical care, housing subsidies, pension, occupational injury insurance and other miscellaneous benefits. The Group also provides regular training to employees, which is designed to improve staff dedication and increase staff knowledge in a number of important areas of our services, in order to enhance the productivity of employees.

## COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS

As the Group mainly operates in China through its subsidiaries, it is subject to Chinese laws and regulations relating to the R&D, production and distribution of pharmaceutical products, including but not limited to those on quality, safety, manufacturing, environmental protection, intellectual property, labor and human resources. Meanwhile, as a company incorporated in the Cayman Islands and listed on the Stock Exchange, the Company is governed by the Company Law of the Cayman Islands, the Listing Rules and the Securities and Futures Ordinance.

During the year ended December 31, 2025, to the best knowledge of the Board, the Group does not have any incidence of non-compliance with the relevant laws and regulations that would have a significant impact on the Group's business.

# Directors' Report

## DIRECTORS

The Directors during the Reporting Period and as at the date of this report are as follows:

### Executive Directors:

Ms. Zhong Huijuan (*the Chairlady and Chief Executive Officer*)  
Ms. Sun Yuan  
Dr. Lyu Aifeng

### Independent Non-executive Directors:

Mr. Lin Guoqiang  
Mr. Chan Charles Sheung Wai  
Ms. Yang Dongtao  
Mr. Yan Jia (*appointed as an independent non-executive Director with effect from December 26, 2025*)

## BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and the senior management of the Group are set out on pages 68 to 76 of this Annual Report.

## CHANGE IN DIRECTORS' INFORMATION

There is no change in the Directors' biographical details which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules during the Reporting Period.

## INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

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

## SERVICE CONTRACTS OF DIRECTORS

None of the Directors has entered into any unexpired service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation other than statutory compensation.

# Directors' Report

## **DIRECTORS' INTERESTS IN MATERIAL TRANSACTIONS, ARRANGEMENTS AND CONTRACTS AS WELL AS COMPETING BUSINESS**

Save as disclosed in the section headed “Related Party Transactions” and Note 33 to the consolidated financial statements headed “Related Party Transactions” set out in this Annual Report, no contracts of significance (as defined in Appendix D2 of the Listing Rules) related to the business of the Company to which the Company, its holding companies or any of its subsidiaries was a party and in which a Director or controlling shareholder of the Company had a material interest, whether directly or indirectly, subsisted at the end of 2025 or at any time during 2025.

Save as disclosed in the “Relationship with our Controlling Shareholders – The Associate’s Investee Group” section of the Prospectus, none of our Directors or their respective associates (as defined under the Listing Rules) has any interest in a business which competes or is likely to compete with our Group’s business under Rules 8.10(2)(b) and 8.10(2)(c) of the Listing Rules.

## **DEED OF NON-COMPETITION**

The controlling Shareholders of the Company (i.e., Ms. Zhong, Stellar Infinity and Sunrise Investment) provided confirmation to the Company respectively, that they have honored the non-competition undertaking made to the Company under the deed of non-competition entered into on May 27, 2019. The independent non-executive Directors have reviewed their compliance status, and confirmed that the above-mentioned parties had kept and duly performed all the undertakings under the deed of non-competition during the Reporting Period.

## **RELATED PARTY TRANSACTIONS**

Details of related party transactions are set out in Note 33 to the consolidated financial statements. Pursuant to Chapter 14A of the Listing Rules, none of such related party transactions constitutes a connected transaction or continuing connected transaction (as the case may be).

## **EVENTS AFTER THE REPORTING PERIOD**

In January 2026, Ameile (Aumolertinib Mesylate Tablets) was granted drug registration approval by the NMPA, approving the addition of an indication: Ameile in combination with pemetrexed and platinum based chemotherapy to be used as the first-line treatment of adult patients with locally advanced or metastatic NSCLC whose tumors have EGFR exon 19 deletions or exon 21 (L858R) mutations. This is the fifth indication of Ameile which has been approved.

On February 3, 2026, the Company successfully completed the issuance and listing of HK\$4,680 million zero-coupon convertible bonds due in 2033 to professional investors only (the “**Bonds**”). On February 4, 2026, the Bonds were admitted to trading and listing on the Vienna MTF operated by the Vienna Stock Exchange, effective February 6, 2026. The Bonds have been offered and sold to no less than six independent placees (who are professional investors). Assuming full conversion of the Bonds at the initial conversion price of HK\$57.39 per Share, the Bonds will be convertible into 81,547,308 Shares (with aggregate nominal value of approximately HK\$815). The closing price per share as quoted on the Stock Exchange on January 26, 2026, being the date on which the initial conversion price was determined, was HK\$40.24. The Directors consider the issue of Bonds represents an opportunity to raise capital for the Company while broadening the shareholder base and capital base of the Company and to obtain immediate funding for further business expansion.

# Directors' Report

## EVENTS AFTER THE REPORTING PERIOD *(Continued)*

The net proceeds from the Bonds were approximately HK\$4,640 million, representing a net issue price of approximately HK\$56.90 per conversion share based on the initial conversion price. As disclosed in the announcements of the Company dated January 27, 2026 and February 3, 2026, the Company intends to apply the net proceeds from the issuance of the Bonds in the following manner:

### **(a) approximately 65% on drug R&D and in-licensing:**

The intended use of such net proceeds includes (i) funding of the R&D of the Group's innovative medicine pipeline across oncology, CNS, metabolic and autoimmune diseases, covering preclinical to late-stage clinical programs; and (ii) supporting selective in-licensing projects for innovative medicines and R&D platforms to enrich the Group's product portfolio and facilitate near-term commercialization in the PRC.

The Group's progress in advancing multiple innovative programs into mid-to-late stage clinical development demonstrates its continued commitment and increased investment in clinical R&D, while also benefiting from a versatile early-stage preclinical pipeline supported by sustained investment. Between 2019 and 2025, the Group has, on average, advanced approximately eight innovative preclinical or in-licensing candidates into clinical trials per year, demonstrating a productive internal R&D and business development engine.

The Group plans to further increase investment in preclinical R&D in 2026 and beyond, with a focus on strengthening pipeline depth and ensuring a sustainable flow of high-quality innovative candidates from preclinical research into clinical development, taking into account global development potential for selected programs. For selected high-potential newly developed programs, the Group has incorporated, and will continue to incorporate, early consideration of global development planning, with the aim of strengthening international competitiveness and enhancing future partnering potential, subject to program-specific development considerations.

While the Group continues to advance selected innovative programs with a view to its mid-to-long-term development, it also adopts a pragmatic approach in the near term to accelerate the enrichment of its pipeline with products that have clear commercialization potential in the PRC. In this regard, the Company has entered into over 10 in-licensed collaboration projects to broaden its product portfolio in China, and expects to continue pursuing such collaborations as appropriate to support near-term commercialization and growth. Pursuant to the existing exclusive licensing or collaboration agreements, the Company is required to pay milestone payments to the licensors upon the achievement of specified development, regulatory or commercialization milestones. In particular, R&D and registration milestone payments are payable prior to the commercialization of the in-licensed drugs or technology platforms.

# Directors' Report

## EVENTS AFTER THE REPORTING PERIOD (Continued)

### (b) approximately 25% on the construction of new R&D centers and production lines, and the upgrade of existing R&D and production facilities:

The intended use of such net proceeds includes the construction and expansion of innovative medicine R&D centers and laboratories, the construction of new production lines, and the upgrading and enhancement of existing R&D laboratories and production facilities.

The Company intends to apply part of the net proceeds to, among others, the Phase II construction of the Company's global R&D headquarters project in Pudong, Shanghai, which is planned to commence in 2028 and is expected to be of a comparable scale to the ongoing Phase I construction which commenced in 2024. The new headquarters is designed to accommodate advanced R&D infrastructure and will encompass facilities including biological laboratories and pilot-scale units, chemical R&D laboratories, R&D offices and supporting utilities. The project is intended to establish an integrated global platform for innovative medicine R&D technologies and modalities, including ADC, artificial intelligence, proteolysis targeting chimera (PROTAC) and peptide drug, and to undertake global R&D management functions, serving as a key hub for the Group's scientific research and technological development.

The Company plans to continue upgrading and enhancing its existing R&D process development and clinical-supply production facilities and related equipment, with a focus on supporting the development, scale-up and clinical supply of products based on such new modalities. In this regard, the Company intends to utilize part of the proceeds to support the upgrading and improvement of its existing R&D centers located in the PRC, including those in Shanghai, Changzhou and Lianyungang, subject to further refinement of the scope and implementation plan.

The Company also intends to construct new commercial production lines to expand its manufacturing capacity, with a view to further advancing the integration of informatization and industrialization (the **"Two Integrations"**). In this connection, the Company plans to deploy intelligent and digitalized manufacturing and testing equipment to continuously enhance the smart manufacturing capabilities of its industrial base.

In light of the anticipated commercialization of products based on new technology modalities from 2027 and beyond, particularly in therapeutic areas such as oncology, metabolic diseases and immunology, the Company considers it necessary to establish additional production lines and to strengthen manufacturing capabilities aligned with such modalities. The Company will also carry out forward-looking capacity planning and phased capacity expansion investments to support the expected growth in commercial supply following product launches, while maintaining flexibility to adjust capacity deployment based on actual market demand and product uptake.

# Directors' Report

## EVENTS AFTER THE REPORTING PERIOD *(Continued)*

### **(c) approximately 10% for working capital and other general corporate purposes:**

The intended use of such net proceeds includes supplier payments, employee compensation, drug production to replenish the Company's inventory, and other routine operational expenditures, which are subject to our actual needs and market conditions at the relevant time.

As at the date of the Latest Practicable Date of this report, approximately HK\$193.50 million of the net proceeds as stated above has been utilized in accordance with the purposes stated above while the remaining proceeds remain unutilized. The net proceeds will be used in accordance with the intended purposes previously disclosed by the Company, and the Company will provide further update according to the requirements of the Listing Rules. The net proceeds from the Bonds are expected to be fully utilized by 2031. Such expected time frame is based on the Board's best estimation, and may be subject to change based on factors such as the future development of the Company, the market conditions, status of regulatory approval, acquisition of qualifications and licenses as well as business conditions. For details of the issuance of the Bonds, please refer to the announcements of the Company dated January 27, 2026 and February 3, 2026.

In February 2026, Aumolertinib Mesylate Tablets, marketed as Ameile (阿美樂®) in China and Aumseqa® outside China, the Group's innovative medicine, has been approved in the European Union as monotherapy for: (i) the first-line treatment of adult patients with advanced NSCLC whose tumors have EGFR exon 19 deletions or exon 21 (L858R) substitution mutations; and (ii) the treatment of adult patients with advanced EGFR T790M mutation-positive NSCLC. The approval by the European Commission (EC) follows the positive opinion of the Committee for Medicinal Products for Human Use (CHMP) of the EMA.

In February 2026, the NDA of the Group's innovative medicine Dalmelitinib Mesylate Tablets in combination with Aumolertinib Mesylate Tablets (Ameile 阿美樂®), has been accepted by the NMPA for the treatment of patients with locally advanced or metastatic EGFR mutation-positive NSCLC whose tumors have MET amplification after prior EGFR TKI therapy.

In March 2026, HS-10587 tablets, a Category 1 innovative medicine self-developed by the Group, has obtained a clinical trial approval issued by the NMPA, which is intended to be investigated in clinical trials for MTAP-deleted advanced solid tumors.

In March 2026, HS-20152 injection, a Category 1 innovative medicine self-developed by the Group, has obtained a clinical trial approval issued by the NMPA, which is intended to be investigated in clinical trials for PNH.

In March 2026, the Group's innovative medicine XINYUE (昕越®) (Inebilizumab Injection) has been granted drug registration approval by the NMPA, approving the addition of an indication: the product is used in combination with conventional therapeutic drugs for the treatment of adult patients with gMG who are positive for anti-acetylcholine receptor (AChR) or anti-muscle-specific tyrosine kinase (MuSK) antibodies. This is the third indication of XINYUE which has been approved.

Save as disclosed above, there is no material event affecting the Company during the period from December 31, 2025 to the date of the Latest Practicable Date of this report.

# Directors' Report

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND/OR SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

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

### 1. Interest in shares or underlying shares of the Company

| Name of Director                 | Capacity/Nature of interest        | Number of shares or underlying shares | Approximate percentage of shareholding interest <sup>(1)</sup> |
|----------------------------------|------------------------------------|---------------------------------------|--|
| Ms. Zhong Huijuan <sup>(2)</sup> | Person with influence over a trust | 3,900,000,000                         | 64.41%   |
| Ms. Sun Yuan <sup>(2)(3)</sup>   | Beneficiary of a trust             | 3,900,000,000                         | 64.41%   |
|                                  | Beneficial owner                   | 3,501,583                             | 0.06%  |
| Dr. Lyu Aifeng <sup>(4)</sup>    | Beneficial owner                   | 2,336,253                             | 0.04%  |

Notes:

- (1) The calculation is based on the total number of 6,055,150,070 issued shares of the Company as at December 31, 2025.
- (2) These ordinary shares of the Company are beneficially owned by Stellar Infinity, which is a wholly-owned subsidiary of Sunrise Investment, which in turn is wholly-owned by Harmonia Holding as the trustee for the Sunrise Trust, a discretionary trust set up by Ms. Sun Yuan ("**Ms. Sun**"). Ms. Zhong Huijuan ("**Ms. Zhong**") is the person who has consent right on key matters in respect of the Sunrise Trust under the trust deed in relation to the Sunrise Trust. Accordingly, Ms. Zhong and Ms. Sun are deemed or taken to be interested in all the shares of the Company which are beneficially owned by Stellar Infinity for the purpose of Part XV of the SFO.
- (3) In addition to the ordinary shares held by Stellar Infinity, Ms. Sun also holds 2,214,583 ordinary shares of the Company vested according to the RSU Scheme and is entitled to 1,287,000 RSUs subject to vesting conditions.
- (4) Dr. Lyu Aifeng ("**Dr. Lyu**") holds 1,733,723 ordinary shares of the Company vested according to the RSU Scheme and is entitled to 602,530 RSUs subject to vesting conditions.

# Directors' Report

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND/OR SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES *(Continued)*

### 2. Interest in shares or underlying shares of associated corporations of the Company

| Name of Director  | Name of associated corporation    | Capacity/<br>Nature of interest    | Number of shares or underlying shares in the associated corporation | Percentage of shareholding interest in the associated corporation |
|-------------------|-----------------------------------|------------------------------------|---|---|
| Ms. Zhong Huijuan | Sunrise Investment <sup>(1)</sup> | Person with influence over a trust | 100   | 100%  |
| Ms. Sun Yuan      | Sunrise Investment <sup>(1)</sup> | Beneficiary of a trust             | 100   | 100%  |

Note:

- (1) Sunrise Investment is wholly-owned by Harmonia Holding, which is the trustee for the Sunrise Trust, a discretionary trust set up by Ms. Sun. Ms. Zhong is the person who has consent right on key matters in respect of the Sunrise Trust under the trust deed in relation to the Sunrise Trust. Accordingly, Ms. Zhong and Ms. Sun are deemed or taken to be interested in all the shares of Sunrise Investment which are beneficially owned by Harmonia Holding for the purpose of Part XV of the SFO.

Save as disclosed above, as at December 31, 2025, so far as is known to the Directors, none of the Directors and the chief executives of the Company had or were deemed to have any interest or short position in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified under Divisions 7 and 8 of Part XV of the SFO or recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

# Directors' Report

## SUBSTANTIAL SHAREHOLDERS' INTERESTS AND/OR SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at December 31, 2025, the interests and/or short positions of persons (other than the Directors and chief executives of the Company) in the shares or underlying shares of the Company (within the meaning of Part XV of the SFO) which were required to be notified under Divisions 2 and 3 of Part XV of the SFO or recorded in the register required to be kept by the Company pursuant to section 336 of the SFO were as follows:

| Name of shareholder                        | Capacity/<br>Nature of interest   | Number of shares<br>or underlying<br>shares | Approximate<br>percentage of<br>shareholding<br>interest <sup>(1)</sup> |
|--|---|---|---|
| Stellar Infinity <sup>(2)</sup>            | Beneficial owner  | 3,900,000,000                               | 64.41%  |
| Sunrise Investment <sup>(2)</sup>          | Interest in controlled corporation  | 3,900,000,000                               | 64.41%  |
| Harmonia Holding <sup>(2)</sup>            | Interest in controlled corporation  | 3,900,000,000                               | 64.41%  |
| JQC International Limited <sup>(3)</sup>   | Interest in controlled corporation  | 920,000,000                                 | 15.19%  |
| JQC Holding Limited <sup>(3)</sup>         | Interest in controlled corporation  | 920,000,000                                 | 15.19%  |
| Cantrust (Far East) Limited <sup>(3)</sup> | Trustee   | 920,000,000                                 | 15.19%  |
| Apex Medical <sup>(3)</sup>                | Beneficial owner  | 920,000,000                                 | 15.19%  |
| Mr. Cen Junda <sup>(3)</sup>               | Founder of a discretionary trust<br>who can influence how the<br>trustee exercises his discretion | 920,000,000                                 | 15.19%  |

Notes:

- (1) The calculation is based on the total number of 6,055,150,070 issued shares of the Company as at December 31, 2025.
- (2) Stellar Infinity is a wholly-owned subsidiary of Sunrise Investment, which in turn is wholly-owned by Harmonia Holding, the trustee of the Sunrise Trust. Therefore, each of Sunrise Investment and Harmonia Holding is deemed to be interested in the shares of the Company held by Stellar Infinity for the purpose of the SFO.
- (3) On September 1, 2023, Mr. Cen Junda transferred all of his interests in Apex Medical, an entity which, as of December 31, 2025, was the beneficial owner of 920,000,000 shares of the Company, to JQC International Limited, which is indirectly wholly-owned by Cantrust (Far East) Limited (as the trustee of a discretionary trust of which Mr. Cen Junda is the founder). Accordingly, Mr. Cen Junda has become a person with influence over a trust and is deemed or taken to be interested in all the shares of JQC International Limited which are ultimately beneficially owned by Cantrust (Far East) Limited for the purpose of Part XV of the SFO.

Save as disclosed above, as at December 31, 2025, so far as is known to the Directors, no person (not being a Director or chief executive of the Company) had or was deemed to have any interest or short position in the shares or underlying shares of the Company which was required to be notified to the Company under Divisions 2 and 3 of Part XV of the SFO or recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

# Directors' Report

## **DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES**

Save as disclosed in the sections headed "Directors' and Chief Executives' Interests and/or Short Positions in Shares, Underlying Shares and Debentures", "Restricted Share Unit Scheme" and Note 27 to the consolidated financial statements in this Annual Report, at no time during the Reporting Period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Directors or their respective spouses or minor children, or were any such rights exercised by them; nor was the Company, any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other corporations.

## **PERMITTED INDEMNITY PROVISION**

In addition to the indemnities provisions as set out in the Articles of Association, Directors' liability insurance is currently in place, and was in place during the Reporting Period, to protect the Directors of the Company against potential costs and liabilities arising from claims against them.

## **SUFFICIENT PUBLIC FLOAT**

In accordance with Rule 8.08(1)(d) of the Listing Rules as applicable at the time of listing, the Stock Exchange has granted the Company a waiver and accepted a lower public float of 16.21% of the Company's issued share capital.

During the Reporting Period and up to the Latest Practicable Date, according to the public information obtainable by the Company and to the knowledge of the Directors, the Company has maintained the minimum public float to the extent permitted by the Stock Exchange.

## **RESTRICTED SHARE UNIT SCHEME**

The following is a summary of the principal terms of the RSU Scheme conditionally approved and adopted on May 27, 2019. For details of the RSU Scheme, please refer to Appendix IV "Statutory and General Information – D. Post-IPO RSU Scheme" of the Prospectus.

### **1. Purpose**

The purpose of the RSU Scheme is to recognize contributions by selected participants and give incentives to them in order to retain them for the continual operation and development of the Group and to attract suitable personnel for further development of the Group.

### **2. Participants**

Persons eligible to receive awards under the RSU Scheme include the following:

- (i) employees (including director, chief executive officer, vice president, financial controller, company secretary, members of senior management or key technical personnel) of the Group; and
- (ii) any other person selected by the Board at its sole discretion from time to time (subject to the compliance of the applicable Listing Rules).

# Directors' Report

## RESTRICTED SHARE UNIT SCHEME *(Continued)*

### 3. Total number of shares available

No award shall be granted pursuant to the RSU Scheme if, as a result of such grant (assumed accepted), the aggregate number of shares underlying all grants made pursuant to the RSU Scheme (excluding awards that have lapsed or been cancelled in accordance with the rules of the RSU Scheme) will exceed 114,118,384 Shares, representing 2% of the number of shares in issue on the June 14, 2019.

The number of RSUs available for grant under the scheme mandate of the RSU Scheme at the beginning and the end of the Reporting Period are 46,172,474 Shares and 39,429,884 Shares respectively.

The number of shares that may be issued in respect of the RSUs granted under the RSU Scheme, being the only share scheme of the Company, during the Reporting Period divided by the weighted average number of issued shares (excluding treasury shares) for the year is 0.143%.

As at the Latest Practicable Date, the Company had 39,832,594 Shares available for issue under the RSU Scheme, representing approximately 0.658% of the total issued share capital of the Company as at the Latest Practicable Date.

### 4. Maximum entitlement of each participant

The total number of RSU awarded to each Participant (including vested, cancelled and outstanding awards) in any twelve (12)-month period shall not exceed 1% of the Shares in issue.

### 5. Vesting period

The vesting period of the RSUs granted is either (i) three years or (ii) thirty months and would follow one of the following vesting schedule: (i) 40% shall vest on the first anniversary of the grant date and the remaining 30% and 30% shall vest on the second and third anniversary of the grant date, respectively; (ii) 30% shall vest on the first anniversary of the grant date and the remaining 30% and 40% shall vest on the second and third anniversary of the grant date, respectively; (iii) approximately 34% shall vest on the first anniversary of the grant date/vesting commencement date (as the case may be) and the remaining approximately 33% and approximately 33% shall vest on the second and third anniversary of the grant date/vesting commencement date (as the case may be), respectively; (iv) approximately 19% shall vest six months after the grant date and the remaining approximately 33%, 33% and 15% shall vest on the first, second and third anniversary of the grant date, respectively; or (v) approximately 34% shall vest six months after the grant date, approximately 33% shall vest eighteen months after the grant date and approximately 33% shall vest thirty months after the grant date, respectively.

# Directors' Report

## **RESTRICTED SHARE UNIT SCHEME** *(Continued)*

### **6. Exercise period**

The concept of exercise period is inapplicable to the RSU Scheme. The selected participants are required to pay the purchase price for the RSUs that will vest in the period at the time of vesting.

### **7. Performance targets**

Subject to certain performance indicators and other requirements set out in the grant letter entered into between the selected participants and the Company, including based on the Company's annual results and the selected participant's individual annual performance.

### **8. Rights attached to the RSUs and the converted Shares**

A selected grantee under the RSU Scheme ("**Grantees**") does not have any contingent interest in any Shares underlying a grant. Furthermore, a Grantee may not exercise any voting right in respect of any of the Shares underlying the grant, unless otherwise specified by the Board, nor do they have any rights to any cash or non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip distributions from any Shares underlying the grant prior to vesting.

Any Shares transferred to a Grantee upon vesting shall be subject to the provisions of the Articles and will rank pari passu with the fully paid Shares in issue on the date of the transfer. The holders of the Shares will be entitled to participate in all dividends or other distributions paid or made on or after the date of transfer.

### **9. Amount payable**

No amount is payable upon acceptance of the awards, and the purchase consideration is payable upon vesting during the vesting period.

# Directors' Report

## RESTRICTED SHARE UNIT SCHEME (Continued)

### 10. Present status of the RSU Scheme

As at December 31, 2025, pursuant to the RSU Scheme, the Company had granted to Directors, executives and employees of the Group outstanding RSUs representing 19,384,410 Shares, accounting for approximately 0.320% of the total issued share capital of the Company as at December 31, 2025.

Details of the RSUs granted under the RSU Scheme during the Reporting Period are as follows:

| Category  | Grant Date                     | Vesting Period           | Purchase Price | Outstanding as at January 1, 2025 | During the Reporting Period |                            |                  |                  | Outstanding as at December 31, 2025 |
|---|--------------------------------|--------------------------|----------------|-----------------------------------|-----------------------------|----------------------------|------------------|------------------|-------------------------------------|
|   |                                |                          |                |                                   | Granted                     | Vested                     | Cancelled        | Lapsed           |                                     |
| <b>1. Directors</b>   |                                |                          |                |                                   |                             |                            |                  |                  |                                     |
| <b>Ms. Sun Yuan</b>   | April 29, 2022                 | 3 years <sup>(2)</sup>   | HK\$2.6        | 396,100                           | 0                           | 396,100 <sup>(6)</sup>     | 0                | 0                | 0                                   |
|   | April 27, 2023                 | 3 years <sup>(2)</sup>   | HK\$2.84       | 858,000                           | 0                           | 429,000 <sup>(6)</sup>     | 0                | 0                | 429,000                             |
|   | June 27, 2024                  | 3 years <sup>(2)</sup>   | HK\$3.379      | 1,300,000                         | 0                           | 442,000 <sup>(6),(7)</sup> | 0                | 0                | 858,000                             |
| <b>Dr. Lyu Aifeng</b>   | April 29, 2022                 | 3 years <sup>(3)</sup>   | HK\$2.6        | 165,000                           | 0                           | 123,750 <sup>(8)</sup>     | 41,250           | 0                | 0                                   |
|   | April 27, 2023                 | 3 years <sup>(2)</sup>   | HK\$2.84       | 396,000                           | 0                           | 148,500 <sup>(8)</sup>     | 49,500           | 0                | 198,000                             |
|   | June 27, 2024                  | 3 years <sup>(2)</sup>   | HK\$3.379      | 291,850                           | 0                           | 74,423 <sup>(8)</sup>      | 24,807           | 0                | 192,620                             |
|   | April 28, 2025 <sup>(12)</sup> | 3 years <sup>(2)</sup>   | HK\$4.573      | 0                                 | 211,910 <sup>(5)</sup>      | 0                          | 0                | 0                | 211,910                             |
| <b>2. Five highest paid individuals during the year ended December 31, 2025</b> |                                |                          |                |                                   |                             |                            |                  |                  |                                     |
| <b>Three Grantees (excluding the Directors)</b>                                 | April 29, 2022                 | 3 years <sup>(3)</sup>   | HK\$2.6        | 116,500                           | 0                           | 104,850 <sup>(9)</sup>     | 11,650           | 0                | 0                                   |
|   | October 29, 2022               | 30 months <sup>(4)</sup> | HK\$2.6        | 71,400                            | 0                           | 71,400 <sup>(9)</sup>      | 0                | 0                | 0                                   |
|   | April 27, 2023                 | 3 years <sup>(2)</sup>   | HK\$2.84       | 418,600                           | 0                           | 195,270 <sup>(9)</sup>     | 14,030           | 0                | 209,300                             |
|   | June 27, 2024                  | 3 years <sup>(2)</sup>   | HK\$3.379      | 515,740                           | 0                           | 163,328 <sup>(9)</sup>     | 12,022           | 0                | 340,390                             |
|   | April 28, 2025                 | 3 years <sup>(2)</sup>   | HK\$4.573      | 0                                 | 879,220 <sup>(5)</sup>      | 0                          | 0                | 0                | 879,220                             |
| <b>3. Other employees</b>   | April 29, 2022                 | 3 years <sup>(3)</sup>   | HK\$2.6        | 3,660,800                         | 0                           | 3,184,956 <sup>(10)</sup>  | 394,744          | 81,100           | 0                                   |
|   | October 29, 2022               | 30 months <sup>(4)</sup> | HK\$2.6        | 88,000                            | 0                           | 79,477 <sup>(10)</sup>     | 1,123            | 7,400            | 0                                   |
|   | April 27, 2023                 | 3 years <sup>(2)</sup>   | HK\$2.84       | 8,462,000                         | 0                           | 3,681,194 <sup>(10)</sup>  | 423,106          | 582,300          | 3,775,400                           |
|   | June 27, 2024                  | 3 years <sup>(2)</sup>   | HK\$3.379      | 8,869,430                         | 0                           | 2,761,527 <sup>(10)</sup>  | 139,593          | 724,290          | 5,244,020                           |
|   | April 28, 2025                 | 3 years <sup>(2)</sup>   | HK\$4.573      | 0                                 | 7,469,860 <sup>(5)</sup>    | 0                          | 0                | 423,310          | 7,046,550                           |
| <b>4. Service provider<sup>(11)</sup></b>                                       | April 29, 2022                 | 3 years <sup>(3)</sup>   | HK\$2.6        | 79,200                            | 0                           | 63,360 <sup>(11)</sup>     | 15,840           | 0                | 0                                   |
| <b>Total</b>  |                                |                          |                | <b>25,688,620</b>                 | <b>8,560,990</b>            | <b>11,919,135</b>          | <b>1,127,665</b> | <b>1,818,400</b> | <b>19,384,410</b>                   |

# Directors' Report

## RESTRICTED SHARE UNIT SCHEME (Continued)

### 10. Present status of the RSU Scheme (Continued)

Notes:

- (1) The service providers are all former employees who have accepted re-employment after retirement or who continue to provide consultancy advice to the Company after retirement. The Company values their familiarity with the businesses and operation of the Group and considers that their contribution to the Group is similar to that of the employees of the Group.
- (2) Vesting schedule: approximately 34% shall vest on the first anniversary of the grant date/vesting commencement date (as the case may be) and the remaining approximately 33% and approximately 33% shall vest on the second and third anniversary of the grant date/vesting commencement date (as the case may be), respectively.
- (3) Vesting schedule: approximately 19% shall vest six months after the grant date and the remaining approximately 33%, 33% and 15% shall vest on the first, second and third anniversary of the grant date, respectively.
- (4) Vesting schedule: approximately 34% shall vest six months after the grant date, approximately 33% shall vest eighteen months after the grant date and approximately 33% shall vest thirty months after the grant date, respectively.
- (5) The fair value of the RSUs granted was determined based on the binomial model on the date of grant. Such fair value on April 28, 2025 was HK\$18.677 per unit. The variables and assumptions used in computing the fair value of the RSUs are based on the directors' best estimate. Changes in estimates and assumptions may result in changes in fair value of the RSUs. At the end of each reporting period, the Group revises its estimates of the number of RSUs that are expected to vest ultimately. The impact of the revision of the estimates, if any, is recognized in profit or loss, with a corresponding adjustment to the share-based payment reserve. Details of the fair value of the RSUs granted and the related accounting standard and policy adopted are set out in Note 27 to the consolidated financial statements. Closing price immediately prior to the grant date is HK\$23.90 per Share. The performance target in relation to the grants are those as set forth in "7. Performance targets" above.
- (6) Weighted average closing price of the shares immediately before the vesting dates is HK\$25.29 per Share.
- (7) Among the 442,000 RSUs vested on June 27, 2025, 298,717 RSUs were settled by cash payment by the Company based on the closing price of the Company's Share at HK\$29.10 per Share on the vesting date.
- (8) Weighted average closing price of the shares immediately before the vesting dates is HK\$24.51 per Share.
- (9) Weighted average closing price of the shares immediately before the vesting dates is HK\$25.04 per Share.
- (10) Weighted average closing price of the shares immediately before the vesting dates is HK\$24.91 per Share.
- (11) Weighted average closing price of the shares immediately before the vesting date is HK\$23.25 per Share.
- (12) All RSUs granted to Dr. Lyu Aifeng (representing 211,910 Shares), being an executive director of the Company, mentioned in the announcement dated April 28, 2025 only involve existing shares of the Company held or to be held by the RSU Trustee, and no new shares were or will be allotted or issued by the Company for the vesting of the RSUs. According to the director's services contract with the Company, the RSUs granted to him form part of his remuneration package and are therefore exempted from the reporting, announcement and independent shareholders' approval requirements under Rules 14A.73(6) and 14A.95 of the Listing Rules.

# Directors' Report

## RESTRICTED SHARE UNIT SCHEME *(Continued)*

### 10. Present status of the RSU Scheme *(Continued)*

No grant has been made to (i) any related entity participant or service provider with options and awards granted in excess of 0.1% of the Company's issued shares over the 12-month period, and (ii) any other participant with options and awards granted in excess of the 1% individual limit, as such terms are used in the Listing Rules.

### 11. Basis for determining purchase price

The Board shall determine the purchase price at a discount with reference to the average closing price of the Shares as stated in the Stock Exchange's daily quotation sheets for one calendar month immediately preceding the grant date.

### 12. Remaining life of the RSU Scheme

Unless otherwise terminated or amended, the RSU Scheme shall be valid and effective for the period of 10 years commencing on the listing date until June 14, 2029.

## CORPORATE GOVERNANCE

Details of the principal corporate governance practices adopted by the Company are set out in the section of "Corporate Governance Report" of this Annual Report.

## AUDITOR

The consolidated financial statements for the year ended December 31, 2025 have been audited by Ernst & Young, which will retire at the conclusion of the forthcoming annual general meeting and, being eligible, offer themselves for re-appointment. A resolution on the re-appointment of Ernst & Young as the auditor of the Company will be proposed at the AGM. The Company has not changed its auditor in the past 3 years.

For and on behalf of the Board

**Ms. Zhong Huijuan** *(Chairlady and Chief Executive Officer)*

March 29, 2026

# Biographical Details of Directors and Senior Management

## DIRECTORS

### Executive Directors

**Ms. ZHONG Huijuan (鍾慧娟)**, aged 65, is the founder of our Group and currently the chairlady of the Board, chief executive officer and an executive Director of the Company. Ms. Zhong is the chairlady of both the Nomination Committee and the Strategy and Development Committee and a member of the Remuneration Committee. Ms. Zhong was appointed as a Director on December 2, 2015. Ms. Zhong was appointed as a director of Jiangsu Hansoh in September 1998. Ms. Zhong is primarily responsible for our Group's strategic development and planning, overall operations and decision making, board governance and supervision of key management issues. Ms. Zhong is the mother of Ms. Sun.

Ms. Zhong has approximately 30 years of experience in the pharmaceutical industry in China, with substantial experience in pharmaceutical enterprise operation and management, as well as extensive industry knowledge on the development and expansion of our therapeutic areas. Under Ms. Zhong's leadership, our Group has developed into a leading innovation-driven pharmaceutical enterprise in China.

Ms. Zhong is Co-President of the Hong Kong Jiangsu Enterprises Association.

Over the years, Ms. Zhong received numerous awards and recognitions for her contributions to both the pharmaceutical industry and pharmaceutical industrial and commercial enterprises. She received State Council Special Allowance in February 2013. In December 2013, she also received the "All China Federation of Industry Commerce Scientific and Technological Progress Award (first prize)" (中華全國工商業聯合會科技進步獎一等獎). In December 2014, Ms. Zhong received the "State Science and Technology Award (second prize)" (國家科技進步獎二等獎) from the State Council.

In July 1982, Ms. Zhong obtained her undergraduate degree in chemistry from Jiangsu Normal University (江蘇師範大學) (formerly known as Xuzhou Normal University (徐州師範學院)) in Xuzhou. She then obtained her EMBA from Nanjing University (南京大學) in December 2005.

**Ms. SUN Yuan (孫遠)**, aged 39, is an executive Director of our Company. Ms. Sun was appointed as a Director on December 2, 2015. Ms. Sun served as a director of Jiangsu Hansoh from October 2011 to October 2019. Ms. Sun is primarily responsible for providing guidance on R&D strategies, business development, investment strategies and the scientific development of our Group, which includes monitoring and introducing latest industry development and pharmaceutical technologies to the Group and exploring overseas business opportunities. Ms. Sun is the daughter of Ms. Zhong.

Ms. Sun has approximately 15 years of experience in healthcare investment management and industry research. Prior to joining our Group in October 2011, Ms. Sun had worked as an analyst in Hony Capital since June 2009.

Ms. Sun received her bachelor's degree in biomedical sciences from Cambridge University in June 2007.

# Biographical Details of Directors and Senior Management

## **DIRECTORS** *(Continued)*

### **Executive Directors** *(Continued)*

**Dr. LYU Aifeng (呂愛鋒)**, aged 49, is an executive Director of our Company. Dr. Lyu is the chairman of the ESG Committee and a member of the Strategy and Development Committee. Dr. Lyu was appointed as a Director on March 11, 2016, and mainly assists the Chief Executive Officer, Ms. ZHONG Huijuan, in managing the daily business operations of the Company, as well as the operation and management of certain subsidiaries. Dr. Lyu was appointed as president of Jiangsu Hansoh and the executive director of Hansoh Health in December 2015 and September 2019, respectively.

Dr. Lyu has more than 20 years of technical and management experience in R&D and product quality control systems in the pharmaceutical industry. Dr. Lyu joined our Group in July 1998 and has served in various positions, including director of product development in August 2001, and director of research institution in March 2009.

Dr. Lyu is currently the vice chairman of the Professional Committee of Industrial Pharmacy of the Chinese Pharmaceutical Association (中國藥學會工業藥劑學專業委員會) and the vice president of the 10th the China Chemical Pharmaceutical Industry Association (中國化學製藥工業協會第十屆副會長), and was elected as a representative of the 14th Jiangsu Provincial People's Congress (江蘇省人民代表大會).

Dr. Lyu has obtained numerous awards and recognitions. Dr. Lyu obtained the “State Science and Technology Progress Award (second prize)” (國家科技進步獎二等獎) in 2013 and 2014. Dr. Lyu was recognized as a “Young Expert with Outstanding Contributions” (有突出貢獻的中青年專家) by the People's Government of Jiangsu Province (江蘇省人民政府) in March 2015. He was also chosen for the “100 Million Talents Programme” (國家百千萬人才工程) by the PRC Ministry of Human Resources and Social Security (中華人民共和國人力資源和社會保障部) in October 2017. He was further selected for the “Ten Thousand Talents Programme” (國家萬人計劃) by the PRC Ministry of Science and Technology (中華人民共和國科學技術部) in May 2018.

Dr. Lyu obtained both his bachelor of science degree in chemistry and his master of science degree in organic chemistry from Nanjing University (南京大學), in July 1998 and June 2005, respectively. Dr. Lyu also obtained his doctorate degree in biomedical engineering from Southeast University (東南大學) (formerly known as Nanjing Institute of Technology (南京工學院)) in Nanjing in June 2015.

# Biographical Details of Directors and Senior Management

## DIRECTORS (Continued)

### Independent Non-Executive Directors

**Mr. LIN Guoqiang (林國強)**, aged 83, is an independent non-executive Director of our Company. Mr. Lin has been appointed as an independent non-executive Director of our Company with effect from May 31, 2019. Mr. Lin is a member of the Audit Committee, the Remuneration Committee and the Nomination Committee. Mr. Lin is primarily responsible for providing independent opinion and judgment to our Board.

Mr. Lin has more than 50 years of research experience in chemistry. Mr. Lin joined the Shanghai Institute of Organic Chemistry of the Chinese Academy of Sciences (中國科學院上海有機化學研究所) in 1968. He was promoted to researcher of such institute in 1990, served as deputy director from 1988 to 1993 and director of such institute from 1993 to 1999. Mr. Lin was a visiting scholar at the Royal Institute of Technology in Sweden in 1980, and also a visiting scientist at both the University of Pittsburgh and R&D Department of SmithKline in the U.S. in 1986. Since 1992, Mr. Lin has been the director and executive editor of the publication “Tetrahedron/Tetrahedron Letters” in China and served as deputy chief editor of “China Science: Chemistry” (《中國科學: 化學》) from 2008 to 2017. Mr. Lin was also elected as academician of the Chinese Academy of Sciences (中國科學院院士) in 2001.

Mr. Lin has received numerous awards, including State Natural Science Awards and Science Progress Awards. Examples are set out in the table below:

| Honor/Award   | Awarding Body                                  | Timing of Granting the Award |
|---|--|------------------------------|
| Second Prize of State Natural Science Award of 2016                       | State Council                                  | December 2016                |
| Second Prize of State Scientific and Technological Progress Award of 2013 | State Council                                  | December 2013                |
| Third Prize of State Scientific and Technology Progress Award of 1995     | State Scientific and Technological Commission  | December 1995                |
| Second Prize of State Scientific and Technology Progress Award of 1987    | State Science & Technology Award Judging Panel | July 1987                    |
| Third Prize of State Invention Award of 1987                              | State Scientific and Technological Commission  | January 1987                 |

Mr. Lin obtained his bachelor's degree in organic chemistry from Shanghai University of Science and Technology (上海科學技術大學) in July 1964, and obtained his master's degree in organic chemistry from Shanghai Institute of Organic Chemistry of the Chinese Academy of Sciences (中國科學院上海有機化學研究所) in July 1968.

# Biographical Details of Directors and Senior Management

## **DIRECTORS** *(Continued)*

### **Independent Non-Executive Directors** *(Continued)*

**Mr. CHAN Charles Sheung Wai (陳尚偉)**, aged 72, is an independent non-executive Director of our Company. Mr. Chan has been appointed as an independent non-executive Director of our Company with effect from May 31, 2019. Mr. Chan is the chairman of the Audit Committee and a member of the Strategy and Development Committee, the ESG Committee and the Nomination Committee. Mr. Chan is primarily responsible for providing independent opinion and judgment to our Board.

Mr. Chan has more than 40 years of experience in corporate finance, financial regulations and risk management. Mr. Chan started his career as an auditor at the Canadian office of Arthur Andersen in 1977 and was promoted to partnership in 1988. He subsequently joined the China & Hong Kong office of Arthur Andersen as an audit partner in 1994. From July 2002 to June 2012, Mr. Chan was a partner of the China & Hong Kong office of PricewaterhouseCoopers. Mr. Chan served as a member of the Listing Committee of the Hong Kong Stock Exchange from 1998 to 2001 and also as a member of the Election Committee for the first Legislative Council of Hong Kong in 1998. From 1996 to 1999, Mr. Chan was a council member of the Hong Kong Institute of Certified Public Accountants. He also served as a member of the Accounting Standards Committee, Auditing Standards Committee and the chairman of the China Technical Committee of the Hong Kong Institute of Certified Public Accountants.

Mr. Chan has been an independent non-executive director of Maoyan Entertainment (Stock Code: 1896), a company listed on the Stock Exchange and Sun Art Retail Group Limited (Stock Code: 6808), a company listed on the Stock Exchange, and as an independent director of S.F. Holding Co., Ltd. (Stock Codes: 002352 and 6936), a company listed on the Shenzhen Stock Exchange and the Stock Exchange, respectively. From September 2013 to April 2020, he served as an independent director of Changyou.com Ltd, a company listed on the NASDAQ (Stock Code: CYOU). From May 2016 to May 2019, he served as an independent non-executive director of CITIC Securities Company Limited (Stock Code: 6030), a company listed on the Stock Exchange. From July 2012 to October 2022, he served as an independent non-executive director of SRE Group Limited (Stock Code: 1207), a company listed on the Stock Exchange. From November 2020 to June 2024, he served as an independent non-executive director of Shanghai Bio-heart Biological Technology Co., Ltd. (Stock Code: 2185), a company listed on the Stock Exchange.

In May 1977, Mr. Chan obtained a Bachelor of Commerce degree from the University of Manitoba, in Canada. He is a member of both the Chartered Accountants of Canada and the Hong Kong Institute of Certified Public Accountants.

# Biographical Details of Directors and Senior Management

## DIRECTORS *(Continued)*

### Independent Non-Executive Directors *(Continued)*

**Ms. YANG Dongtao (楊東濤)**, aged 68, is an independent non-executive Director of our Company. Ms. Yang has been appointed as an independent non-executive Director of our Company with effect from May 31, 2019. Ms. Yang is the chairlady of the Remuneration Committee and a member of the Audit Committee, the Strategy and Development Committee and the ESG Committee. Ms. Yang is primarily responsible for providing independent opinion and judgment to our Board.

Ms. Yang has over 40 years of experience in the field of education. She was a teaching assistant at the Department of Chemical Machinery of the East China University of Science and Technology (華東理工大學化工機械系) from January 1982 to May 1983. She was also a lecturer from May 1983 to March 1992, an Associate Professor from March 1992 to March 1999, and a professor from March 1999 to February 2007 at the Management Department of Nanjing University School of Business (南京大學商學院管理學系). Ms. Yang has been a professor of the Human Resources Management Department of Nanjing University School of Business (南京大學商學院人力資源管理系) since February 2007, and retired from Nanjing University School of Business in December 2023. Since May 2016 to June 2021, she has also been the vice president of the Jiangsu Province Human Resources Society (江蘇省人力資源學會).

Ms. Yang is currently an independent director of Nanjing Chixia Development Co., Ltd.\* (南京棲霞建設股份有限公司) (Stock Code: 600533), a company listed on the Shanghai Stock Exchange, an independent director of Wuxi Rural Commercial Bank Co., Ltd. (無錫農村商業銀行股份有限公司) (Stock Code: 600908), a company listed on the Shanghai Stock Exchange, and was an independent director of Jiangsu Novoray New Materials Co., Ltd. (江蘇聯瑞新材料股份有限公司) (Stock Code: 688300) from May 2017 to February 2021 and Perfect Group Corp., Ltd. (倍加潔集團股份有限公司) (Stock Code: 603059) from October 2016 to September 2022, both are companies listed on the Shanghai Stock Exchange.

Ms. Yang received her bachelor of engineering from Southeast University (東南大學) (formerly known as Nanjing Institute of Technology (南京工學院)) in Nanjing in July 1982. She obtained both her master's degree in economics and her doctorate degree in corporate management from Nanjing University (南京大學) in February 1992 and December 1998, respectively.

# Biographical Details of Directors and Senior Management

## **DIRECTORS** *(Continued)*

### **Independent Non-Executive Directors** *(Continued)*

**Mr. YAN Jia (嚴嘉)**, aged 54, is an independent non-executive Director of our Company. Mr. Yan has been appointed as an independent non-executive Director of our Company with effect from December 26, 2025. Mr. Yan is a member of the Audit Committee and the ESG Committee. Mr. Yan is primarily responsible for providing independent opinion and judgment to our Board.

Mr. Yan served as a lawyer at Paul Weiss Rifkind Wharton & Garrison LLP from September 1999 to April 2001, a chief operating officer at iSinoLaw Limited from May 2001 to March 2006, a lawyer at Paul Hastings LLP from April 2006 to October 2008 and a partner at Paul Hastings LLP from November 2008 to May 2024. He has served as a partner and Co-Chair of China Practice at Pillsbury Winthrop Shaw Pittman LLP since May 2024; an independent director of Aba Chemicals Corporation since March 2022 (a company listed on the Shenzhen Stock Exchange; stock code: 300261); an independent director of InventisBio Co., Ltd. since December 2020 (a company listed on the Shanghai Stock Exchange; stock code: 688382); and an independent director of Shanghai Feilo Acoustics Co., Ltd. since May 2021 (a company listed on the Shanghai Stock Exchange; stock code: 600651).

Mr. Yan obtained a bachelor's degree in law and master's degree in law from Fudan University in July 1993 and July 1996, respectively. He obtained a master's degree in law from Yale University in June 1999 and a doctorate degree in international financial law from City University of Hong Kong in November 2003. Mr. Yan was admitted to the New York State bar in December 2000 and is a registered foreign lawyer with the Law Society of Hong Kong. He also obtained the legal professional qualification certificate issued by the Ministry of Justice of the PRC in 1994.

## **SENIOR MANAGEMENT**

The members of our senior management team and details of each of their experience are as follows:

**Dr. LEE Chih-Hung (李志宏)**, aged 66, is the chief science officer of the Group, responsible for the Group's global innovative medicine research and development. Dr. Lee joined the Group in April 2022 and was appointed to his current position.

Dr. Lee has more than 30 years of extensive management experience in the field of BIC/FIC drug research and development. Before joining the Group, Dr. Lee served as a senior director of Abbott/AbbVie from December 1992 to April 2022, responsible for innovative medicine research and development in multiple therapeutic areas (oncology, immunology, neuroscience, pain, liver, kidney, dermatology and anti-aging), and he was involved in the establishment of the Kidney Disease Research Centre and the US West Coast Oncology Research Centre during his tenure at AbbVie.

Dr. Lee obtained the doctoral degree in organic chemistry from the The University of Chicago in 1990 and his MBA from Lake Forest Graduate School in 2013.

# Biographical Details of Directors and Senior Management

## SENIOR MANAGEMENT *(Continued)*

**Dr. SUN Weiyong (孫偉勇)**, aged 55, is the chief business officer of the Group, responsible for the Group's global business development. Dr. Sun joined the Group in March 2021 and was appointed to his current position.

Dr. Sun has more than 20 years of extensive experience in the field of medicine and BD. Before joining the Group, Dr. Sun served as a senior director of Daiichi Sankyo Company, Limited from April 2002 to March 2021, responsible for BD and innovative medicine research and development in the United States and Japan respectively. From December 2000 to October 2001, he worked as a postdoctoral fellow at the Medical College of Wisconsin in the United States.

Dr. Sun obtained a bachelor's degree in clinical medicine from Beijing Medical University (北京醫科大學) (currently known as Peking University Health Science Center (北京大學醫學部)) in July 1993, and master's and doctoral degrees from the Cell Biochemistry Laboratory of the University of Tokyo in March 1999 and March 2002 respectively. He obtained a master's degree in business administration from Columbia University in May 2015.

**Dr. Zhang Xiaoqing (張曉青)**, aged 52, is the chief medical officer of the Group, responsible for the global clinical R&D management of innovative medicines of the Group. Dr. Zhang joined our Group in March 2024 and was appointed to her current position.

Dr. Zhang has nearly 20 years of rich leadership experience in the field of innovative medicine clinical R&D. From August 2005 to July 2023, Dr. Zhang held various positions in the Greater China R&D departments and global headquarters of MSD, Lilly, and BMS, including clinical research physician, global clinical development leader in the field of oncology, and Six Sigma Black Belt, and she was responsible for formulating and executing oncology clinical development strategies, optimizing pipeline strategies, and managing project changes and innovations of innovative medicines at all stages. Prior to joining our group, Dr. Zhang served as the clinical vice president of oncology at Kelun-Biotech from July 2023 to March 2024, responsible for the clinical development of ADC pipelines and related international project collaborations. Before entering the pharmaceutical industry, Dr. Zhang had five years of practical experience as a clinical physician.

Dr. Zhang obtained a bachelor's degree in clinical medicine and a master's degree in surgical oncology from the Medical School of Nantong University (南通大學醫學院) in July 1997 and July 2002, respectively. She obtained a doctorate degree in surgical oncology from Shanghai Jiao Tong University School of Medicine (上海交通大學醫學院) in July 2005 and an MBA from the Wharton School of the University of Pennsylvania in August 2022.

# Biographical Details of Directors and Senior Management

## SENIOR MANAGEMENT *(Continued)*

**Dr. Jiang Shan (江山)**, aged 56, is the chief technology officer of the Group. She is responsible for Shanghai Hansoh biopharmaceutical R&D Center, Changzhou Hansoh biopharmaceutical production department, and is in charge of the Group's biopharmaceutical development and production operations.

Dr. Jiang joined the Group in August 2024 and was appointed to her current position. Dr. Jiang has over 25 years of rich experience in the fields of biopharmaceuticals and ADC development. Prior to joining our Group, Dr. Jiang served as vice president of Pfizer from December 2023 to May 2024, responsible for the management of the Pharmaceutical Science Biotherapeutics department. From July 2008 to December 2023, she held positions ranging from director to vice president at Seagen, and was fully responsible for the development of large molecule pipelines. Dr. Jiang previously held R&D management positions at Bayer and BMS.

Dr. Jiang obtained a bachelor's degree in basic medical sciences from Beijing Medical University (北京醫科大學) (currently known as Peking University Health Science Center (北京大學醫學部)) in July 1993, and a doctorate degree in industrial and physical pharmacy from Purdue University in May 1998.

**Mr. HU Min (胡旻)**, aged 49, is a chief financial officer of the Group. Mr. Hu joined our Group in September 2019 and was appointed to his current position.

Mr. Hu has years of experience in finance, auditing, consulting and capital markets in the pharmaceutical and healthcare industries. Before joining our Group, Mr. Hu served as an audit partner for the pharmaceutical and healthcare industries at Deloitte Touche Tohmatsu China. Mr. Hu holds qualifications of certified public accountant of China and the United States.

Mr. Hu obtained his bachelor of economics from Xiamen University (廈門大學) in July 1999.

**Mr. LU Yifeng (陸一峰)**, aged 52, is the vice president of the Group, responsible for the Group's production operations and import and export business of APIs. Mr. Lu joined the Group in September 2023 and was appointed to his current position.

Mr. Lu has more than 20 years of extensive experience in production and marketing management. Before joining the Group, Mr. Lu served as the president of Changjiang Runfa Health Industry Co., Ltd. from 2016 to 2023, responsible for the general management and in charge of the operation of the pharmaceutical business. From 2013 to 2016, he worked as an executive vice president with the VMR Group in the United States. He also held management positions with the Danaher Group and the Ecolab Group in the United States.

Mr. Lu obtained a bachelor's degree in mechanical engineering from Tsinghua University (清華大學) in June 1997 and an MBA degree from the University of Illinois Urbana-Champaign in the United States in June 2003.

# Biographical Details of Directors and Senior Management

## JOINT COMPANY SECRETARIES

**Ms. ZHONG Shengli (鍾勝利)**, aged 58, has served as a joint company secretary and a senior vice president of our Group since August 2018 and March 2012, respectively.

Ms. Zhong Shengli joined our Group in July 2010 as an investment director and was responsible for investment management.

Before joining our Group, Ms. Zhong Shengli served as a senior manager for Ping An Bank with more than ten years of work experience in financial institutions.

Ms. Zhong Shengli obtained her bachelor of arts degree from Beijing Foreign Studies University (北京外國語大學) (formerly known as Beijing Foreign Studies College (北京外國語學院)) in July 1991 and her master degree in economics from Peking University (北京大學) in January 2007. Ms. Zhong Shengli is an Affiliated Person of Hong Kong Chartered Governance Institute (“**HKCGI**”) (formerly “The Hong Kong Institute of Chartered Secretaries”).

**Mr. Lee Leong Yin (李亮賢)** is a senior manager of company secretarial services of Tricor Services Limited, a global professional services provider specializing in integrated business, corporate and investor services. Mr. Lee has over 15 years of experience in the company secretarial field. Mr. Lee has been providing professional corporate services to Hong Kong listed companies as well as multinational, private and offshore companies. Mr. Lee is a Chartered Secretary, a Chartered Governance Professional and a fellow of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

# Independent Auditor's Report



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**To the shareholders of Hansoh Pharmaceutical Group Company Limited**  
(Incorporated in the Cayman Islands with limited liability)

## OPINION

We have audited the consolidated financial statements of Hansoh Pharmaceutical Group Company Limited (the “**Company**”) and its subsidiaries (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 31 December 2025, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

## BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“**HKSAs**”) as issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the “**Code**”), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## KEY AUDIT MATTERS

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

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

# Independent Auditor's Report

## Key audit matter

### ***Provision for expected credit losses on trade receivables***

As at 31 December 2025, the Group had trade receivables of approximately RMB3,050,099,000 against which provisions for expected credit losses of approximately RMB11,594,000 were made.

According to Hong Kong Financial Reporting Standard 9 *Financial Instruments* (“**HKFRS 9**”), the Group measures the loss allowance for its trade receivables at an amount equal to the lifetime expected credit losses (“**ECL**”). ECLs are estimated by grouping the receivables based on the shared credit risk characteristics and collectively assessed for the likelihood of recovery and applying ECL rates to the respective gross carrying amounts of the receivables. The ECL rates are determined based on the historical credit losses experience and are adjusted to reflect current and forward-looking information on economic indicators. The provision of loss allowance of trade receivables is identified as a key audit matter because the trade receivables balance is significant to the Group and significant judgement and estimations are applied in assessing the allowance for expected credit losses.

The Group's disclosures about the ECLs on the trade receivables are included in Note 2.4 *Material accounting policies*, Note 3 *Significant accounting judgements and estimates*, Note 17 *Trade and bills receivables* and Note 36 *Financial risk management objectives and policies*, to the consolidated financial statements, which specifically disclose the accounting policies, management's judgements and estimates, and the overdue receivables and the related provision.

## How our audit addressed the key audit matter

Our procedures in relation to management's assessment of ECLs on trade receivables included:

- Obtaining an understanding of relevant controls that the Group had implemented to manage and monitor its credit risk;
- Inquiring of management about the status of each of the material balances of trade receivables which were past due as at year end and assessing the reasonableness of management's grouping of various customers by searching their credit profiles, understanding on-going business relationships, and checking historical and subsequent settlement records;
- Involving our internal specialists to assist us in evaluating the appropriateness of the valuation methodology and key assumptions adopted by management in determining ECLs on the trade receivables; and
- Testing the inputs used by management to prepare the provision matrix, including the ageing and historical collection records of trade receivables by comparing individual items in the analysis, on a sampling basis, to supporting billings and collections.
- Reading and assessing the relevant disclosures made in the consolidated financial statements, including disclosures of the basis for the estimation.

# Independent Auditor's Report

## **OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT**

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover 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 when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS**

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

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

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

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

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

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

# Independent Auditor's Report

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

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

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

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

# Independent Auditor's Report

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 HO Siu Fung, Terence (practising certificate number: P04202).

*Ernst & Young*  
Certified Public Accountants  
Hong Kong

29 March 2026

# Consolidated statement of profit or loss

Year ended 31 December 2025

|   | Notes | 2025<br><i>RMB'000</i> | 2024<br><i>RMB'000</i> |
|---|-------|------------------------|------------------------|
| <b>REVENUE</b>  | 5     | <b>15,028,324</b>      | 12,260,814             |
| Cost of sales   |       | <b>(1,497,867)</b>     | (1,105,408)            |
| <b>Gross profit</b>   |       | <b>13,530,457</b>      | 11,155,406             |
| Other income  | 5     | <b>1,208,919</b>       | 1,133,336              |
| Selling and distribution expenses   |       | <b>(4,063,790)</b>     | (3,795,848)            |
| Administrative expenses   |       | <b>(671,716)</b>       | (712,546)              |
| Research and development costs  |       | <b>(3,357,981)</b>     | (2,701,650)            |
| Other (expenses)/gains, net   | 5     | <b>(92,146)</b>        | 13,173                 |
| Finance costs   | 7     | <b>(3,162)</b>         | (6,689)                |
| <b>PROFIT BEFORE TAX</b>  | 6     | <b>6,550,581</b>       | 5,085,182              |
| Income tax expense  | 10    | <b>(995,120)</b>       | (713,357)              |
| <b>PROFIT FOR THE YEAR</b>  |       | <b>5,555,461</b>       | 4,371,825              |
| Attributable to owners of the parent  |       | <b>5,555,461</b>       | 4,371,825              |
| <b>EARNINGS PER SHARE ATTRIBUTABLE TO<br/>ORDINARY EQUITY HOLDERS OF THE PARENT</b> | 12    |                        |                        |
| Basic (RMB)   |       | <b>0.93</b>            | 0.74                   |
| Diluted (RMB)   |       | <b>0.93</b>            | 0.73                   |

# Consolidated Statement of Comprehensive Income

Year ended 31 December 2025

|  | 2025<br><i>RMB'000</i> | 2024<br><i>RMB'000</i> |
|--|------------------------|------------------------|
| <b>PROFIT FOR THE YEAR</b>   | <b>5,555,461</b>       | 4,371,825              |
| <b>OTHER COMPREHENSIVE (LOSS)/INCOME</b>   |                        |                        |
| Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:    |                        |                        |
| Exchange differences on translation of foreign operations  | <b>(583,679)</b>       | 234,447                |
| Net other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods | <b>(583,679)</b>       | 234,447                |
| <b>OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR, NET OF TAX</b>                                      | <b>(583,679)</b>       | 234,447                |
| <b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>   | <b>4,971,782</b>       | 4,606,272              |
| Attributable to owners of the parent   | <b>4,971,782</b>       | 4,606,272              |

# Consolidated Statement of Financial Position

31 December 2025

|   | Notes | 2025<br><i>RMB'000</i> | 2024<br><i>RMB'000</i> |
|---|-------|------------------------|------------------------|
| <b>NON-CURRENT ASSETS</b>                                 |       |                        |                        |
| Property, plant and equipment                             | 13    | 2,758,000              | 2,804,765              |
| Right-of-use assets                                       | 14(a) | 421,344                | 442,405                |
| Intangible assets   | 15    | 362,647                | 245,286                |
| Financial assets at fair value through profit or loss     | 19    | 772,486                | 702,283                |
| Prepayments for purchase of property, plant and equipment |       | 30,532                 | 21,315                 |
| <b>Total non-current assets</b>                           |       | <b>4,345,009</b>       | <b>4,216,054</b>       |
| <b>CURRENT ASSETS</b>                                     |       |                        |                        |
| Inventories   | 16    | 608,922                | 651,224                |
| Trade and bills receivables                               | 17    | 3,060,517              | 3,169,763              |
| Prepayments, other receivables and other assets           | 18    | 319,623                | 234,537                |
| Financial assets at fair value through profit or loss     | 19    | 17,612                 | 17,237                 |
| Other financial assets                                    | 20    | –                      | 747,468                |
| Cash and bank balances                                    | 21    | 31,548,668             | 22,621,566             |
| <b>Total current assets</b>                               |       | <b>35,555,342</b>      | <b>27,441,795</b>      |
| <b>CURRENT LIABILITIES</b>                                |       |                        |                        |
| Trade payables  | 22    | 334,314                | 217,851                |
| Other payables and accruals                               | 23    | 2,562,579              | 2,354,591              |
| Contract liabilities                                      | 24    | 1,181,478              | 19,227                 |
| Convertible bonds   | 26    | 40,501                 | 40,874                 |
| Lease liabilities   | 14(b) | 16,968                 | 16,006                 |
| Tax payable   |       | 259,094                | 46,669                 |
| <b>Total current liabilities</b>                          |       | <b>4,394,934</b>       | <b>2,695,218</b>       |
| <b>NET CURRENT ASSETS</b>                                 |       | <b>31,160,408</b>      | <b>24,746,577</b>      |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>              |       | <b>35,505,417</b>      | <b>28,962,631</b>      |

# Consolidated Statement of Financial Position

31 December 2025

|  | Notes | 2025<br>RMB'000   | 2024<br>RMB'000   |
|--|-------|-------------------|-------------------|
| <b>NON-CURRENT LIABILITIES</b>                     |       |                   |                   |
| Lease liabilities                                  | 14(b) | 47,624            | 61,013            |
| Deferred tax liabilities                           | 25    | 72,299            | 200,189           |
| Other non-current liabilities                      |       | 21,043            | 21,515            |
| <b>Total non-current liabilities</b>               |       | <b>140,966</b>    | <b>282,717</b>    |
| <b>Net assets</b>                                  |       | <b>35,364,451</b> | <b>28,679,914</b> |
| <b>EQUITY</b>                                      |       |                   |                   |
| <b>Equity attributable to owners of the parent</b> |       |                   |                   |
| Share capital                                      | 28    | 53                | 52                |
| Treasury shares                                    | 29    | (2,885)           | (13,215)          |
| Reserves   | 30    | 35,367,283        | 28,693,077        |
| <b>Total equity</b>                                |       | <b>35,364,451</b> | <b>28,679,914</b> |

Zhong Huijuan  
Director

Sun Yuan  
Director

# Consolidated Statement of Changes in Equity

Year ended 31 December 2025

|   | Notes | Share capital<br>Note 28<br>RMB'000 | Share premium*<br>Note 30(a)<br>RMB'000 | Share-based payment reserve*<br>Note 27<br>RMB'000 | Treasury shares<br>Note 29<br>RMB'000 | Merger reserve/other reserve*<br>Note 30(b)<br>RMB'000 | Exchange fluctuation reserve*<br>Note 30(c)<br>RMB'000 | Statutory surplus reserves*<br>Note 30(d)<br>RMB'000 | Retained profits*<br>RMB'000 | Total equity<br>RMB'000 |
|---|-------|-------------------------------------|---|--|---------------------------------------|--|--|--|------------------------------|-------------------------|
| <b>At 1 January 2025</b>                                  |       | <b>52</b>                           | <b>13,999,985</b>                       | <b>463,072</b>                                     | <b>(13,215)</b>                       | <b>(59,391)</b>  | <b>371,369</b>   | <b>906,781</b>                                       | <b>13,011,261</b>            | <b>28,679,914</b>       |
| Profit for the year                                       |       | -                                   | -                                       | -  | -                                     | -  | -  | -  | 5,555,461                    | 5,555,461               |
| Exchange differences on translation of foreign operations |       | -                                   | -                                       | -  | -                                     | -  | (583,679)  | -  | -                            | (583,679)               |
| Total comprehensive income for the year                   |       | -                                   | -                                       | -  | -                                     | -  | (583,679)  | -  | 5,555,461                    | 4,971,782               |
| Issuance of new shares by placing                         | 28    | 1                                   | 3,557,505                               | -  | -                                     | -  | -  | -  | -                            | 3,557,506               |
| Issuance of new shares under a share award scheme         | 29    | -                                   | 31,608                                  | -  | (31,608)                              | -  | -  | -  | -                            | -                       |
| Subscription of shares under a share award scheme         |       | -                                   | 290,686                                 | (301,048)  | 41,539                                | -  | -  | -  | -                            | 31,177                  |
| Share-based payments                                      | 27    | -                                   | -                                       | 136,257  | -                                     | -  | -  | -  | -                            | 136,257                 |
| Dividends declared  | 11    | -                                   | -                                       | -  | 399                                   | -  | -  | -  | (2,012,584)                  | (2,012,185)             |
| <b>At 31 December 2025</b>                                |       | <b>53</b>                           | <b>17,879,784</b>                       | <b>298,281</b>                                     | <b>(2,885)</b>                        | <b>(59,391)</b>  | <b>(212,310)</b>                                       | <b>906,781</b>                                       | <b>16,554,138</b>            | <b>35,364,451</b>       |

|   | Notes | Share capital<br>Note 28<br>RMB'000 | Share premium*<br>Note 30(a)<br>RMB'000 | Share-based payment reserve*<br>Note 27<br>RMB'000 | Treasury shares<br>Note 29<br>RMB'000 | Merger reserve/other reserve*<br>Note 30(b)<br>RMB'000 | Exchange fluctuation reserve*<br>Note 30(c)<br>RMB'000 | Statutory surplus reserves*<br>Note 30(d)<br>RMB'000 | Retained profits*<br>RMB'000 | Total equity<br>RMB'000 |
|---|-------|-------------------------------------|---|--|---------------------------------------|--|--|--|------------------------------|-------------------------|
| <b>At 1 January 2024</b>                                  |       | <b>52</b>                           | <b>14,095,522</b>                       | <b>325,347</b>                                     | <b>(108,629)</b>                      | <b>(59,391)</b>  | <b>136,922</b>   | <b>898,586</b>                                       | <b>10,506,364</b>            | <b>25,794,773</b>       |
| Profit for the year                                       |       | -                                   | -                                       | -  | -                                     | -  | -  | -  | 4,371,825                    | 4,371,825               |
| Exchange differences on translation of foreign operations |       | -                                   | -                                       | -  | -                                     | -  | 234,447  | -  | -                            | 234,447                 |
| Total comprehensive income for the year                   |       | -                                   | -                                       | -  | -                                     | -  | 234,447  | -  | 4,371,825                    | 4,606,272               |
| Issuance of new shares under a share award scheme         |       | -                                   | 5,428                                   | -  | -                                     | -  | -  | -  | -                            | 5,428                   |
| Subscription of shares under a share award scheme         |       | -                                   | (100,965)                               | -  | 128,723                               | -  | -  | -  | -                            | 27,758                  |
| Share-based payments                                      | 27    | -                                   | -                                       | 137,725  | -                                     | -  | -  | -  | -                            | 137,725                 |
| Repurchase of shares under a share award scheme           | 29    | -                                   | -                                       | -  | (33,693)                              | -  | -  | -  | -                            | (33,693)                |
| Dividends declared  | 11    | -                                   | -                                       | -  | 384                                   | -  | -  | -  | (1,858,733)                  | (1,858,349)             |
| Transfer from retained profits                            |       | -                                   | -                                       | -  | -                                     | -  | -  | 8,195  | (8,195)                      | -                       |
| <b>At 31 December 2024</b>                                |       | <b>52</b>                           | <b>13,999,985</b>                       | <b>463,072</b>                                     | <b>(13,215)</b>                       | <b>(59,391)</b>  | <b>371,369</b>   | <b>906,781</b>                                       | <b>13,011,261</b>            | <b>28,679,914</b>       |

\* These reserve accounts comprise the consolidated reserves of RMB35,367,283,000 (2024: RMB28,693,077,000) in the consolidated statement of financial position.

# Consolidated Statement of Cash Flows

Year ended 31 December 2025

|   | Notes | 2025<br><i>RMB'000</i> | 2024<br><i>RMB'000</i> |
|---|-------|------------------------|------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |       |                        |                        |
| Profit before tax   |       | <b>6,550,581</b>       | 5,085,182              |
| Adjustments for:  |       |                        |                        |
| Impairment of trade receivables, net  | 5     | <b>(831)</b>           | (18,179)               |
| Impairment of inventories, net  | 5     | <b>21,376</b>          | 11,289                 |
| Impairment of property, plant and equipment   | 5     | –                      | 31,976                 |
| Depreciation of items of property, plant and equipment                              | 6     | <b>351,012</b>         | 362,335                |
| Depreciation of right-of-use assets   | 6     | <b>28,660</b>          | 25,777                 |
| Amortisation of deferred income   |       | <b>(472)</b>           | (472)                  |
| Amortisation of intangible assets   | 6     | <b>13,346</b>          | 13,237                 |
| Gain on disposal of items of property, plant and equipment                          | 5     | <b>(4,301)</b>         | (5,721)                |
| Loss on derecognition of financial assets at amortised cost                         | 5     | <b>4,358</b>           | 17,143                 |
| Fair value losses/(gains) of financial assets at fair value through profit or loss  | 5     | <b>12,354</b>          | (78,410)               |
| Investment income   | 5     | <b>(17,012)</b>        | (50,723)               |
| Interest income from deposits with initial terms of over three months when acquired |       | <b>(1,004,238)</b>     | (904,487)              |
| Finance costs   | 7     | <b>3,162</b>           | 6,689                  |
| Share-based payments  | 6     | <b>143,268</b>         | 137,725                |
|   |       | <b>6,101,263</b>       | 4,633,361              |
| Decrease in trade and bills receivables   |       | <b>110,077</b>         | 62,667                 |
| (Increase)/decrease in prepayments, other receivables and other assets              |       | <b>(85,086)</b>        | 1,671                  |
| Decrease/(increase) in inventories  |       | <b>20,926</b>          | (86,731)               |
| Increase in trade payables  |       | <b>116,463</b>         | 54,088                 |
| Increase in other payables and accruals   |       | <b>222,937</b>         | 23,712                 |
| Increase/(decrease) in contract liabilities   |       | <b>1,162,251</b>       | (19,244)               |
| Cash generated from operations  |       | <b>7,648,831</b>       | 4,669,524              |
| Income tax paid   |       | <b>(910,585)</b>       | (807,169)              |
| Net cash flows from operating activities  |       | <b>6,738,246</b>       | 3,862,355              |

# Consolidated Statement of Cash Flows

Year ended 31 December 2025

|  | Notes | 2025<br>RMB'000 | 2024<br>RMB'000 |
|--|-------|-----------------|-----------------|
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |       |                 |                 |
| Proceeds from disposal of items of property, plant and equipment   |       | 27,255          | 23,955          |
| Disbursement of derecognition of financial assets at amortised cost  |       | (4,358)         | (17,143)        |
| Purchases of items of property, plant and equipment  |       | (356,431)       | (221,964)       |
| Purchases of intangible assets   |       | (133,030)       | (83,303)        |
| Purchases of land use rights   |       | –               | (219,668)       |
| Purchases of equity investments designated at fair value through profit or loss                                      |       | (126,520)       | (108,571)       |
| Purchases of bank deposits with initial term of over three months  |       | (32,945,674)    | (20,357,725)    |
| Proceeds from disposal of bank deposits with initial term of over three months                                       |       | 24,434,991      | 16,801,886      |
| Proceeds from disposal of financial products included in other financial assets                                      |       | 739,170         | 1,198,772       |
| Purchases of financial products included in financial assets at fair value through profit or loss                    |       | –               | (847,000)       |
| Proceeds from disposal of financial products included in financial assets at fair value through profit or loss       |       | –               | 1,342,000       |
| Interest income received from deposits with initial terms of over three months when acquired                         |       | 1,149,256       | 875,886         |
| Investment income received from financial products included in other financial assets                                |       | 17,012          | 50,723          |
| Investment income received from financial products included in financial assets at fair value through profit or loss |       | 43,761          | 170,360         |
| Net cash flows used in investing activities  |       | (7,154,568)     | (1,391,792)     |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>  |       |                 |                 |
| Repayment of convertible bonds   | 26    | –               | (4,183,198)     |
| Proceeds from employees for subscription of shares under a share award scheme  |       | 31,177          | 33,186          |
| Proceeds from issue of new shares by placing   |       | 3,557,506       | –               |
| Dividends paid   |       | (2,012,184)     | (1,858,348)     |
| Lease payments   |       | (22,379)        | (20,685)        |
| Repurchase of shares under share award scheme  |       | –               | (33,693)        |
| New bank loans   |       | –               | 500,000         |
| Repayment of bank loans  |       | –               | (500,000)       |
| Interest paid  |       | –               | (3,207)         |
| Net cash flows from/(used in) financing activities   |       | 1,554,120       | (6,065,945)     |

# Consolidated Statement of Cash Flows

Year ended 31 December 2025

|  | Notes | 2025<br><i>RMB'000</i> | 2024<br><i>RMB'000</i> |
|--|-------|------------------------|------------------------|
| <b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>                              |       |                        |                        |
|  |       | <b>1,137,798</b>       | (3,595,382)            |
| Cash and cash equivalents at beginning of year   |       | <b>2,322,701</b>       | 5,980,513              |
| Effect of foreign exchange rate changes, net   |       | <b>(51,580)</b>        | (62,430)               |
| <b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>  |       |                        |                        |
|  |       | <b>3,408,919</b>       | 2,322,701              |
| <b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>                                 |       |                        |                        |
| Cash and bank balances   | 21    | <b>2,941,080</b>       | 2,101,651              |
| Non-pledged time deposits with original maturity of less than three months when acquired | 21    | <b>467,839</b>         | 221,050                |
| Cash and cash equivalents as stated in the consolidated statement of cash flows          |       | <b>3,408,919</b>       | 2,322,701              |

# Notes to the Financial Statements

31 December 2025

## 1. CORPORATE AND GROUP INFORMATION

The Company is an exempted company incorporated in the Cayman Islands with limited liability under the Companies Law of the Cayman Islands. The registered address of the Company is the offices of Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

The holding company of the Company is Stellar Infinity Company Ltd. and the ultimate parent company of the Company is Harmonia Holding Investing (PTC) Limited. Both Stellar Infinity Company Ltd. and Harmonia Holding Investing (PTC) Limited are incorporated in The British Virgin Islands.

The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 14 June 2019.

The Company is an investment holding company. The Company and its subsidiaries (together, the “**Group**”) were principally engaged in the research and development, production and sale of a series of pharmaceutical products in the People’s Republic of China (the “**PRC**”).

As at the date of this report, the Company has direct and indirect interests in its subsidiaries, all of which are private limited liability companies (or if incorporated outside Hong Kong, have substantially similar characteristics to a private company incorporated in Hong Kong).

Particulars of the Company’s principal subsidiaries are set out below:

| Company name  | Place of incorporation/ registration and operation | Issued ordinary/registered share capital | Date of incorporation | Percentage of equity attributable to the Company |          | Principal activities   |
|---|--|--|-----------------------|--|----------|--|
|   |  |  |                       | Direct   | Indirect |  |
| Jiangsu Hansoh Pharmaceutical Group Co., Ltd. (“ <b>Jiangsu Hansoh</b> ”) | PRC/<br>Chinese mainland                           | RMB<br>1,000,000,000                     | 26 July 1995          | –  | 100%     | Research and development, production and sale of pharmaceutical products |
| Shanghai Hansoh Biomedical Co., Ltd. (“ <b>Shanghai Hansoh</b> ”)         | PRC/<br>Chinese mainland                           | RMB<br>260,000,000                       | 13 October 2011       | –  | 100%     | Research and development of pharmaceutical products                      |
| Hansoh Pharma International Limited (“ <b>Hansoh International</b> ”)     | PRC/<br>Hong Kong                                  | HK\$100                                  | 3 December 2015       | –  | 100%     | Investment holding and trading   |
| Hansoh (Shanghai) Healthtech Co., Ltd. (“ <b>Hansoh Health</b> ”)         | PRC/<br>Chinese mainland                           | US\$<br>90,000,000                       | 19 September 2019     | –  | 100%     | Investment holding and trading   |
| Changzhou Hansoh Pharmaceutical Co., Ltd. (“ <b>Changzhou Hansoh</b> ”)   | PRC/<br>Chinese mainland                           | RMB<br>100,000,000                       | 2 April 2018          | –  | 100%     | Research and development, production and sale of pharmaceutical products |

# Notes to the Financial Statements

31 December 2025

## 1. CORPORATE AND GROUP INFORMATION *(Continued)*

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year ended 31 December 2025 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.

During the reporting period, seven subsidiaries were controlled by agreements (“VIE”), which are not listed in the above table because they did not principally affect the results for the year ended 31 December 2025 or form a substantial portion of the net assets of the Group.

## 2. ACCOUNTING POLICIES

### 2.1 BASIS OF PREPARATION

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

#### **Basis of consolidation**

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

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

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

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

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

# Notes to the Financial Statements

31 December 2025

## 2.1 BASIS OF PREPARATION (Continued)

### Basis of consolidation (Continued)

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

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

## 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

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

In addition, the HKICPA has issued amendments to Illustrative Examples on HKFRS 7, HKFRS 18, HKAS 1, HKAS 8, HKAS 36 and HKAS 37 *Disclosures about Uncertainties in the Financial Statements*, which added illustrative examples in the corresponding HKFRS Accounting Standards. These examples reflect existing requirements in the corresponding HKFRS Accounting Standards to report the effects of uncertainties in the financial statements using climate-related examples. Therefore, the amendments do not have an effective date or transitional provisions. The Group has considered the guidance in these illustrative examples and the amendments did not have any impact on the Group's financial statements.

# Notes to the Financial Statements

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## 2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS

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

|  |  |
|--|--|
| HKFRS 18   | <i>Presentation and Disclosure in Financial Statements<sup>2</sup></i>                                       |
| HKFRS 19 and its amendments  | <i>Subsidiaries without Public Accountability:<br/>Disclosures<sup>2</sup></i>                               |
| Amendments to HKFRS 9 and HKFRS 7  | <i>Amendments to the Classification and Measurement<br/>of Financial Instruments<sup>1</sup></i>             |
| Amendments to HKFRS 9 and HKFRS 7  | <i>Contracts Referencing Nature-dependent Electricity<sup>1</sup></i>  |
| Amendments to HKFRS 10 and HKAS 28                                       | <i>Sale or Contribution of Assets between an Investor<br/>and its Associate or Joint Venture<sup>3</sup></i> |
| Amendments to HKAS 21  | <i>Translation to a Hyperinflationary Presentation<br/>Currency<sup>2</sup></i>                              |
| <i>Annual Improvements to HKFRS Accounting<br/>Standards – Volume 11</i> | <i>Amendments to HKFRS 1, HKFRS 7, HKFRS 9,<br/>HKFRS 10 and HKAS 7<sup>1</sup></i>                          |

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2026

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

<sup>3</sup> No mandatory effective date yet determined but available for adoption

# Notes to the Financial Statements

31 December 2025

## 2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS *(Continued)*

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

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

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

# Notes to the Financial Statements

31 December 2025

## 2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS (Continued)

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

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

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

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

# Notes to the Financial Statements

31 December 2025

## 2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS (Continued)

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

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

# Notes to the Financial Statements

31 December 2025

## 2.4 MATERIAL ACCOUNTING POLICIES

### Fair value measurement

The Group measures its bills receivables, derivative financial instruments and equity investments 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 financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

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

# Notes to the Financial Statements

31 December 2025

## 2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

### **Impairment of non-financial assets**

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets and financial 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.

# Notes to the Financial Statements

31 December 2025

## 2.4 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 the parent of the Group.

# Notes to the Financial Statements

31 December 2025

## 2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

### **Property, plant and equipment and depreciation**

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

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to 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 estimated useful lives of property, plant and equipment are as follows:

|                                |   |
|--------------------------------|---|
| Buildings                      | 20 to 30 years                                  |
| Leasehold improvements         | Over the shorter of the lease terms and 5 years |
| Machinery and equipment        | 3 to 10 years                                   |
| Computers and office equipment | 3 to 5 years                                    |
| Motor vehicles                 | 4 years   |

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

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in 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.

# Notes to the Financial Statements

31 December 2025

## 2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

### **Intangible assets (other than goodwill)**

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

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level. Such 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.

#### *Patents and software*

Purchased patents and software are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of 3 to 10 years.

#### *Research and development costs*

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

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

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.

#### *Acquired in-process research and development costs*

The Group has acquired rights to develop and commercialise product candidates. Upfront payments that relate to the acquisition of a new drug compound, as well as pre-commercial milestone payments are recognized in line with the Group's accounting policies for capitalisation of research and development costs. If the costs have not yet reached capitalisation timing, the Group should charge them to the statement of profit or loss as incurred, unless there is conclusive evidence that these product candidates could be sold probably giving rising to economic benefits for the Group in the future. Royalties owed on sales of the products licensed pursuant to the agreements are expensed in the period the related revenues are recognised.

# Notes to the Financial Statements

31 December 2025

## 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

### Leases

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

#### *Group as a lessee*

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

#### (a) Right-of-use assets

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

|                |               |
|----------------|---------------|
| Leasehold land | 50 years      |
| Property       | 3 to 12 years |

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

#### (b) Lease liabilities

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

# Notes to the Financial Statements

31 December 2025

## 2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

### **Leases** *(Continued)*

#### *Group as a lessee (Continued)*

##### (b) Lease liabilities *(Continued)*

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 the lease payments (e.g., changes to future payments resulting from a change in an index or rate) or a change in the assessment of an option to purchase the underlying asset.

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

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

The Group applies the short-term lease recognition exemption to its short-term leases of 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). It also applies the recognition exemption for lease of low-value assets to leases of office equipment that is considered to be low value.

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

# Notes to the Financial Statements

31 December 2025

## 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

### Investments and other financial assets

#### *Initial recognition and measurement*

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

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

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

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

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

# Notes to the Financial Statements

31 December 2025

## 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

### Investments and other financial assets (Continued)

#### *Subsequent measurement*

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

#### *Financial assets at amortised cost (debt instruments)*

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

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

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

#### *Financial assets at fair value through profit or loss*

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

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

### **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.

# Notes to the Financial Statements

31 December 2025

## 2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

### **Derecognition of financial assets** *(Continued)*

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.

### **Impairment of financial assets**

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

#### *General approach*

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

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

The Group considers a financial asset in default when contractual payments are 1 year past due. The Group has rebutted the 90 days past due presumption of default based on reasonable and supportable information, including the Group's credit risk control practices and the historical recovery rate of financial assets over 90 days past due. However, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

# Notes to the Financial Statements

31 December 2025

## 2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

### **Impairment of financial assets** *(Continued)*

#### *General approach (Continued)*

For debt investments at fair value through other comprehensive income, the Group applies the low credit risk simplification. At each reporting date, the Group evaluates whether the debt investments are considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the external credit ratings of the debt investments. Debt investments graded in the top investment categories (Very Good and Good) by the Chinese Credit Rating Agency are considered to be low credit risk investments. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk of debt investments since origination, the allowance will be based on the lifetime ECL. The Group uses the ratings from the Chinese Credit Rating Agency both to determine whether the credit risk of debt instruments have significantly increased and to estimate ECLs.

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

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

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

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

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

#### *Simplified approach*

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

# Notes to the Financial Statements

31 December 2025

## 2.4 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, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

The Group's financial liabilities include trade payables, convertible bonds and other payables and accruals.

#### *Subsequent measurement*

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

#### *Financial liabilities at amortised cost (trade and other payables)*

After initial recognition, trade and other payables are subsequently measured at amortised cost, using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in 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.

#### *Convertible bonds*

The component of convertible bonds that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs. On issuance of convertible bonds, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond; and this amount is carried as a long term liability on the amortised cost basis until extinguished on conversion or redemption.

If the conversion option of convertible bonds exhibits characteristics of an embedded derivative, it is separated from its liability component. On initial recognition, the derivative component of the convertible bonds is measured at fair value and presented as part of derivative financial instruments. Any excess of proceeds over the amount initially recognised as the derivative component is recognised as the liability component. Transaction costs are apportioned between the liability and derivative components of the convertible bonds based on the allocation of proceeds to the liability and derivative components when the instruments are initially recognised. The portion of the transaction costs relating to the liability component is recognised initially as part of the liability. The portion relating to the derivative component is recognised immediately in the statement of profit or loss.

# Notes to the Financial Statements

31 December 2025

## 2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

### **Derecognition of financial liabilities**

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

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

### **Offsetting of financial instruments**

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

### **Treasury shares**

Own equity instruments which are reacquired and held by the 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 first-in, first-out basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

### **Cash and cash equivalents**

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

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

# Notes to the Financial Statements

31 December 2025

## 2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

### 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 each reporting period 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 each reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of each reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, except that deferred tax is not recognised for the Pillar Two income taxes.

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

- when the deferred tax liability arises 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, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

# Notes to the Financial Statements

31 December 2025

## 2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

### **Income tax** *(Continued)*

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

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

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

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

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

### **Government grants**

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

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

# Notes to the Financial Statements

31 December 2025

## 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

### Revenue recognition

#### *Revenue from contracts with customers*

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

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

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

#### *(a) Sale of pharmaceutical products*

Revenue from the sale of pharmaceutical products is recognised at the point in time when control of the asset is transferred to the customer, generally on acceptance of the pharmaceutical products by the customer.

Some contracts for the sale of pharmaceutical products provide customers with rights of return, giving rise to variable consideration. For contracts which provide a customer with a right to return the goods within a specified period, the expected value method is used to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in HKFRS 15 on constraining estimates of variable consideration are applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, a refund liability is recognised. A right-of-return asset (and the corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer.

# Notes to the Financial Statements

31 December 2025

## 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

### Revenue recognition (Continued)

#### *Revenue from contracts with customers (Continued)*

##### *(b) Collaboration arrangements*

The Group's collaborative arrangements may contain more than one performance obligation, including grants of licenses to intellectual property rights, agreement to provide research and development services and other deliverables. The collaborative arrangements do not include a right of return for any deliverable. As part of the accounting for these arrangements, the Group must develop assumptions that require judgement to determine the stand-alone selling price for each performance obligation identified in the contract. In developing the stand-alone selling price for a performance obligation, the Group considers competitor pricing for a similar or identical product, market awareness of and perception of the product, expected product life and current market trends. In general, the consideration allocated to each performance obligation is recognised when the respective obligation is satisfied either by delivering a good or providing a service, limited to the consideration that is not constrained. Non-refundable payments received before all of the relevant criteria for revenue recognition are satisfied are recorded as advances from customers.

*Licenses of intellectual property:* Upfront non-refundable payments for licensing the Group's intellectual property are evaluated to determine if the license is distinct from the other performance obligations identified in the arrangement. For licenses determined to be distinct, the Group recognises revenues from non-refundable, up-front fees allocated to the license at a point in time, when the license is transferred to the licensee and the licensee is able to use and benefit from the license.

*Research and development services:* The portion of the transaction price allocated to research and development service performance obligations is recognised as collaboration revenue at a point in time upon delivery of such services.

*Milestone payments:* At the inception of each arrangement that includes development milestone payments, the Group evaluates whether the milestones are considered probable of being reached and estimates the amount to be included in the transaction price using the most likely amount method. If it is probable that a significant revenue reversal would not occur, the associated milestone value is included in the transaction price. Milestones related to the development-based activities may include initiation of various phases of clinical trials. Due to the uncertainty involved in meeting these development-based targets, they are generally fully constrained at contract inception. The Group will assess whether the variable consideration is fully constrained in each reporting period based on the facts and circumstances surrounding the clinical trials. Upon changes to the constraint associated with the developmental milestones, variable consideration will be included in the transaction price when a significant reversal of revenue recognised is not expected to occur and allocated to the separate performance obligations. Regulatory milestones are fully constrained until the period in which those regulatory approvals are achieved due to the inherent uncertainty with the approval process. Regulatory milestones are included in the transaction price in the period in which regulatory approval is obtained.

# Notes to the Financial Statements

31 December 2025

## 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

### Revenue recognition (Continued)

#### Revenue from contracts with customers (Continued)

##### (b) Collaboration arrangements (Continued)

*Royalties:* For arrangements that include sales-based royalties, including milestone payments based on the level of sales, and the license is deemed to be the predominant item to which the royalties relate, the Group recognises revenue at the later of (i) when the related sales occur, and (ii) when the performance obligation to which some or all of the royalty has been allocated has been satisfied (or partially satisfied).

#### 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.

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

### 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 Company operates a share award scheme. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("**equity-settled transactions**"). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, further details of which are given in Note 27 to the financial statements.

# Notes to the Financial Statements

31 December 2025

## 2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

### **Share-based payments** *(Continued)*

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.

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.

# Notes to the Financial Statements

31 December 2025

## 2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

### **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. These subsidiaries are required to contribute a certain percentage 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.

### **Events after the reporting period**

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

### **Dividends**

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

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

# Notes to the Financial Statements

31 December 2025

## 2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

### **Foreign currencies** *(Continued)*

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.

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

The functional currencies of the Company and certain overseas subsidiaries are currencies other than RMB. As at the end of each reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of each 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, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in the statement of profit or loss.

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

# Notes to the Financial Statements

31 December 2025

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

### **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.

#### *Provision for expected credit losses on trade receivables*

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the distribution sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in Note 17 to the financial statements.

# Notes to the Financial Statements

31 December 2025

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

### **Estimation uncertainty** *(Continued)*

#### *Fair value measurements of financial instruments in Level 3*

Unlisted equity investments amounting to RMB772,486,000 as at 31 December 2025 (31 December 2024: RMB702,283,000) were measured at fair value determined based on unobserved inputs using valuation techniques. Judgement and estimation are required in establishing the relevant valuation techniques and the relevant inputs thereof. Changes in assumptions relating to these factors could affect the reported fair values of these investments. Further disclosures are detailed in Notes 19 and 35.

#### *Fair value of restricted share units*

Estimating the fair value of restricted share units requires the determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires the determination of the most appropriate inputs to the valuation model including the expected life of the restricted share units, volatility and dividend yield and making assumptions about them. For the measurement of the fair value of share-based payments transactions with employees at the grant date, the Group uses a binomial model. The assumptions and models used for estimating the fair value for share-based payment transactions are disclosed in Note 27 to the financial statements.

#### *Research and development costs*

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

# Notes to the Financial Statements

31 December 2025

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

### **Estimation uncertainty** *(Continued)*

#### *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.

## 4. OPERATING SEGMENT INFORMATION

### **Information about geographical areas**

Since about 80% of the Group's revenue was generated from the sale of pharmaceutical products in Chinese mainland and most of the Group's identifiable operating assets and liabilities were located in Chinese mainland, no geographical segment information in accordance with HKFRS 8 Operating Segments is presented.

### **Information about major customers**

No revenue from the Group's sales to a single customer amounted to 10% or more of the Group's revenue during the reporting period.

# Notes to the Financial Statements

31 December 2025

## 5. REVENUE, OTHER INCOME AND OTHER (EXPENSES)/GAINS, NET

An analysis of revenue, other income and other (expenses)/gains, net is as follows:

|  | 2025<br><i>RMB'000</i> | 2024<br><i>RMB'000</i> |
|--|------------------------|------------------------|
| <b>Revenue from contracts with customers</b>                                       |                        |                        |
| Pharmaceutical products related sales – at a point in time                         | 12,912,719             | 10,687,946             |
| Collaboration revenue – at a point in time   | 2,115,605              | 1,572,868              |
| Total  | <b>15,028,324</b>      | 12,260,814             |
| <b>Other income</b>  |                        |                        |
| Investment income  | 17,012                 | 50,723                 |
| Government grants  | 110,040                | 85,754                 |
| Bank interest income   | 1,080,825              | 995,259                |
| Others   | 1,042                  | 1,600                  |
| Total other income   | <b>1,208,919</b>       | 1,133,336              |
| <b>Other (expenses)/gains, net</b>   |                        |                        |
| Gain on disposal of items of property, plant and equipment                         | 4,301                  | 5,721                  |
| Loss on derecognition of financial assets at amortised cost                        | (4,358)                | (17,143)               |
| Fair value (losses)/gains of financial assets at fair value through profit or loss | (12,354)               | 78,410                 |
| Donations  | (9,109)                | (35,438)               |
| Foreign exchange differences, net  | (44,064)               | 21,428                 |
| Impairment of trade receivables, net   | 831                    | 18,179                 |
| Impairment of inventories, net   | (21,376)               | (11,289)               |
| Impairment of property, plant and equipment  | –                      | (31,976)               |
| Others   | (6,017)                | (14,719)               |
| Total other (expenses)/gains, net  | <b>(92,146)</b>        | 13,173                 |

# Notes to the Financial Statements

31 December 2025

## 5. REVENUE, OTHER INCOME AND OTHER (EXPENSES)/GAINS, NET *(Continued)*

### Performance obligations

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

|   | <b>2025</b><br><b>RMB'000</b> | 2024<br><i>RMB'000</i> |
|---|-------------------------------|------------------------|
| Amounts expected to be recognised as revenue: |                               |                        |
| Within one year                               | <b>1,124,608</b>              | 1,272,347              |

During the reporting period, the Group enters into multiple license agreements with pharmaceutical companies (the “**Licensees**”), pursuant to which the Licensees shall obtain exclusive licenses for developing, manufacturing, and commercialising certain innovative therapies developed by the Group in certain territories. The Group usually receives upfront payment in accordance with license agreements and is eligible to receive milestone payments and tiered royalties based on net sales in the territories. The Group recognised collaboration revenue of RMB2,115,605,000 (2024: RMB1,572,868,000) during the year ended 31 December 2025 upon fulfilling the respective performance obligations in these license agreements.

# Notes to the Financial Statements

31 December 2025

## 6. PROFIT BEFORE TAX

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

|  | Notes | 2025<br><i>RMB'000</i> | 2024<br><i>RMB'000</i> |
|--|-------|------------------------|------------------------|
| Cost of inventories sold   |       | <b>1,126,049</b>       | 874,217                |
| Depreciation of property, plant and equipment                                      | 13    | <b>351,012</b>         | 362,335                |
| Depreciation of right-of-use assets  | 14    | <b>28,660</b>          | 25,777                 |
| Amortisation of intangible assets  | 15    | <b>13,346</b>          | 13,237                 |
| Impairment of trade receivables, net   | 17    | <b>(831)</b>           | (18,179)               |
| Impairment of inventories, net   | 5     | <b>21,376</b>          | 11,289                 |
| Impairment of property, plant and equipment  | 13    | <b>–</b>               | (31,976)               |
| Operating lease expenses   |       | <b>4,677</b>           | 4,507                  |
| Auditors' remuneration:  |       |                        |                        |
| Audit services   |       | <b>3,250</b>           | 3,230                  |
| Non-audit services   |       | <b>80</b>              | 100                    |
| Gain on disposal of items of property, plant and equipment                         | 5     | <b>(4,301)</b>         | (5,721)                |
| Investment income  | 5     | <b>(17,012)</b>        | (50,723)               |
| Fair value losses/(gains) of financial assets at fair value through profit or loss | 5     | <b>12,354</b>          | (78,410)               |
| Bank interest income   | 5     | <b>(1,080,825)</b>     | (995,259)              |
| Foreign exchange differences, net  | 5     | <b>44,064</b>          | (21,428)               |
| Employee benefit expense (including directors' remuneration as set out in Note 8): |       |                        |                        |
| Wages and salaries   |       | <b>2,268,906</b>       | 2,183,878              |
| Social welfare and other benefits*   |       | <b>1,009,501</b>       | 1,006,062              |
| Share-based payments   |       | <b>143,268</b>         | 137,725                |
| Total  |       | <b>3,421,675</b>       | 3,327,665              |

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

# Notes to the Financial Statements

31 December 2025

## 7. FINANCE COSTS

An analysis of finance costs is as follows:

|                               | 2025<br><i>RMB'000</i> | 2024<br><i>RMB'000</i> |
|-------------------------------|------------------------|------------------------|
| Interest on convertible bonds | 541                    | 535                    |
| Interest on lease liabilities | 2,621                  | 2,947                  |
| Interest on bank borrowings   | –                      | 3,207                  |
| Total                         | <u>3,162</u>           | <u>6,689</u>           |

## 8. DIRECTORS' 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<br><i>RMB'000</i> | 2024<br><i>RMB'000</i> |
|---|------------------------|------------------------|
| Salaries, allowances and benefits in kind | 6,881                  | 6,930                  |
| Performance related bonuses               | 31,400                 | 15,083                 |
| Share-based payments                      | 17,229                 | 16,256                 |
| Pension scheme contributions              | 179                    | 177                    |
| Total                                     | <u>55,689</u>          | <u>38,446</u>          |

### (a) Independent non-executive directors

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

|                             | Notes | 2025<br><i>RMB'000</i> | 2024<br><i>RMB'000</i> |
|-----------------------------|-------|------------------------|------------------------|
| Mr. Lin Guoqiang            | (i)   | 360                    | 360                    |
| Mr. Chan Charles Sheung Wai | (i)   | 360                    | 360                    |
| Ms. Yang Dongtao            | (i)   | 360                    | 360                    |
| Mr. Yan Jia                 | (ii)  | –                      | –                      |
| Total                       |       | <u>1,080</u>           | <u>1,080</u>           |

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

# Notes to the Financial Statements

31 December 2025

## 8. DIRECTORS' REMUNERATION (Continued)

### (b) Executive directors

|                      | Notes | Salaries,<br>allowances<br>and benefits<br>in kind<br>RMB'000 | Performance<br>related<br>bonuses<br>RMB'000 | Share-based<br>payments<br>RMB'000 | Pension<br>scheme<br>contributions<br>RMB'000 | Total<br>remuneration<br>RMB'000 |
|----------------------|-------|---|--|------------------------------------|---|----------------------------------|
| <b>2025</b>          |       |   |  |                                    |   |                                  |
| Executive directors: |       |   |  |                                    |   |                                  |
|                      | (iii) | 3,195   | 8,796  | –                                  | 16  | 12,007                           |
|                      |       | 2,186   | 21,104                                       | 12,998                             | 16  | 36,304                           |
|                      |       | 1,500   | 1,500  | 4,231                              | 147   | 7,378                            |
| Total                |       | <u>6,881</u>  | <u>31,400</u>                                | <u>17,229</u>                      | <u>179</u>                                    | <u>55,689</u>                    |
|                      | Note  | Salaries,<br>allowances<br>and benefits<br>in kind<br>RMB'000 | Performance<br>related<br>bonuses<br>RMB'000 | Share-based<br>payments<br>RMB'000 | Pension<br>scheme<br>contributions<br>RMB'000 | Total<br>remuneration<br>RMB'000 |
| <b>2024</b>          |       |   |  |                                    |   |                                  |
| Executive directors: |       |   |  |                                    |   |                                  |
|                      | (iii) | 3,199   | 8,710  | –                                  | 16  | 11,925                           |
|                      |       | 2,187   | 5,113  | 11,728                             | 16  | 19,044                           |
|                      |       | 1,544   | 1,260  | 4,528                              | 145   | 7,477                            |
| Total                |       | <u>6,930</u>  | <u>15,083</u>                                | <u>16,256</u>                      | <u>177</u>                                    | <u>38,446</u>                    |

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

None of the directors received any emolument from the Group as inducement to join or upon joining the Group or as compensation for loss of office during the year.

Notes:

- (i) Mr. Lin Guoqiang, Mr. Chan Charles Sheung Wai and Ms. Yang Dongtao were appointed as independent non-executive directors on 31 May 2019.
- (ii) Mr. Yan Jia was appointed as an independent non-executive director on 26 December 2025.
- (iii) Ms. Zhong Huijuan is also the chief executive officer of the Company.

# Notes to the Financial Statements

31 December 2025

## 9. FIVE HIGHEST PAID EMPLOYEES

For the year ended 31 December 2025, the five highest paid employees of the Group included two directors (2024: three directors), details of whose remuneration are set out in note 8 above. Details of the remuneration of the remaining three (2024: two) highest paid employees who are not directors of the Company are as follows:

|   | 2025<br><i>RMB'000</i> | 2024<br><i>RMB'000</i> |
|---|------------------------|------------------------|
| Salaries, allowances and benefits in kind | 11,427                 | 7,389                  |
| Performance related bonuses               | 3,585                  | 1,892                  |
| Share-based payments                      | 8,681                  | 3,380                  |
| Pension scheme contributions              | 455                    | 401                    |
| Total                                     | <u>24,148</u>          | <u>13,062</u>          |

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

|                                 | Number of employees |          |
|---------------------------------|---------------------|----------|
|                                 | 2025                | 2024     |
| HK\$6,500,001 to HK\$7,000,000  | –                   | 1        |
| HK\$7,000,001 to HK\$7,500,000  | –                   | 1        |
| HK\$8,000,001 to HK\$8,500,000  | 2                   | –        |
| HK\$9,500,001 to HK\$10,000,000 | 1                   | –        |
| Total                           | <u>3</u>            | <u>2</u> |

None of the five highest paid employees received any emolument from the Group, in addition to the amounts disclosed above, as inducement to join or upon joining the Group or as compensation for loss of office during the year.

# Notes to the Financial Statements

31 December 2025

## 10. INCOME TAX

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

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands or the British Virgin Islands.

Hong Kong profits tax has been provided at the rate of 16.5% (2024: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK\$2,000,000 (2024: HK\$2,000,000) of assessable profits of each subsidiary are taxed at 8.25% (2024: 8.25%) and the remaining assessable profits are taxed at 16.5% (2024: 16.5%).

The provision for PRC corporate income tax is based on the statutory rate of 25% of the assessable profits of certain PRC subsidiaries of the Group as determined in accordance with the PRC Corporate Income Tax Law which was approved and became effective on 1 January 2008, except for certain subsidiaries of the Group in Chinese mainland which are granted tax concession and are taxed at preferential tax rates.

In 2023, Jiangsu Hansoh and Shanghai Hansoh, subsidiaries of the Company, renewed their high and new technology enterprise (“**HNTE**”) qualification and were entitled to a preferential income tax rate of 15% for a period of three years from 2023 to 2025.

In 2024, Changzhou Hansoh, a subsidiary of the Company, renewed its HNTE qualification and is entitled to a preferential income tax rate of 15% for a period of three years from 2024 to 2026.

The income tax expense of the Group for the year is analysed as follows:

|                               | <b>2025</b><br><b>RMB'000</b> | 2024<br><i>RMB'000</i> |
|-------------------------------|-------------------------------|------------------------|
| Current income tax            | <b>1,123,010</b>              | 768,188                |
| Deferred income tax (Note 25) | <b>(127,890)</b>              | (54,831)               |
| Total                         | <b>995,120</b>                | 713,357                |

# Notes to the Financial Statements

31 December 2025

## 10. INCOME TAX (Continued)

A reconciliation of the tax expense applicable to profit before tax using the statutory tax rate for the jurisdictions in which the majority of the Group's subsidiaries are domiciled and/or operate to the tax expense at the effective tax rates is as follows:

|  | 2025<br><i>RMB'000</i> | 2024<br><i>RMB'000</i> |
|--|------------------------|------------------------|
| Profit before tax  | <b>6,550,581</b>       | 5,085,182              |
| Tax at the statutory tax rate (25%)  | <b>1,637,645</b>       | 1,271,296              |
| Preferential income tax rate applicable to certain subsidiaries              | <b>(427,699)</b>       | (329,145)              |
| Additional deductible allowance for qualified research and development costs | <b>(549,901)</b>       | (711,997)              |
| Adjustments in respect of current income tax of previous years               | <b>67,303</b>          | 16,651                 |
| Income not subject to tax  | <b>(246,150)</b>       | (282,513)              |
| Expenses not deductible for tax  | <b>61,265</b>          | 99,200                 |
| Accrual for withholding tax  | <b>268,884</b>         | 192,602                |
| Tax losses utilised from previous years                                      | <b>(98,662)</b>        | (77,089)               |
| Tax losses not recognised  | <b>282,435</b>         | 534,352                |
| Tax charge at the Group's effective rate                                     | <b>995,120</b>         | 713,357                |

The Group is primarily operating in Chinese mainland. The Group is within the scope of the Pillar Two model rules. The Group has applied the temporary mandatory exception to recognising and disclosing information about deferred tax assets and liabilities arising from Pillar Two income taxes. From 1 January 2025, the Group is liable to Pillar Two income taxes under the Hong Kong Inland Revenue (Amendment) (Minimum Tax for Multinational Enterprise Groups) Ordinance 2025 for its earnings in Hong Kong and certain other jurisdictions where a domestic minimum top-up tax has not been implemented. The Group will account for the additional Pillar Two income taxes as current tax when incurred. Pillar Two legislation has been enacted or substantively enacted but not yet in effect as at 31 December 2025 in certain jurisdictions in which the Group operates.

The Group has assessed its potential exposure based on the information available regarding the financial performance of the Group in the current year. As such, it may not be entirely representative of future circumstances. Based on the assessment, the Group's effective tax rates in all jurisdictions in which it operates are above 15% and the directors of the Company are not currently aware of any circumstances under which they might change. Therefore, the Group does not expect potential exposure to Pillar Two "top-up" taxes. The Group continues to follow Pillar Two legislative developments, as more countries prepare to enact the Pillar Two model rules, to evaluate the potential future impact on its financial statements.

However, the enactment or substantial enactment of Pillar Two legislation in additional jurisdictions in which the Group operates does not have a material impact to the Group's overall exposure to Pillar Two income taxes.

# Notes to the Financial Statements

31 December 2025

## 11. DIVIDENDS

|  | 2025<br><i>RMB'000</i> | 2024<br><i>RMB'000</i> |
|--|------------------------|------------------------|
| 2024 Final dividends declared – HK\$13.53 cents<br>(2023 Final dividends declared – HK\$14.22 cents)<br>per ordinary share     | 734,910                | 768,760                |
| 2025 Interim dividends declared – HK\$23.16 cents<br>(2024 Interim dividends declared – HK\$20.10 cents)<br>per ordinary share | <u>1,277,674</u>       | <u>1,089,973</u>       |

Pursuant to the resolution of the shareholders of the Company dated 20 June 2025 and the resolution of the board of directors dated 18 August 2025, the Company declared dividends of HK\$13.53 cents (2024: HK\$14.22 cents) and HK\$23.16 cents (2024: HK\$20.10 cents) separately per ordinary share, amounting to a total of approximately RMB2,012,584,000 (2024: RMB1,858,733,000).

## 12. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit for the year attributable to ordinary equity holders of the parent of RMB5,555,461,000 (2024: RMB4,371,825,000), and the weighted average number of ordinary shares of 5,962,903,160 (2024: 5,930,095,672) outstanding during the year, which are adjusted to reflect the changes in the number of ordinary shares during the year.

The calculation of the diluted earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent, adjusted to reflect the interest on the convertible bonds. The weighted average number of ordinary shares used in the calculation of the diluted earnings per share is the weighted average number of ordinary shares outstanding during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued on the conversion of all dilutive potential shares into ordinary shares.

The calculations of basic and diluted earnings per share are based on:

|  | 2025<br><i>RMB'000</i> | 2024<br><i>RMB'000</i> |
|--|------------------------|------------------------|
| <b>Earnings</b>  |                        |                        |
| Profit attributable to ordinary equity holders of the parent<br>used in the basic earnings per share calculation   | 5,555,461              | 4,371,825              |
| Interest on convertible bonds  | <u>541</u>             | <u>535</u>             |
| Profit attributable to ordinary equity holders of the parent<br>used in the diluted earnings per share calculation | <u>5,556,002</u>       | <u>4,372,360</u>       |

# Notes to the Financial Statements

31 December 2025

## 12. EARNINGS PER SHARE (Continued)

|   | Adjusted number of shares |               |
|---|---------------------------|---------------|
|   | 2025                      | 2024          |
| <b>Shares</b>   |                           |               |
| Weighted average number of ordinary shares outstanding during the year used in the basic earnings per share calculation   | <b>5,962,903,160</b>      | 5,930,095,672 |
| Effect of dilution – weighted average number of ordinary shares:  |                           |               |
| Restricted share units  | <b>17,068,089</b>         | 19,180,723    |
| Convertible bonds   | <b>725,912</b>            | 712,371       |
| Weighted average number of ordinary shares outstanding during the year used in the diluted earnings per share calculation | <b>5,980,697,161</b>      | 5,949,988,766 |
| Basic earnings per share (RMB per share)  | <b>0.93</b>               | 0.74          |
| Diluted earnings per share (RMB per share)  | <b>0.93</b>               | 0.73          |

## 13. PROPERTY, PLANT AND EQUIPMENT

|   | Buildings<br>RMB'000 | Leasehold<br>improvements<br>RMB'000 | Machinery<br>and<br>equipment<br>RMB'000 | Computers<br>and office<br>equipment<br>RMB'000 | Motor<br>vehicles<br>RMB'000 | Construction<br>in progress<br>RMB'000 | Total<br>RMB'000 |
|---|----------------------|--------------------------------------|--|---|------------------------------|--|------------------|
| <b>At 1 January 2025</b>  |                      |                                      |  |   |                              |  |                  |
| Cost  | 2,481,356            | 48,100                               | 2,144,020                                | 186,447   | 32,399                       | 162,994                                | 5,055,316        |
| Accumulated depreciation  | (678,052)            | (44,468)                             | (1,340,230)                              | (160,174)                                       | (27,627)                     | -                                      | (2,250,551)      |
| Net carrying amount   | <b>1,803,304</b>     | <b>3,632</b>                         | <b>803,790</b>                           | <b>26,273</b>                                   | <b>4,772</b>                 | <b>162,994</b>                         | <b>2,804,765</b> |
| At 1 January 2025,<br>net of accumulated<br>depreciation and impairment   | 1,803,304            | 3,632                                | 803,790                                  | 26,273  | 4,772                        | 162,994                                | 2,804,765        |
| Additions   | -                    | -                                    | 142,422                                  | 8,700   | 398                          | 180,552                                | 332,072          |
| Disposals   | (19,064)             | -                                    | (3,523)                                  | (8)   | (445)                        | -                                      | (23,040)         |
| Depreciation provided during the year                                     | (109,481)            | (11,658)                             | (206,901)                                | (20,499)  | (2,473)                      | -                                      | (351,012)        |
| Transfer  | 12,467               | 11,677                               | 82,391                                   | 10,674  | -                            | (121,705)                              | (4,496)          |
| Exchange realignment  | -                    | -                                    | (268)                                    | (21)  | -                            | -                                      | (289)            |
| At 31 December 2025,<br>net of accumulated<br>depreciation and impairment | <b>1,687,226</b>     | <b>3,651</b>                         | <b>817,911</b>                           | <b>25,119</b>                                   | <b>2,252</b>                 | <b>221,841</b>                         | <b>2,758,000</b> |
| At 31 December 2025:  |                      |                                      |  |   |                              |  |                  |
| Cost  | 2,466,814            | 59,776                               | 2,348,245                                | 203,889   | 25,944                       | 221,841                                | 5,326,509        |
| Accumulated depreciation and impairment                                   | (779,588)            | (56,125)                             | (1,530,334)                              | (178,770)                                       | (23,692)                     | -                                      | (2,568,509)      |
| Net carrying amount   | <b>1,687,226</b>     | <b>3,651</b>                         | <b>817,911</b>                           | <b>25,119</b>                                   | <b>2,252</b>                 | <b>221,841</b>                         | <b>2,758,000</b> |

# Notes to the Financial Statements

31 December 2025

## 13. PROPERTY, PLANT AND EQUIPMENT (Continued)

|   | Buildings<br>RMB'000 | Leasehold<br>improvements<br>RMB'000 | Machinery<br>and<br>equipment<br>RMB'000 | Computers<br>and office<br>equipment<br>RMB'000 | Motor<br>vehicles<br>RMB'000 | Construction<br>in progress<br>RMB'000 | Total<br>RMB'000 |
|---|----------------------|--------------------------------------|--|---|------------------------------|--|------------------|
| <b>At 1 January 2024</b>  |                      |                                      |  |   |                              |  |                  |
| Cost  | 2,324,265            | 48,100                               | 2,043,835                                | 171,401   | 52,940                       | 367,120                                | 5,007,661        |
| Accumulated depreciation  | (617,378)            | (30,952)                             | (1,126,554)                              | (144,520)                                       | (43,197)                     | -                                      | (1,962,601)      |
| Net carrying amount   | <u>1,706,887</u>     | <u>17,148</u>                        | <u>917,281</u>                           | <u>26,881</u>                                   | <u>9,743</u>                 | <u>367,120</u>                         | <u>3,045,060</u> |
| At 1 January 2024,<br>net of accumulated<br>depreciation and impairment   | 1,706,887            | 17,148                               | 917,281                                  | 26,881  | 9,743                        | 367,120                                | 3,045,060        |
| Additions   | -                    | -                                    | 58,048                                   | 3,629   | 2,093                        | 109,776                                | 173,546          |
| Disposals   | (5,993)              | -                                    | (9,920)                                  | (344)   | (1,977)                      | -                                      | (18,234)         |
| Depreciation provided during the year                                     | (105,680)            | (13,516)                             | (219,412)                                | (18,436)  | (5,291)                      | -                                      | (362,335)        |
| Impairment  | -                    | -                                    | (31,976)                                 | -   | -                            | -                                      | (31,976)         |
| Transfer  | 208,090              | -                                    | 89,509                                   | 14,523  | 204                          | (313,902)                              | (1,576)          |
| Exchange realignment  | -                    | -                                    | 260                                      | 20  | -                            | -                                      | 280              |
| At 31 December 2024,<br>net of accumulated<br>depreciation and impairment | <u>1,803,304</u>     | <u>3,632</u>                         | <u>803,790</u>                           | <u>26,273</u>                                   | <u>4,772</u>                 | <u>162,994</u>                         | <u>2,804,765</u> |
| At 31 December 2024:  |                      |                                      |  |   |                              |  |                  |
| Cost  | 2,481,356            | 48,100                               | 2,144,020                                | 186,447   | 32,399                       | 162,994                                | 5,055,316        |
| Accumulated depreciation and impairment                                   | (678,052)            | (44,468)                             | (1,340,230)                              | (160,174)                                       | (27,627)                     | -                                      | (2,250,551)      |
| Net carrying amount   | <u>1,803,304</u>     | <u>3,632</u>                         | <u>803,790</u>                           | <u>26,273</u>                                   | <u>4,772</u>                 | <u>162,994</u>                         | <u>2,804,765</u> |

The Group was applying for the certificates of ownership for certain properties with a net book value of RMB33,372,879 as at 31 December 2025. The directors of the Company are of the opinion that the use of and the conduct of operating activities at the properties referred to above are not affected by the fact the Group had not yet obtained the relevant property title certificates. The Group is not able to assign, transfer or mortgage these assets until these certificates are obtained.

# Notes to the Financial Statements

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## 14. LEASES

### The Group as a lessee

The Group has lease contracts for various items of land use rights and property. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 50 years, and no ongoing payments will be made under the terms of these land leases. Leases of buildings generally have lease terms of 1 to 12 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

#### (a) Right-of-use assets

|  | Leasehold land<br>RMB'000 | Property<br>RMB'000 | Total<br>RMB'000 |
|--|---------------------------|---------------------|------------------|
| As at 1 January 2024                         | 162,308                   | 72,355              | 234,663          |
| Additions                                    | 219,668                   | 12,964              | 232,632          |
| Exchange realignment                         | –                         | 887                 | 887              |
| Depreciation charge                          | (7,245)                   | (18,532)            | (25,777)         |
| As at 31 December 2024 and 1<br>January 2025 | 374,731                   | 67,674              | 442,405          |
| Additions                                    | –                         | 8,880               | 8,880            |
| Disposal                                     | –                         | (176)               | (176)            |
| Exchange realignment                         | –                         | (1,105)             | (1,105)          |
| Depreciation charge                          | (8,343)                   | (20,317)            | (28,660)         |
| As at 31 December 2025                       | 366,388                   | 54,956              | 421,344          |

# Notes to the Financial Statements

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## 14. LEASES (Continued)

### The Group as a lessee (Continued)

#### (b) Lease liabilities

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

|  | 2025<br><i>RMB'000</i> | 2024<br><i>RMB'000</i> |
|--|------------------------|------------------------|
| Carrying amount at 1 January                     | 77,019                 | 80,795                 |
| New leases                                       | 8,880                  | 12,964                 |
| Disposal   | (262)                  | –                      |
| Accretion of interest recognised during the year | 2,621                  | 2,947                  |
| Exchange realignment                             | (1,287)                | 998                    |
| Payments   | (22,379)               | (20,685)               |
| Carrying amount at 31 December                   | <u>64,592</u>          | <u>77,019</u>          |
| Analysed into:                                   |                        |                        |
| Current portion                                  | 16,968                 | 16,006                 |
| Non-current portion                              | <u>47,624</u>          | <u>61,013</u>          |

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

|  | 2025<br><i>RMB'000</i> | 2024<br><i>RMB'000</i> |
|--|------------------------|------------------------|
| Interest on lease liabilities              | 2,621                  | 2,947                  |
| Depreciation charge of right-of-use assets | 28,660                 | 25,777                 |
| Expense relating to short-term leases      | 4,677                  | 4,507                  |
| Total                                      | <u>35,958</u>          | <u>33,231</u>          |

# Notes to the Financial Statements

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## 15. INTANGIBLE ASSETS

|   | Patents and<br>software<br><i>RMB'000</i> | Deferred<br>development<br>costs<br><i>RMB'000</i> | Total<br><i>RMB'000</i> |
|---|---|--|-------------------------|
| <b>31 December 2025</b>                                 |   |  |                         |
| Cost at 1 January 2025, net of accumulated amortisation | 29,781                                    | 215,505  | 245,286                 |
| Additions   | 5,422                                     | 125,285  | 130,707                 |
| Amortisation provided during the year                   | (11,643)                                  | (1,703)  | (13,346)                |
| At 31 December 2025                                     | <u>23,560</u>                             | <u>339,087</u>                                     | <u>362,647</u>          |
| At 31 December 2025:                                    |   |  |                         |
| Cost  | 106,214                                   | 340,790  | 447,004                 |
| Accumulated amortisation                                | (82,654)                                  | (1,703)  | (84,357)                |
| Net carrying amount                                     | <u>23,560</u>                             | <u>339,087</u>                                     | <u>362,647</u>          |
|   | Patents<br>and software<br><i>RMB'000</i> | Deferred<br>development<br>costs<br><i>RMB'000</i> | Total<br><i>RMB'000</i> |
| <b>31 December 2024</b>                                 |   |  |                         |
| Cost at 1 January 2024, net of accumulated amortisation | 41,189                                    | 136,227  | 177,416                 |
| Additions   | 253                                       | 79,278   | 79,531                  |
| Transfer  | 1,576                                     | –  | 1,576                   |
| Amortisation provided during the year                   | (13,237)                                  | –  | (13,237)                |
| At 31 December 2024                                     | <u>29,781</u>                             | <u>215,505</u>                                     | <u>245,286</u>          |
| At 31 December 2024:                                    |   |  |                         |
| Cost  | 100,792                                   | 215,505  | 316,297                 |
| Accumulated amortisation                                | (71,011)                                  | –  | (71,011)                |
| Net carrying amount                                     | <u>29,781</u>                             | <u>215,505</u>                                     | <u>245,286</u>          |

# Notes to the Financial Statements

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## 16. INVENTORIES

|                  | 2025<br><i>RMB'000</i> | 2024<br><i>RMB'000</i> |
|------------------|------------------------|------------------------|
| Raw materials    | 219,117                | 156,509                |
| Work in progress | 197,633                | 282,479                |
| Finished goods   | 192,172                | 212,236                |
| Total            | <b>608,922</b>         | 651,224                |

## 17. TRADE AND BILLS RECEIVABLES

|                     | 2025<br><i>RMB'000</i> | 2024<br><i>RMB'000</i> |
|---------------------|------------------------|------------------------|
| Trade receivables   | 3,050,099              | 3,139,904              |
| Impairment          | (11,594)               | (12,425)               |
| Net carrying amount | <b>3,038,505</b>       | 3,127,479              |
| Bills receivable    | 22,012                 | 42,284                 |
| Total               | <b>3,060,517</b>       | 3,169,763              |

The Group's trading terms with its customers are mainly on credit, except for new customers, whose payment in advance is normally required. The credit period is generally from 60 to 180 days. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade and bills receivable balances. Trade and bills receivables are non-interest-bearing.

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

|                     | 2025<br><i>RMB'000</i> | 2024<br><i>RMB'000</i> |
|---------------------|------------------------|------------------------|
| Within 90 days      | 3,023,697              | 3,105,364              |
| 91 days to 180 days | 13,024                 | 5,447                  |
| Over 180 days       | 1,784                  | 16,668                 |
| Total               | <b>3,038,505</b>       | 3,127,479              |

# Notes to the Financial Statements

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## 17. TRADE AND BILLS RECEIVABLES (Continued)

An ageing analysis of bills receivable as at the end of the reporting period, based on the billing date, is as follows:

|                     | <b>2025</b><br><b>RMB'000</b> | 2024<br><i>RMB'000</i> |
|---------------------|-------------------------------|------------------------|
| Within 90 days      | <b>18,119</b>                 | 41,441                 |
| 91 days to 180 days | <b>3,893</b>                  | 843                    |
| Total               | <b>22,012</b>                 | 42,284                 |

The Group applies the simplified approach to providing for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected credit loss provision for all trade receivables.

To measure the expected credit losses for trade receivables, trade receivables have been grouped based on shared credit risk characteristics and the ageing.

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

|                                 | <b>2025</b><br><b>RMB'000</b> | 2024<br><i>RMB'000</i> |
|---------------------------------|-------------------------------|------------------------|
| At beginning of year            | <b>12,425</b>                 | 30,604                 |
| Reversal of impairment (Note 6) | <b>(831)</b>                  | (18,179)               |
| At end of year                  | <b>11,594</b>                 | 12,425                 |

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due 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.

# Notes to the Financial Statements

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## 17. TRADE AND BILLS RECEIVABLES (Continued)

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

|                                  | Current   | Past due       |                   |             | Total     |
|----------------------------------|-----------|----------------|-------------------|-------------|-----------|
|                                  |           | Within 90 days | 91 days to 1 year | Over 1 year |           |
| <b>At 31 December 2025</b>       |           |                |                   |             |           |
| Expected credit loss rate        | 0.37%     | 0.41%          | 6.44%             | 100.00%     | 0.38%     |
| Gross carrying amount (RMB'000)  | 3,034,294 | 13,682         | 1,907             | 216         | 3,050,099 |
| Expected credit losses (RMB'000) | 11,198    | 57             | 123               | 216         | 11,594    |
| <b>At 31 December 2024</b>       |           |                |                   |             |           |
| Expected credit loss rate        | 0.36%     | 0.41%          | 5.71%             | 100.00%     | 0.40%     |
| Gross carrying amount (RMB'000)  | 3,055,560 | 66,453         | 17,677            | 214         | 3,139,904 |
| Expected credit losses (RMB'000) | 10,927    | 275            | 1,009             | 214         | 12,425    |

Based on past experience and forward-looking information, the directors of the Company are of the opinion that there is no significant credit risk associated with bills receivable and no credit loss allowance is necessary since the counterparties are substantially reputable state-owned banks and other medium or large-sized listed banks with no history of default.

At 31 December 2025, the Group endorsed and discounted certain bills receivable accepted by banks in Chinese mainland (the "**Derecognised Bills**") to settle the trade payables and other payables with a carrying amount of RMB523,880,074 (2024: RMB510,258,538). The Derecognised Bills had a maturity of one to six months at the end of the reporting period. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Bills have a right of recourse against the Group if the PRC banks default (the "**Continuing Involvement**"). In the opinion of the directors, the Group has transferred substantially all risks and rewards relating to the Derecognised Bills. Accordingly, the Group has derecognised the full carrying amounts of the Derecognised Bills and the associated trade payables and other payables. The maximum exposure to loss from the Group's Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills is equal to their carrying amounts. In the opinion of the directors, the fair values of the Group's Continuing Involvement in the Derecognised Bills are not significant.

During the year ended 31 December 2025, the Group has not recognised any gain or loss on the date of transfer of the Derecognised Bills. No gains or losses were recognised from the Continuing Involvement, both during the reporting period and cumulatively.

# Notes to the Financial Statements

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## 18. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

|                             | 2025<br><i>RMB'000</i> | 2024<br><i>RMB'000</i> |
|-----------------------------|------------------------|------------------------|
| Prepayments                 | 123,450                | 105,940                |
| Value-added tax recoverable | 168,733                | 71,349                 |
| Deposits                    | 8,228                  | 32,973                 |
| Prepaid expenses            | 1,371                  | 883                    |
| Advance to employees        | 761                    | 468                    |
| Other receivables           | 17,080                 | 22,924                 |
| Total                       | <b>319,623</b>         | 234,537                |

The financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts. As at 31 December 2025 and 2024, the loss allowance was assessed to be minimal.

## 19. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

|   | 2025<br><i>RMB'000</i> | 2024<br><i>RMB'000</i> |
|---|------------------------|------------------------|
| <b>Current</b>  |                        |                        |
| Investments in financial products, at fair value (note (a)) | 17,612                 | 17,237                 |
| <b>Non-current</b>  |                        |                        |
| Other unlisted investments, at fair value (note (b))        | 772,486                | 702,283                |

Notes:

- (a) The above investments represent investments in certain financial products issued by commercial banks with expected return rates ranging from 4.42% to 4.52% (2024: 5.43% to 5.49%) per annum. The returns on all of these financial products are not guaranteed. The fair values of the investments approximate to their costs plus expected return. None of these investments are either past due or impaired.
- (b) The balance as at 31 December 2025 represents unlisted equity investments in nine venture capital funds which specialise in making equity investments in the life science industry and two innovative biopharmaceutical companies. The Group has an intention of holding them as long-term investments.

# Notes to the Financial Statements

31 December 2025

## 20. OTHER FINANCIAL ASSETS

|                                   | 2025<br><i>RMB'000</i> | 2024<br><i>RMB'000</i> |
|-----------------------------------|------------------------|------------------------|
| Investments in financial products | –                      | 747,468                |

## 21. CASH AND BANK BALANCES

|  | 2025<br><i>RMB'000</i> | 2024<br><i>RMB'000</i> |
|--|------------------------|------------------------|
| Cash and bank balances, unrestricted   | 2,941,080              | 2,101,651              |
| Time deposits with original maturity of less than three months when acquired       | 467,839                | 221,050                |
| Time deposits with original maturity of over three months when acquired (note (a)) | 28,139,749             | 20,298,865             |
| Cash and bank balances   | 31,548,668             | 22,621,566             |
| Denominated in:  |                        |                        |
| RMB  | 2,358,135              | 2,006,297              |
| United States dollar   | 29,133,510             | 20,585,645             |
| Hong Kong dollar   | 49,483                 | 27,709                 |
| Others   | 7,540                  | 1,915                  |
| Total  | 31,548,668             | 22,621,566             |

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

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods within three months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term time deposit rates. The bank balances are deposited with creditworthy banks with no history of default. The carrying amounts of the cash and cash equivalents approximate to their fair values.

Note:

- (a) The above investments represent time deposits with initial terms of over three months when acquired (including three months) issued by commercial banks with annual return rates ranging from 1.35% to 4.50% (2024: 3.30% to 5.89%). None of these investments are past due or impaired. None of these deposits are pledged.

# Notes to the Financial Statements

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## 22. TRADE PAYABLES

|                | 2025<br><i>RMB'000</i> | 2024<br><i>RMB'000</i> |
|----------------|------------------------|------------------------|
| Trade payables | <u>334,314</u>         | <u>217,851</u>         |
| Total          | <u>334,314</u>         | <u>217,851</u>         |

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

|                     | 2025<br><i>RMB'000</i> | 2024<br><i>RMB'000</i> |
|---------------------|------------------------|------------------------|
| Within 90 days      | 333,883                | 211,421                |
| 91 days to 180 days | 29                     | 709                    |
| 181 days to 1 year  | 105                    | 2,055                  |
| Over 1 year         | <u>297</u>             | <u>3,666</u>           |
| Total               | <u>334,314</u>         | <u>217,851</u>         |

The trade payables are non-interest-bearing and are normally settled on 90-day terms.

## 23. OTHER PAYABLES AND ACCRUALS

|   | 2025<br><i>RMB'000</i> | 2024<br><i>RMB'000</i> |
|---|------------------------|------------------------|
| Accrued expenses  | 1,617,387              | 1,490,774              |
| Staff payroll, welfare and bonus payables                       | 440,270                | 438,431                |
| Payables for purchase of items of property, plant and equipment | 29,267                 | 27,481                 |
| Other tax payables  | 102,808                | 160,546                |
| Other payables  | <u>372,847</u>         | <u>237,359</u>         |
| Total   | <u>2,562,579</u>       | <u>2,354,591</u>       |

# Notes to the Financial Statements

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## 24. CONTRACT LIABILITIES

|  | <b>2025</b><br><i>RMB'000</i> | 2024<br><i>RMB'000</i> |
|--|-------------------------------|------------------------|
| Amounts received in advance of delivery of products and services | <b>1,181,478</b>              | 19,227                 |

Set out below is the amount of revenue and other income recognised from:

|   | <b>2025</b><br><i>RMB'000</i> | 2024<br><i>RMB'000</i> |
|---|-------------------------------|------------------------|
| Amounts included in contract liabilities at the beginning of the year | <b>19,227</b>                 | 38,471                 |

## 25. DEFERRED TAX

The movements in deferred tax assets and liabilities during the year are as follows:

### Deferred tax assets

|   | Decelerated<br>depreciation/<br>amortisation for<br>tax purposes<br><i>RMB'000</i> | Accrued<br>expenses<br><i>RMB'000</i> | Provision for<br>impairment of<br>trade receivables,<br>inventories and<br>property, plant<br>and equipment<br><i>RMB'000</i> | Total deferred<br>tax assets<br><i>RMB'000</i> |
|---|--|---------------------------------------|---|--|
| At 1 January 2025   | <b>109,356</b>   | <b>48,873</b>                         | <b>10,524</b>   | <b>168,753</b>                                 |
| Deferred tax recognised in the consolidated statement of profit or loss during the year | <b>(17,029)</b>  | <b>154,142</b>                        | <b>2,930</b>  | <b>140,043</b>                                 |
| At 31 December 2025   | <b>92,327</b>  | <b>203,015</b>                        | <b>13,454</b>   | <b>308,796</b>                                 |
| At 1 January 2024   | 126,385  | 49,458                                | 6,371   | 182,214  |
| Deferred tax recognised in the consolidated statement of profit or loss during the year | <b>(17,029)</b>  | <b>(585)</b>                          | <b>4,153</b>  | <b>(13,461)</b>                                |
| At 31 December 2024   | <b>109,356</b>   | <b>48,873</b>                         | <b>10,524</b>   | <b>168,753</b>                                 |

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## 25. DEFERRED TAX (Continued)

### Deferred tax liabilities

|   | Accelerated<br>depreciation<br>for tax<br>purposes<br>RMB'000 | Accrual for<br>withholding tax<br>RMB'000 | Accrued<br>interest income<br>RMB'000 | Total deferred<br>tax liabilities<br>RMB'000 |
|---|---|---|---------------------------------------|--|
| At 1 January 2025   | (75,985)  | (292,957)                                 | –                                     | (368,942)                                    |
| Deferred tax recognised in the consolidated statement of profit or loss during the year | 4,827   | (15,358)                                  | (1,622)                               | (12,153)                                     |
| At 31 December 2025   | (71,158)  | (308,315)                                 | (1,622)                               | (381,095)                                    |
| At 1 January 2024   | (80,213)  | (357,021)                                 | –                                     | (437,234)                                    |
| Deferred tax recognised in the consolidated statement of profit or loss during the year | 4,228   | 64,064                                    | –                                     | 68,292                                       |
| At 31 December 2024   | (75,985)  | (292,957)                                 | –                                     | (368,942)                                    |

For presentation purposes, certain deferred tax assets and liabilities have been offset in the consolidated statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

|   | 2025<br>RMB'000 | 2024<br>RMB'000 |
|---|-----------------|-----------------|
| Net deferred tax liabilities recognised in the consolidated statement of financial position | (72,299)        | (200,189)       |

The Group has tax losses arising in Chinese mainland of RMB3,902,043,000 (2024: RMB3,299,342,000) that will expire in one to ten years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these losses as they have arisen in certain subsidiaries that have been loss-making for some time, and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

The Group is liable for withholding taxes on dividends distributed by those subsidiaries established in Chinese mainland in respect of earnings generated from 1 January 2008. The applicable rate is 5% for the Group.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

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## 26. CONVERTIBLE BONDS

On 22 January 2021, the Company issued US\$600,000,000 zero coupon convertible bonds due in 2026. The bonds are convertible at the option of the bondholders into ordinary shares after 4 March 2021 on the basic conversion price of HK\$60.00 per share. In accordance with the terms and conditions of the Convertible Bonds, an adjustment will be made to the Conversion Price on the date immediately after the record date for the payment of the interim dividend for the six months ended 30 June 2025. As a result of the adjustment, the conversion price has been adjusted to HK\$56.70 per share with effect from 26 September 2025. Any convertible bonds not converted, redeemed or purchased and cancelled will be redeemed by the Company on 22 January 2026 at the price of the par value.

The fair value of the liability component was estimated at the issuance date using an equivalent market interest rate for a similar bond without a conversion option.

The convertible bonds comprise two components:

The debt component was initially measured at fair value amounting to US\$562,489,000 (equivalent to RMB3,634,633,000). It is subsequently measured at amortized cost using the effective interest method after considering the effect of the transaction costs.

The derivative component comprises conversion options and early redemption options (not closely related to the debt component), which were initially measured at fair value amounting to US\$37,511,000 (equivalent to RMB242,387,000) and subsequently measured at fair value with changes in fair value recognised in profit or loss.

The total transaction costs of US\$4,000,000 (equivalent to RMB25,847,000) related to the issue of the convertible bonds were allocated to the debt and derivative components in proportion to their respective fair values.

On 22 January 2024, the Company redeemed the convertible bonds at a total cash consideration of US\$590,622,000 (equivalent to RMB4,183,198,000).

The convertible bonds have been split into the debt and embedded derivative components as follows:

|                        | <b>Debt<br/>component<br/>RMB'000</b> | <b>Embedded<br/>derivative<br/>component<br/>RMB'000</b> | <b>Total<br/>RMB'000</b> |
|------------------------|---------------------------------------|--|--------------------------|
| As at 1 January 2025   | <b>38,090</b>                         | <b>2,784</b>   | <b>40,874</b>            |
| Exchange realignment   | <b>(852)</b>                          | <b>(62)</b>  | <b>(914)</b>             |
| Interest charged       | <b>541</b>                            | <b>–</b>   | <b>541</b>               |
| As at 31 December 2025 | <b>37,779</b>                         | <b>2,722</b>   | <b>40,501</b>            |

# Notes to the Financial Statements

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## 26. CONVERTIBLE BONDS (Continued)

|                        | Debt<br>component<br>RMB'000 | Embedded<br>derivative<br>component<br>RMB'000 | Total<br>RMB'000 |
|------------------------|------------------------------|--|------------------|
| As at 1 January 2024   | 4,220,197                    | 2,743  | 4,222,940        |
| Repayment              | (4,183,198)                  | –  | (4,183,198)      |
| Exchange realignment   | 556                          | 41   | 597              |
| Interest charged       | 535                          | –  | 535              |
| As at 31 December 2024 | <u>38,090</u>                | <u>2,784</u>                                   | <u>40,874</u>    |

## 27. SHARE-BASED PAYMENTS

The Group's restricted share unit scheme (the "RSU Scheme") was adopted pursuant to a resolution passed on 27 May 2019 for the primary purpose of providing incentives to directors and eligible employees and will expire on 13 June 2029. At 31 December 2025, the restricted share units under the RSU Scheme amounting up to an aggregate of 39,429,884 shares of the Company will be available for grant in future.

The table below discloses movements of the RSU Scheme:

|                                  | 2025<br>Number of<br>restricted<br>share unit | 2024<br>Number of<br>restricted<br>share unit |
|----------------------------------|---|---|
| Outstanding as at 1 January      | 25,688,620                                    | 35,405,000                                    |
| Granted during the year          | 8,560,990                                     | 11,397,590                                    |
| Cancelled/lapsed during the year | (2,946,065)                                   | (7,514,335)                                   |
| Vested during the year           | <u>(11,919,135)</u>                           | <u>(13,599,635)</u>                           |
| Outstanding as at 31 December    | <u>19,384,410</u>                             | <u>25,688,620</u>                             |

During the year ended 31 December 2025, 8,560,990 restricted share units were granted on 28 April 2025. Vesting commencement date was 29 April 2025. The closing price of the Group's shares immediately before 28 April 2025, the date of grant, was HK\$23.9 per share. These restricted share units will be vested subject to certain performance indicators and other requirements in the grant letter issued by the Group to the employees, including requirements based on the achievement of the Group's annual results and the employees' individual annual performance. Approximately 34% of the restricted share units shall vest on the first anniversary of the vesting commencement date and the remaining approximately 33% and approximately 33% shall vest on the second and third anniversaries of the vesting commencement date, respectively.

The fair value of the restricted share units determined on 28 April 2025 using the Binomial model was HK\$18.677 per unit. The following assumptions were used to calculate the fair value of the restricted share units on the grant date:

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## 27. SHARE-BASED PAYMENTS (Continued)

28 April 2025

|                                |               |
|--------------------------------|---------------|
| Weighted average closing price | HK\$23.25     |
| Purchase price                 | HK\$4.573     |
| Vesting period                 | 3 years       |
| Vest volatility                | 46.06%-47.81% |
| Dividend yield                 | 1.50%         |
| Risk-free interest rate        | 2.72%-2.79%   |

The binomial model has been used to estimate the fair value of the restricted share units. The variables and assumptions used in computing the fair value of the restricted share units are based on the directors' best estimate. Changes in estimates and assumptions may result in changes in fair value of the restricted share units.

At the end of each reporting period, the Group revises its estimates of the number of restricted share units that are expected to vest ultimately. The impact of the revision of the estimates, if any, is recognised in profit or loss, with a corresponding adjustment to the share-based payment reserve.

The Group recognised share-based payment expenses of RMB143,268,000 (31 December 2024: RMB137,725,000) during the reporting year.

## 28. SHARE CAPITAL

### Authorized:

|   | Number<br>of shares   | Nominal value<br>of each share<br><i>HKD</i> |
|---|-----------------------|--|
| As at 1 January 2024 and<br>31 December 2024 and 2025 | <u>20,000,000,000</u> | <u>0.00001</u>                               |

### Issued and paid:

|  | 2025<br><i>RMB</i> | 2024<br><i>RMB</i> |
|--|--------------------|--------------------|
| Issued and paid:<br>6,055,150,070 shares of HK\$0.00001 each<br>(31 December 2024: 5,935,650,070 shares of<br>HK\$0.00001) | <u>53,379</u>      | <u>52,286</u>      |

# Notes to the Financial Statements

31 December 2025

## 28. SHARE CAPITAL (Continued)

### Issued and paid: (Continued)

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

|  | Number of<br>shares in issue | Share capital<br><i>RMB</i> |
|--|------------------------------|-----------------------------|
| At 1 January 2025  | 5,935,650,070                | 52,286                      |
| Issue of shares pursuant to the Group's<br>RSU Scheme adopted on 27 May<br>2019, HK\$0.00001 each (note (a)) | 11,500,000                   | 107                         |
| New issue of ordinary shares by placing on 27 August<br>2025, HK\$0.00001 each (note (b))                    | 108,000,000                  | 986                         |
| At 31 December 2025  | <u>6,055,150,070</u>         | <u>53,379</u>               |

Notes:

- (a) On 22 April 2025, the Company issued 11,500,000 new ordinary shares to Computershare Hong Kong Trustees Limited (the "RSU Trustee") at the price of HK\$2.9595 per share, pursuant to the terms of the RSU Scheme approved and adopted on 27 May 2019 for the vesting of the restricted share units.
- (b) On 27 August 2025, the Company issued 108,000,000 new ordinary shares at the price of HK\$36.30 per share by placing.

## 29. TREASURY SHARES

As instructed by the board of directors, the RSU Trustee is appointed to acquire a certain number of shares from the open market for the RSU Scheme, and the purchased shares will be held by the RSU Trustee, recognized as treasury shares, until such shares are vested in accordance with the provisions of the Scheme.

A summary of movements in the Company's treasury shares is as follows:

|                                      | Number of shares        | Treasury shares<br><i>RMB'000</i> |
|--------------------------------------|-------------------------|-----------------------------------|
| <b>At 1 January 2025</b>             | <b>1,315,065</b>        | <b>13,215</b>                     |
| Shares issued for the RSU Scheme     | 11,500,000              | 31,608                            |
| Vested                               | (11,620,418)            | (41,539)                          |
| Dividends declared                   | –                       | (399)                             |
| <b>At 31 December 2025</b>           | <u><b>1,194,647</b></u> | <u><b>2,885</b></u>               |
|                                      | Number of shares        | Treasury shares<br><i>RMB'000</i> |
| At 1 January 2024                    | 9,614,700               | 108,629                           |
| Shares repurchase for the RSU Scheme | 3,000,000               | 33,693                            |
| Vested                               | (11,299,635)            | (128,723)                         |
| Dividends declared                   | –                       | (384)                             |
| At 31 December 2024                  | <u>1,315,065</u>        | <u>13,215</u>                     |

# Notes to the Financial Statements

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## 30. RESERVES

The amounts of the Group's reserves and the movements therein for the reporting period are presented in the consolidated statement of changes in equity.

### (a) Share premium

The proceeds from the issue of shares that exceed the nominal value of the shares were credited into the share premium.

### (b) Merger reserve

The merger reserve of the Group represents the capital contributions from the then shareholders of the subsidiaries.

### (c) Exchange fluctuation reserve

The functional currencies of certain overseas subsidiaries are currencies other than the RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their profits or losses are translated into RMB at the weighted average exchange rates for the period. 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.

### (d) Statutory surplus reserves

In accordance with the Company Law of the PRC, a subsidiary of the Group which is a domestic enterprise is required to allocate 10% of its profit after tax, as determined in accordance with the relevant PRC Generally Accepted Accounting Principles, to its statutory surplus reserves until the reserves reaches 50% of its registered capital. Subject to certain restrictions set out in the Company Law of the PRC, part of the statutory surplus reserves may be converted to share capital, provided that the remaining balance after the capitalisation is not less than 25% of the registered capital.

## 31. 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 RMB8,880,000 (2024: RMB12,964,000) and RMB8,880,000 (2024: RMB12,964,000), respectively, in respect of lease arrangements for property.

# Notes to the Financial Statements

31 December 2025

## 31. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

### (b) Changes in liabilities arising from financing activities

|  | Dividends<br>payable<br>RMB'000 | Lease<br>liabilities<br>RMB'000 | Convertible<br>bonds<br>RMB'000 |
|--|---------------------------------|---------------------------------|---------------------------------|
| <b>At 1 January 2025</b>                         | <b>1</b>                        | <b>77,019</b>                   | <b>40,874</b>                   |
| <b>Changes from financing cash flows:</b>        |                                 |                                 |                                 |
| Dividend paid to shareholders                    | (2,012,184)                     | –                               | –                               |
| Principal portion of lease payments              | –                               | (22,379)                        | –                               |
| Total changes from financing cash flows          | (2,012,184)                     | (22,379)                        | –                               |
| <b>Other changes:</b>                            |                                 |                                 |                                 |
| Dividend declared to shareholders                | 2,012,584                       | –                               | –                               |
| Dividend declared to treasury shares             | (399)                           | –                               | –                               |
| Disposal of leases                               | –                               | (262)                           | –                               |
| New leases                                       | –                               | 8,880                           | –                               |
| Interest charged on convertible bonds            | –                               | –                               | 541                             |
| Accretion of interest recognised during the year | –                               | 2,621                           | –                               |
| Exchange realignment                             | –                               | (1,287)                         | (914)                           |
| Total other changes                              | 2,012,185                       | 9,952                           | (373)                           |
| <b>At 31 December 2025</b>                       | <b>2</b>                        | <b>64,592</b>                   | <b>40,501</b>                   |
| <b>At 1 January 2024</b>                         | <b>–</b>                        | <b>80,795</b>                   | <b>4,222,940</b>                |
| <b>Changes from financing cash flows:</b>        |                                 |                                 |                                 |
| Repayment of convertible bonds                   | –                               | –                               | (4,183,198)                     |
| Dividend paid to shareholders                    | (1,858,348)                     | –                               | –                               |
| Principal portion of lease payments              | –                               | (20,685)                        | –                               |
| Total changes from financing cash flows          | (1,858,348)                     | (20,685)                        | (4,183,198)                     |
| <b>Other changes:</b>                            |                                 |                                 |                                 |
| Dividend declared to shareholders                | 1,858,733                       | –                               | –                               |
| Dividend declared to treasury shares             | (384)                           | –                               | –                               |
| New leases                                       | –                               | 12,964                          | –                               |
| Interest charged on convertible bonds            | –                               | –                               | 535                             |
| Accretion of interest recognised during the year | –                               | 2,947                           | –                               |
| Exchange realignment                             | –                               | 998                             | 597                             |
| Total other changes                              | 1,858,349                       | 16,909                          | 1,132                           |
| <b>At 31 December 2024</b>                       | <b>1</b>                        | <b>77,019</b>                   | <b>40,874</b>                   |

# Notes to the Financial Statements

31 December 2025

## 31. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

### (c) Total cash outflow for leases

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

|                             | 2025<br><i>RMB'000</i> | 2024<br><i>RMB'000</i> |
|-----------------------------|------------------------|------------------------|
| Within operating activities | 4,677                  | 4,507                  |
| Within financing activities | 22,379                 | 20,685                 |
| Total                       | 27,056                 | 25,192                 |

## 32. COMMITMENTS

### Capital commitments

The Group had the following capital commitments at the end of the reporting period:

|   | 2025<br><i>RMB'000</i> | 2024<br><i>RMB'000</i> |
|---|------------------------|------------------------|
| Contracted, but not provided for acquisition of property, plant and equipment | 116,031                | 326,242                |

### Other business agreements

The Group enters into collaboration agreements with institutions and companies to license intellectual property. The Company may be obligated to make future development, regulatory and commercial milestone payments and royalty payments on future sales of specified products associated with its collaboration agreements. Payments under these agreements generally become due and payable upon achievement of such milestones or sales. These commitments are not recorded on the consolidated statement of financial position because the achievement and timing of these milestones are not fixed and determinable. When the achievement of these milestones or sales have occurred, the corresponding amounts are recognised in the consolidated financial statements.

# Notes to the Financial Statements

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## 33. SIGNIFICANT RELATED PARTY TRANSACTIONS

### (a) Name of and relationship with a related party

| Name   | Relationship                                      |
|--|---|
| 江蘇恒瑞醫藥股份有限公司<br>(“Jiangsu Hengrui Pharmaceuticals Co., Ltd.”)                | Controlled by a close family member of a director |
| 山東盛迪醫藥有限公司<br>(“Shandong Suncadia Medicine Co., Ltd.”)                       | Controlled by a close family member of a director |
| 成都盛迪醫藥有限公司<br>(“Chengdu Suncadia Medicine Co., Ltd.”)                        | Controlled by a close family member of a director |
| 成都新越醫藥有限公司<br>(“Chengdu Xinyue Pharmaceutical Co., Ltd.”)                    | Controlled by a close family member of a director |
| 江蘇原創藥物研發有限公司<br>(“Jiangsu Original Drug Research and Development Co., Ltd.”) | Controlled by a close family member of a director |
| 蘇州盛迪亞生物醫藥有限公司<br>(“Suzhou Suncadia Biopharmaceuticals Co., Ltd.”)            | Controlled by a close family member of a director |
| 福建盛迪醫藥有限公司<br>(“Fujian Shengdi Pharmaceutical Co., Ltd.”)                    | Controlled by a close family member of a director |
| 上海森輝醫藥有限公司<br>(“Shanghai Senhui Pharmaceutical Co., Ltd.”)                   | Controlled by a close family member of a director |

### (b) The Group had the following transactions with related parties during the year:

|  | 2025<br><i>RMB'000</i> | 2024<br><i>RMB'000</i> |
|--|------------------------|------------------------|
| Sales of property, plant, and equipment<br>Controlled by a close family member of a director | <u>9</u>               | <u>17,152</u>          |
| Purchasing of products<br>Controlled by a close family member of a director                  | <u>2,954</u>           | <u>4,453</u>           |
| Purchasing of services<br>Controlled by a close family member of a director                  | <u>9,884</u>           | <u>14,048</u>          |

The directors of the Company are of the opinion that the above transactions with related parties were conducted in the ordinary course of business and on normal commercial terms.

# Notes to the Financial Statements

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## 33. SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

### (c) Outstanding balances with related parties:

|   | 2025<br><i>RMB'000</i> | 2024<br><i>RMB'000</i> |
|---|------------------------|------------------------|
| Amounts due to related parties – trading nature   |                        |                        |
| Controlled by a close family member of a director | <u>626</u>             | <u>4,555</u>           |

The amounts due to related parties are unsecured, interest-free and repayable normally settled on 90-day.

### (d) Compensation of key management personnel of the Group:

|   | 2025<br><i>RMB'000</i> | 2024<br><i>RMB'000</i> |
|---|------------------------|------------------------|
| Salaries, allowances and benefits in kind           | 74,355                 | 65,960                 |
| Performance related bonuses                         | 54,210                 | 29,959                 |
| Share-based payments                                | 45,519                 | 51,121                 |
| Pension scheme contributions                        | <u>4,746</u>           | <u>4,523</u>           |
| Total compensation paid to key management personnel | <u>178,830</u>         | <u>151,563</u>         |

Further details of directors' emoluments are included in Note 8 to the financial statements.

# Notes to the Financial Statements

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## 34. FINANCIAL INSTRUMENTS BY CATEGORY

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

### 2025

#### Financial assets

|  | Financial assets at fair value through profit or loss – Mandatorily<br><i>RMB'000</i> | Financial assets at fair value through other comprehensive income<br>Debt investments<br><i>RMB'000</i> | Financial assets at amortised cost<br><i>RMB'000</i> | Total<br><i>RMB'000</i> |
|--|---|---|--|-------------------------|
| Trade receivables  | –   | –   | 3,038,505  | 3,038,505               |
| Bills receivable   | –   | 22,012  | –  | 22,012                  |
| Financial assets at fair value through profit or loss                        | 790,098   | –   | –  | 790,098                 |
| Financial assets included in prepayments, other receivables and other assets | –   | –   | 26,069   | 26,069                  |
| Cash and bank balances   | –   | –   | 31,548,668   | 31,548,668              |
| Total  | <u>790,098</u>  | <u>22,012</u>   | <u>34,613,242</u>                                    | <u>35,425,352</u>       |

#### Financial liabilities

|   | Financial liabilities at amortised cost<br><i>RMB'000</i> | Financial liabilities at fair value through profit or loss<br>Designated as such upon initial recognition<br><i>RMB'000</i> | Total<br><i>RMB'000</i> |
|---|---|---|-------------------------|
| Trade payables  | 334,314   | –   | 334,314                 |
| Financial liabilities included in other payables and accruals | 2,019,501   | –   | 2,019,501               |
| Lease liabilities   | 64,592  | –   | 64,592                  |
| Convertible bonds – debt component                            | 37,779  | –   | 37,779                  |
| Convertible bonds – embedded derivative instruments           | –   | 2,722   | 2,722                   |
| Total   | <u>2,456,186</u>  | <u>2,722</u>  | <u>2,458,908</u>        |

# Notes to the Financial Statements

31 December 2025

## 34. FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

2024

### Financial assets

|  | Financial assets at fair value through profit or loss – Mandatorily | Financial assets at fair value through other comprehensive income – Debt investments | Financial assets at amortised cost | Total             |
|--|---|--|------------------------------------|-------------------|
|  | RMB'000   | RMB'000  | RMB'000                            | RMB'000           |
| Trade receivables  | –   | –  | 3,127,479                          | 3,127,479         |
| Bills receivable   | –   | 42,284   | –                                  | 42,284            |
| Financial assets at fair value through profit or loss                        | 719,520   | –  | –                                  | 719,520           |
| Financial assets included in prepayments, other receivables and other assets | –   | –  | 56,365                             | 56,365            |
| Other financial assets   | –   | –  | 747,468                            | 747,468           |
| Cash and bank balances   | –   | –  | 22,621,566                         | 22,621,566        |
| <b>Total</b>   | <b>719,520</b>  | <b>42,284</b>  | <b>26,552,878</b>                  | <b>27,314,682</b> |

### Financial liabilities

|   | Financial liabilities at amortised cost | Financial liabilities at fair value through profit or loss – Designated as such upon initial recognition | Total            |
|---|---|--|------------------|
|   | RMB'000                                 | RMB'000  | RMB'000          |
| Trade payables  | 217,851                                 | –  | 217,851          |
| Financial liabilities included in other payables and accruals | 1,755,614                               | –  | 1,755,614        |
| Lease liabilities   | 77,019                                  | –  | 77,019           |
| Convertible bonds – debt component                            | 38,090                                  | –  | 38,090           |
| Convertible bonds – embedded derivative instruments           | –                                       | 2,784  | 2,784            |
| <b>Total</b>  | <b>2,088,574</b>                        | <b>2,784</b>   | <b>2,091,358</b> |

# Notes to the Financial Statements

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## 35. 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 fair values, are as follows:

### Financial assets

|   | Carrying amount |                 | Fair value      |                 |
|---|-----------------|-----------------|-----------------|-----------------|
|   | 2025<br>RMB'000 | 2024<br>RMB'000 | 2025<br>RMB'000 | 2024<br>RMB'000 |
| Financial assets at fair value through profit or loss | <b>790,098</b>  | 719,520         | <b>790,098</b>  | 719,520         |
| Bills receivable                                      | <b>22,012</b>   | 42,284          | <b>22,012</b>   | 42,284          |
| Total   | <b>812,110</b>  | 761,804         | <b>812,110</b>  | 761,804         |

### Financial liabilities

|   | Carrying amount |                 | Fair value      |                 |
|---|-----------------|-----------------|-----------------|-----------------|
|   | 2025<br>RMB'000 | 2024<br>RMB'000 | 2025<br>RMB'000 | 2024<br>RMB'000 |
| Convertible bonds – debt component                  | <b>37,779</b>   | 38,090          | <b>37,779</b>   | 38,090          |
| Convertible bonds – embedded derivative instruments | <b>2,722</b>    | 2,784           | <b>2,722</b>    | 2,784           |
| Total   | <b>40,501</b>   | 40,874          | <b>40,501</b>   | 40,874          |

Management has assessed that the fair values of cash and cash equivalents, time deposits with original maturity of over three months when acquired, trade and bills receivables, trade payables, other financial assets, deposits and other receivables, financial liabilities included in other payables and accruals and dividends payable approximate to their carrying amounts largely due to the short-term maturities of these instruments.

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 fair values of the non-current portion of lease liabilities 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 changes in fair value as a result of the Group's own non-performance risk for lease liabilities as at 31 December 2025 were assessed to be insignificant. The fair value of the liability portion of the convertible bonds is estimated by discounting the expected future cash flows using an equivalent market interest rate for a similar convertible bond with consideration of the Group's own non-performance risk.

The Group held bills receivable within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. Bills receivable is measured at fair value through other comprehensive income. The Group has estimated the fair value of bills receivable by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

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## 35. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

The fair value of unlisted equity investments designated at fair value through profit or loss has been estimated based on the most recent transaction price.

The Group invests in financial assets at fair value through profit or loss, which represent wealth management products issued by banks. The Group has estimated the fair value of these unlisted investments by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 31 December 2025 and 2024:

| Financial instruments  | Valuation technique         | Significant unobservable input | Range                                    | Sensitivity of fair value to the input  |
|--|-----------------------------|--------------------------------|--|---|
| Bills receivable held both to collect cash flows and to sell | Discounted cash flow method | Discount rate per annum        | 2.85% to 3.15%<br>(2024: 2.95% to 3.26%) | 5% (2024: 5%) increase/decrease in discount rate would result in decrease/increase in fair value by 0.00% (2024: 0.00%) |

### Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

|   | Fair value measurement using                         |  |  | Total<br>RMB'000 |
|---|--|--|--|------------------|
|   | Quoted prices in active markets (Level 1)<br>RMB'000 | Significant observable inputs (Level 2)<br>RMB'000 | Significant unobservable inputs (Level 3)<br>RMB'000 |                  |
| <b>As at 31 December 2025</b>                         |  |  |  |                  |
| Financial assets at fair value through profit or loss | –  | 17,612   | 772,486  | 790,098          |
| Bills receivable                                      | –  | –  | 22,012   | 22,012           |
| Total   | –  | 17,612   | 794,498  | 812,110          |
| <b>As at 31 December 2024</b>                         |  |  |  |                  |
| Financial assets at fair value through profit or loss | –  | 17,237   | 702,283  | 719,520          |
| Bills receivable                                      | –  | –  | 42,284   | 42,284           |
| Total   | –  | 17,237   | 744,567  | 761,804          |

# Notes to the Financial Statements

31 December 2025

## 35. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

### Fair value hierarchy *(Continued)*

Liabilities measured at fair value:

|   | Fair value measurement using                         |  |  | Total<br>RMB'000 |
|---|--|--|--|------------------|
|   | Quoted prices in active markets (Level 1)<br>RMB'000 | Significant observable inputs (Level 2)<br>RMB'000 | Significant unobservable inputs (Level 3)<br>RMB'000 |                  |
| <b>As at 31 December 2025</b>                       |  |  |  |                  |
| Convertible bonds – embedded derivative instruments | –  | –  | 2,722  | 2,722            |
| <b>As at 31 December 2024</b>                       |  |  |  |                  |
| Convertible bonds – embedded derivative instruments | –  | –  | 2,784  | 2,784            |

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (2024: Nil).

Liabilities for which fair values are disclosed:

|                                    | Fair value measurement using                         |  |  | Total<br>RMB'000 |
|------------------------------------|--|--|--|------------------|
|                                    | Quoted prices in active markets (Level 1)<br>RMB'000 | Significant observable inputs (Level 2)<br>RMB'000 | Significant unobservable inputs (Level 3)<br>RMB'000 |                  |
| <b>As at 31 December 2025</b>      |  |  |  |                  |
| Convertible bonds – debt component | –  | –  | 37,779   | 37,779           |
| <b>As at 31 December 2024</b>      |  |  |  |                  |
| Convertible bonds – debt component | –  | –  | 38,090   | 38,090           |

# Notes to the Financial Statements

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## 36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments mainly include cash and cash equivalents, time deposits with original maturity of over three months when acquired, financial assets at fair value through profit or loss and other financial assets. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk and liquidity risk. Generally, the Group introduces conservative strategies on its risk management. To keep the Group's exposure to these risks to a minimum, the Group has not used any derivatives and other instruments for hedging purposes. The Group does not hold or issue derivative financial instruments for trading purposes. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below:

### (a) Foreign currency risk

Foreign currency risk is the risk of losses resulting from changes in foreign currency exchange rates. The Group's businesses are located in Chinese mainland and nearly all transactions are conducted in RMB. As nearly all of the assets and liabilities of subsidiaries in Chinese mainland were denominated in RMB, these subsidiaries were not subject to significant foreign currency risk. As at 31 December 2025, the Group's assets and liabilities denominated in currencies other than RMB were mainly held by the Company and certain subsidiaries incorporated outside Chinese mainland which had currencies other than RMB as their functional currencies. The Company and those subsidiaries incorporated outside Chinese mainland also held bank balances denominated in currencies other than their functional currencies, from which foreign currency exposures arise.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in foreign currency exchange rates, with all other variables held constant, of the Group's profit before tax (due to changes in the fair values of monetary assets and liabilities) and the Group's equity.

|  | Increase/<br>(decrease)<br>in rate of<br>foreign<br>currency<br>% | Increase/<br>(decrease)<br>in profit<br>before tax<br>RMB'000 | Increase/<br>(decrease)<br>in profit<br>for the year<br>RMB'000 |
|--|---|---|---|
| <b>2025</b>  |   |   |   |
| If the RMB weakens against<br>the United States dollar     | 5   | 77,981  | 66,284  |
| If the RMB strengthens against<br>the United States dollar | (5)   | (77,981)  | (66,284)  |
| <b>2024</b>  |   |   |   |
| If the RMB weakens against<br>the United States dollar     | 5   | 19,928  | 16,939  |
| If the RMB strengthens against<br>the United States dollar | (5)   | (19,928)  | (16,939)  |

# Notes to the Financial Statements

31 December 2025

## 36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

### (b) Credit risk

The carrying amounts of cash and cash equivalents, time deposits with original maturity of over three months when acquired, other financial assets, financial assets at fair value through profit or loss, trade receivables and other receivables represent the Group's maximum exposure equal to credit risk in relation to financial assets.

The Group expects that there is no significant credit risk associated with cash and cash equivalents, time deposits with original maturity of over three months when acquired, other financial assets and financial assets at fair value through profit or loss since they are substantially held in reputable state-owned banks and other medium or large-sized listed banks. Management does not expect that there will be any significant losses from non-performance by these counterparties.

The Group trades only with recognised and creditworthy customers with no requirement for collateral. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures.

In order to minimise the credit risk, the Group reviews the recoverable amount of each individual trade receivable periodically and management also has monitoring procedures to ensure that follow-up action is taken to recover overdue receivables. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group measures the loss allowance for bills receivable under the general approach to assess and recognize the amount of expected credit losses. Based on past experience and forward-looking information, the directors of the Company are of the opinion that there is no significant credit risk associated with bills receivable and no credit loss allowance is necessary since the counterparties are substantially reputable state-owned banks and other medium or large-sized listed banks with no history of default.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the historical credit loss experiences do not indicate significantly different loss patterns for different segments, the loss allowance based on the past due status is not further distinguished between the Group's different customer bases.

The Group also expects that there is no significant credit risk associated with amounts due from related parties and other receivables since counterparties to these financial assets have no history of default.

For other financial assets, amounts due from related parties and other receivables, impairment is measured at 12-month expected credit losses as there has been no significant increase in credit risk since initial recognition.

# Notes to the Financial Statements

31 December 2025

## 36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

### (c) Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers both the maturity of its financial instruments and financial assets (e.g., trade and bills receivables) and projected cash flows from operations.

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

|   | 2025  |                                  |                                 |                            | Total<br>RMB'000 |
|---|---|----------------------------------|---------------------------------|----------------------------|------------------|
|   | Within<br>3 months or<br>on demand<br>RMB'000 | 3 months<br>to 1 year<br>RMB'000 | 1 year to<br>5 years<br>RMB'000 | Over<br>5 years<br>RMB'000 |                  |
| Lease liabilities   | 5,749   | 13,570                           | 44,747                          | 6,879                      | 70,945           |
| Financial liabilities<br>included in other<br>payables and accruals | 2,019,501                                     | –                                | –                               | –                          | 2,019,501        |
| Trade payables  | 333,883                                       | 134                              | 297                             | –                          | 334,314          |
| Convertible bonds   | 37,801  | –                                | –                               | –                          | 37,801           |
| <b>Total</b>  | <b>2,396,934</b>                              | <b>13,704</b>                    | <b>45,044</b>                   | <b>6,879</b>               | <b>2,462,561</b> |
|   | 2024  |                                  |                                 |                            | Total<br>RMB'000 |
|   | Within<br>3 months or<br>on demand<br>RMB'000 | 3 months<br>to 1 year<br>RMB'000 | 1 year to<br>5 years<br>RMB'000 | Over<br>5 years<br>RMB'000 |                  |
| Lease liabilities   | 5,234   | 13,257                           | 50,240                          | 16,221                     | 84,952           |
| Financial liabilities<br>included in other<br>payables and accruals | 1,755,614                                     | –                                | –                               | –                          | 1,755,614        |
| Trade payables  | 211,421                                       | 2,764                            | 3,666                           | –                          | 217,851          |
| Convertible bonds   | 38,659  | –                                | –                               | –                          | 38,659           |
| <b>Total</b>  | <b>2,010,928</b>                              | <b>16,021</b>                    | <b>53,906</b>                   | <b>16,221</b>              | <b>2,097,076</b> |

# Notes to the Financial Statements

31 December 2025

## 36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

### (d) 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. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the reporting period.

The Group monitors capital using a debt-to-asset ratio which is total liabilities divided by total assets. The debt-to-asset ratios as at the end of the reporting periods were as follows:

|                     | 2025<br><i>RMB'000</i> | 2024<br><i>RMB'000</i> |
|---------------------|------------------------|------------------------|
| Total liabilities   | 4,535,900              | 2,977,935              |
| Total assets        | 39,900,351             | 31,657,849             |
| Debt-to-asset ratio | 11%                    | 9%                     |

## 37. CONTINGENT LIABILITIES

As at 31 December 2025, the Group and the Company were not involved in any material legal, arbitration or administrative proceedings.

# Notes to the Financial Statements

31 December 2025

## 38. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

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

|   | 2025<br><i>RMB'000</i> | 2024<br><i>RMB'000</i> |
|---|------------------------|------------------------|
| <b>NON-CURRENT ASSETS</b>                             |                        |                        |
| Investments in subsidiaries                           | 899,430                | 621,396                |
| Financial assets at fair value through profit or loss | 722,298                | 697,384                |
| Amounts due from subsidiaries                         | 16,482,091             | 15,591,794             |
| <b>Total non-current assets</b>                       | <b>18,103,819</b>      | 16,910,574             |
| <b>CURRENT ASSETS</b>                                 |                        |                        |
| Amounts due from subsidiaries                         | 209,695                | 263,241                |
| Prepayments, other receivables and other assets       | 28,225                 | 22,768                 |
| Cash and bank balances                                | 116,464                | 33,853                 |
| <b>Total current assets</b>                           | <b>354,384</b>         | 319,862                |
| <b>CURRENT LIABILITIES</b>                            |                        |                        |
| Other payables and accruals                           | 85,501                 | 73,963                 |
| Convertible bonds                                     | 40,501                 | 40,874                 |
| <b>Total current liabilities</b>                      | <b>126,002</b>         | 114,837                |
| <b>NET CURRENT ASSETS</b>                             | <b>228,382</b>         | 205,025                |
| <b>NET ASSETS</b>                                     | <b>18,332,201</b>      | 17,115,599             |
| <b>EQUITY</b>   |                        |                        |
| Share capital   | 53                     | 52                     |
| Treasury shares                                       | (2,885)                | (13,215)               |
| Reserves (Note(a))                                    | 18,335,033             | 17,128,762             |
| <b>Total equity</b>                                   | <b>18,332,201</b>      | 17,115,599             |

# Notes to the Financial Statements

31 December 2025

## 38. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Note:

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

|   | Share<br>premium<br>RMB'000 | Share-<br>based<br>payment<br>reserve<br>RMB'000 | Other<br>Reserve<br>RMB'000 | Exchange<br>fluctuation<br>reserve<br>RMB'000 | Retained<br>profits/<br>(accumulated<br>losses)<br>RMB'000 | Total<br>RMB'000  |
|---|-----------------------------|--|-----------------------------|---|--|-------------------|
| <b>At 1 January 2025</b>                              | <b>13,999,985</b>           | <b>463,072</b>                                   | <b>(2,291)</b>              | <b>551,600</b>                                | <b>2,116,396</b>   | <b>17,128,762</b> |
| Profit for the year                                   | -                           | -  | -                           | -   | (132,351)  | (132,351)         |
| Exchange differences related<br>to foreign operations | -                           | -  | -                           | (363,802)                                     | -  | (363,802)         |
| Total comprehensive income<br>for the year            | -                           | -  | -                           | (363,802)                                     | (132,351)  | (496,153)         |
| Issuance of new shares by<br>placing                  | 3,557,505                   | -  | -                           | -   | -  | 3,557,505         |
| Issuance of new shares under<br>a share award scheme  | 31,608                      | -  | -                           | -   | -  | 31,608            |
| Subscription of shares under<br>a share award scheme  | 290,686                     | (301,048)  | -                           | -   | -  | (10,362)          |
| Share-based payments                                  | -                           | 136,257  | -                           | -   | -  | 136,257           |
| Dividends declared                                    | -                           | -  | -                           | -   | (2,012,584)  | (2,012,584)       |
| <b>At 31 December 2025</b>                            | <b>17,879,784</b>           | <b>298,281</b>                                   | <b>(2,291)</b>              | <b>187,798</b>                                | <b>(28,539)</b>  | <b>18,335,033</b> |
|   | Share<br>premium<br>RMB'000 | Share-<br>based<br>payment<br>reserve<br>RMB'000 | Other<br>Reserve<br>RMB'000 | Exchange<br>fluctuation<br>reserve<br>RMB'000 | (Accumulated<br>losses)/<br>retained<br>profits<br>RMB'000 | Total<br>RMB'000  |
| <b>At 1 January 2024</b>                              | <b>14,095,522</b>           | <b>325,347</b>                                   | <b>(2,291)</b>              | <b>351,792</b>                                | <b>(1,267,173)</b>   | <b>13,503,197</b> |
| Profit for the year                                   | -                           | -  | -                           | -   | 5,242,302  | 5,242,302         |
| Exchange differences related<br>to foreign operations | -                           | -  | -                           | 199,808                                       | -  | 199,808           |
| Total comprehensive income<br>for the year            | -                           | -  | -                           | 199,808                                       | 5,242,302  | 5,442,110         |
| Issuance of new shares under<br>a share award scheme  | 5,428                       | -  | -                           | -   | -  | 5,428             |
| Subscription of shares under<br>a share award scheme  | (100,965)                   | -  | -                           | -   | -  | (100,965)         |
| Share-based payments                                  | -                           | 137,725  | -                           | -   | -  | 137,725           |
| Dividends declared                                    | -                           | -  | -                           | -   | (1,858,733)  | (1,858,733)       |
| <b>At 31 December 2024</b>                            | <b>13,999,985</b>           | <b>463,072</b>                                   | <b>(2,291)</b>              | <b>551,600</b>                                | <b>2,116,396</b>   | <b>17,128,762</b> |

# Notes to the Financial Statements

31 December 2025

## **38. STATEMENT OF FINANCIAL POSITION OF THE COMPANY** *(Continued)*

The Company may pay dividends out of its share premium account and retained profits.

As at 31 December 2025, the Company had distributable reserves for share premium of RMB17,879,784,000 (2024: RMB13,999,985,000).

## **39. EVENTS AFTER THE REPORTING PERIOD**

On 3 February 2026, the Company issued HK\$4,680 million zero coupon convertible bonds due on 3 February 2033. The net proceeds from the bonds (after deduction of commissions and other related expenses) are approximately HK\$4,640 million, representing a net issue price of approximately HK\$56.90 per conversion share. As of the date of this report, the management is assessing the financial effect of this transaction on its consolidated financial statements.

## **40. APPROVAL OF THE FINANCIAL STATEMENTS**

The financial statements were approved and authorised for issue by the board of directors on 29 March 2026.

# Definitions

In this annual report, unless the context otherwise requires, the following terms shall have the meanings set out below.

|                           |   |
|---------------------------|---|
| “AACR”                    | the American Association for Cancer Research  |
| “ADC”                     | antibody-drug conjugate   |
| “AGM”                     | the annual general meeting of the Company proposed to be held on Friday, June 26, 2026  |
| “Amgen”                   | Amgen INC   |
| “Apex Medical”            | APEX MEDICAL COMPANY LTD., a company incorporated in the BVI as a limited liability company and wholly-owned by Mr. Cen Junda                                   |
| “Articles of Association” | the articles of association of the Company (as amended from time to time), conditionally adopted on May 27, 2019  |
| “AQP4”                    | anti-aquaporin-4  |
| “associate”               | has the meaning ascribed thereto under the Listing Rules  |
| “Audit Committee”         | the audit committee of the Board  |
| “Bcr-Abl TKI”             | BCR-ABL protein tyrosine kinase inhibitor (TKI)   |
| “BD”                      | business development  |
| “Biotheus”                | Biotheus Inc.   |
| “BLA”                     | Biologics License Application   |
| “Board”                   | the board of Directors of the Company   |
| “Board Diversity Policy”  | the board diversity policy of the Company adopted on November 26, 2018  |
| “BTD”                     | Breakthrough Therapy Designation  |
| “BTKi”                    | Bruton’s tyrosine kinase inhibitor  |
| “BVI”                     | the British Virgin Islands  |
| “Changzhou Hansoh”        | Changzhou Hansoh Pharmaceutical Co., Ltd. * (常州恒邦藥業有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Company |

## Definitions

|  |  |
|--|--|
| “China” or “PRC”                         | the People’s Republic of China   |
| “CKD”                                    | chronic kidney disease   |
| “CNS”                                    | central nervous system   |
| “Company” or “our Company”               | Hansoh Pharmaceutical Group Company Limited, a company incorporated in the Cayman Islands with limited liability, its shares are listed and traded on the Main Board of the Stock Exchange |
| “Company Code”                           | the Company’s own code of conduct regarding securities transactions of the Company by Directors and relevant employees   |
| “connected transaction”                  | has the meaning ascribed thereto under the Listing Rules   |
| “Controlling Shareholder(s)”             | has the meaning ascribed thereto under the Listing Rules and, unless the context otherwise requires, refers to Stellar Infinity, Sunrise Investment and Ms. Zhong Huijuan                  |
| “Corporate Governance Code” or “CG Code” | the Corporate Governance Code as set out in Appendix C1 to the Listing Rules   |
| “CSCO”                                   | the Chinese Society of Clinical Oncology   |
| “DFS”                                    | disease-free survival  |
| “Director(s)”                            | the director(s) of the Company   |
| “EGFR”                                   | epidermal growth factor receptor   |
| “EMA”                                    | the European Medicines Agency  |
| “EPO”                                    | erythropoietin   |
| “ESA(s)”                                 | erythropoiesis-stimulating agent(s)  |
| “ESG”                                    | environmental, social and governance   |
| “ESG Committee”                          | the environmental, social and governance committee of the Board  |
| “ESMO”                                   | the European Society of Medical Oncology   |
| “ES-SCLC”                                | extensive-stage small-cell lung cancer   |
| “FDA”                                    | the United States Food and Drug Administration   |
| “GIP”                                    | glucose-dependent insulinotropic polypeptide   |
| “Glenmark”                               | Glenmark Specialty S.A.  |

# Definitions

|   |   |
|---|---|
| “GLP-1”                                   | glucagon-like peptide-1   |
| “GLP-1RA”                                 | GLP-1 receptor agonist  |
| “gMG”                                     | generalized myasthenia gravis   |
| “GMP”                                     | Good Manufacturing Practice   |
| “Group”, “our Group”, “we” or “us”        | the Company and its subsidiaries and, in respect of the period before the Company became the holding company of our present subsidiaries, the businesses operated by such subsidiaries or their predecessors (as the case may be)   |
| “GSK”                                     | GlaxoSmithKline Intellectual Property (No.4) Limited  |
| “Hansoh Health”                           | Hansoh (Shanghai) Healthtech Co., Ltd.* (翰森(上海)健康科技有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Company   |
| “Harmonia Holding”                        | Harmonia Holding Investing (PTC) Limited  |
| “Hengrui”                                 | Jiangsu Hengrui Pharmaceuticals Co., Ltd.   |
| “HK\$” or “Hong Kong dollar(s)” or “cent” | Hong Kong dollars, the lawful currency of Hong Kong   |
| “Hong Kong” or “HK”                       | the Hong Kong Special Administrative Region of the PRC  |
| “IgAN”                                    | immunoglobulin A nephropathy  |
| “IgG4-RD”                                 | immunoglobulin G4-related diseases  |
| “Jiangsu Hansoh”                          | Jiangsu Hansoh Pharmaceutical Group Co., Ltd.* (江蘇豪森藥業集團有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Company  |
| “Latest Practicable Date”                 | March 31, 2026, being the latest practicable date prior to the printing of this annual report for the purpose of ascertaining certain information contained herein  |
| “Listing Rules”                           | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time  |
| “Lupeng Pharma”                           | Guangzhou Lupeng Pharmaceutical Co., Ltd.* (廣州麓鵬製藥有限公司)   |
| “Main Board”                              | the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange. For the avoidance of doubt, the Main Board excludes the GEM of the Stock Exchange |
| “MET”                                     | mesenchymal to epithelial transition factor   |

## Definitions

|                          |   |
|--------------------------|---|
| “MHRA”                   | Medicines and Healthcare Products Regulatory Agency in the United Kingdom   |
| “Model Code”             | the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules  |
| “MSD”                    | Merck Sharp & Dohme LLC   |
| “NDA”                    | New Drug Application  |
| “NMOSD”                  | neuromyelitis optica spectrum disorder  |
| “NMPA”                   | the National Medical Products Administration of the PRC (中國國家藥品監督管理局)   |
| “Nomination Committee”   | the nomination committee of the Board   |
| “NRDL”                   | the National Reimbursement Drug List for Basic Medical Insurance, Work-Related Injury Insurance and Maternity Insurance Catalogue* (國家基本醫療保險、工傷保險和生育保險藥品目錄) released by the National Healthcare Security Administration (國家醫保局) and the Ministry of Human Resources and Social Security (人力資源社會保障部) |
| “NSCLC”                  | non-small cell lung cancer  |
| “ODD”                    | Orphan Drug Designation   |
| “PNH”                    | paroxysmal nocturnal hemoglobinuria   |
| “PROC”                   | platinum-resistant ovarian cancer   |
| “Prospectus”             | the prospectus of the Company dated May 31, 2019  |
| “Qyuns”                  | Qyuns Therapeutics Co., Ltd.  |
| “R&D”                    | research and development  |
| “Regeneron”              | Regeneron Pharmaceuticals, Inc.   |
| “Remuneration Committee” | the remuneration committee of the Board   |
| “Renminbi” or “RMB”      | Renminbi, the lawful currency of the PRC  |
| “Reporting Period”       | the period of 12 months from January 1, 2025 to December 31, 2025   |
| “RET”                    | rearranged during transfection  |
| “Roche”                  | F. Hoffmann-La Roche Ltd  |
| “RSU(s)”                 | restricted share unit(s)  |
| “RSU Scheme”             | the scheme conditionally approved and adopted by the Company on May 27, 2019, which has granted RSUs upon completion of the Global Offering, the details of which are set out in the section headed “Statutory and General Information” in Appendix IV of the Company’s Prospectus                  |

# Definitions

|                                      |   |
|--------------------------------------|---|
| “RSU Trustee”                        | Computershare Hong Kong Trustees Limited  |
| “S&P”                                | S&P Global  |
| “SCLC”                               | small cell lung cancer  |
| “SFO”                                | the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time                 |
| “Shanghai Hansoh”                    | Shanghai Hansoh Biomedical Co., Ltd.* (上海翰森生物醫藥科技有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Company |
| “Share(s)”                           | ordinary share(s) of the Company with nominal value of HK\$0.00001 each, which are listed and traded on the Stock Exchange                                    |
| “Shareholder(s)”                     | holder(s) of Shares   |
| “State Council”                      | the State Council of the PRC (中華人民共和國國務院)   |
| “Stellar Infinity”                   | Stellar Infinity Company Ltd., a company incorporated in the BVI as a limited liability company and held as to 100% by Sunrise Investment                     |
| “Stock Exchange”                     | The Stock Exchange of Hong Kong Limited   |
| “Strategy and Development Committee” | the strategy and development committee of the Board   |
| “subsidiary” or “subsidiaries”       | has the meaning ascribed thereto under the Listing Rules  |
| “Substantial Shareholder(s)”         | has the meaning ascribed thereto under the Listing Rules  |
| “Sunrise Investment”                 | Sunrise Investment Advisors Limited, a company incorporated in the BVI with limited liability and held as to 100% by Harmonia Holding                         |
| “Sunrise Trust”                      | Sunrise Trust, a discretionary trust set up by Ms. Sun, of which Harmonia Holding acts as the trustee pursuant to a trust deed dated January 28, 2016         |
| “TKI”                                | tyrosine kinase inhibitor   |
| “TYK2”                               | tyrosine kinase 2   |
| “%”                                  | percentage  |

\* - For identification purposes only