绿竹生物
LUZHU BIOTECH

Beijing Luzhu Biotechnology Co., Ltd.
北京綠竹生物技術股份有限公司
(a joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 2480)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2025

The board (the "**Board**") of directors (the "**Directors**") of Beijing Luzhu Biotechnology Co., Ltd. (the "**Company**") is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended December 31, 2025 (the "**Reporting Period**"), together with comparative figures for the year ended December 31, 2024.

FINANCIAL HIGHLIGHTS

	For the year ended December 31,		
	2025	2024	Change
	RMB'000	*RMB'000*	(%)
Other income	**11,031**	21,387	(48.4)
Other gains and losses, net	**(4,221)**	11,818	(135.7)
Administrative expenses	**(51,790)**	(64,795)	(20.1)
Research and development expenses	**(96,475)**	(135,134)	(28.6)
Finance costs	**(6,583)**	(766)	759.4
Selling and distribution expenses	**(758)**	–	100.0
Other expenses	**(1,554)**	(745)	108.6
Share of loss of an associate	**(5)**	–	100.0
Loss before tax	**(150,355)**	(168,235)	(10.6)
Income tax expense	**–**	–	–
Loss and total comprehensive expense for the year	**(150,355)**	(168,235)	(10.6)

BUSINESS HIGHLIGHTS

During the year ended December 31, 2025, the Company has achieved various significant corporate milestones. In January 2025, the Group filed a BLA for its Core Product, LZ901, with the NMPA, which was subsequently accepted in February 2025. In the third quarter of 2025, the NMPA has finished the clinical trial on-site inspection and the production site inspection. Up to the date of this announcement, the NMPA is still reviewing the BLA for LZ901. LZ901 can only be commercialized after obtaining the BLA approval and batch release approval.

Further, during the first half of 2025, the Group also successfully completed a head-to-head comparison study for LZ901. The study results showed that LZ901 induced superior cellular immunogenicity and exhibited a better safety profile than HZ/su vaccine (Shingrix®), a recombinant glycoprotein E subunit vaccine, in adults aged 50 or above. For further details, please refer to the announcement of the Company dated August 18, 2025. The Board believes that such positive results lay a solid foundation for the commercialization of LZ901 in future.

In September 2025, the Group also successfully completed the Phase I clinical trial of LZ901 in the U.S.. According to the results of the clinical trial, both the high-dose group and low-dose group of the LZ901 vaccine demonstrated good safety and immunogenicity portfolio as compared to the placebo group, laying a foundation for subsequent clinical study. For further details, please refer to the announcement of the Company dated October 9, 2025.

In the fourth quarter of 2025, the recombinant RSV vaccine of the Group has entered the pre-IND stage.

Apart from the above, at the annual general meeting of the Company held on June 12, 2025, the Shareholders approved, among others, (a) the adoption of the 2025 Share Award Scheme, (b) the election and/or re-election of the Directors of the fifth session of the Board, and (c) the re-election of Shareholder representative Supervisor (whereas the employee representative Supervisors were elected by employees of the Company at the employees' representative congress). For details, please refer to the circular and announcement of the Company dated May 20, 2025 and June 12, 2025, respectively.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2025

	NOTES	**For the year ended December 31,**	
		2025	2024
		RMB'000	*RMB'000*
Other income	*5*	**11,031**	21,387
Other gains and losses, net	*6*	**(4,221)**	11,818
Administrative expenses		**(51,790)**	(64,795)
Research and development expenses		**(96,475)**	(135,134)
Finance costs	*7*	**(6,583)**	(766)
Selling and distribution expenses		**(758)**	–
Other expenses		**(1,554)**	(745)
Share of loss of an associate	*16*	**(5)**	–
Loss before tax		**(150,355)**	(168,235)
Income tax expense	*8*	**–**	–
Loss and total comprehensive expense for the year	*9*	**(150,355)**	(168,235)
Loss per share (RMB)	*11*		
Basic		**(0.75)**	(0.83)
Diluted		**(0.75)**	(0.83)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT DECEMBER 31, 2025

	NOTES	As at December 31, **2025** ***RMB'000***	2024 *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment	*12*	**493,532**	457,588
Right-of-use assets	*13*	**94,765**	99,504
Intangible assets	*14*	**8,187**	8,329
Prepayments, deposits and other receivables	*15*	**2,589**	12,166
Bank balances	*19*	**1,014**	–
Investment in an associate	*16*	**995**	–
		601,082	577,587
CURRENT ASSETS			
Materials	*17*	**3,649**	5,735
Prepayments, deposits and other receivables	*15*	**15,400**	13,461
Financial assets at fair value through profit or loss ("**FVTPL**")	*18*	**323,515**	313,554
Bank balances	*19*	**95,946**	140,126
		438,510	472,876
CURRENT LIABILITIES			
Advance payments received and other payables	*20*	**78,360**	97,037
Lease liability	*21*	**1,598**	–
Bank borrowings	*22*	**37,008**	1,820
Deferred government grants	*23*	**1,500**	–
		118,466	98,857
NET CURRENT ASSETS		**320,044**	374,019
TOTAL ASSETS LESS CURRENT LIABILITIES		**921,126**	951,606
NON-CURRENT LIABILITIES			
Bank borrowings	*22*	**222,606**	53,094
Lease liability	*21*	**11,784**	12,619
Deferred government grants	*23*	**26,617**	32,302
		261,007	98,015
NET ASSETS		**660,119**	853,591
CAPITAL AND RESERVES			
Share capital	*24*	**202,450**	202,450
Reserves		**457,669**	651,141
TOTAL EQUITY		**660,119**	853,591

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

1. GENERAL INFORMATION

Beijing Luzhu Biotechnology Co., Ltd. (the "**Company**") was established as a limited liability company in Beijing, the People's Republic of China (the "**PRC**") on November 9, 2001. The Company was converted into a joint stock company with limited liability under the Company Law of the PRC on July 19, 2013. The address of the registered office and the principal place of business of the Company is No. 3 Guangtong Street, Industrial Development Zone, Tongzhou District, Beijing, PRC. The controlling shareholders of the Company are Mr. Kong Jian and his spouse, namely Ms. Zhang Yanping through their direct or indirect interests held in the Company.

The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") with effect from May 8, 2023.

The Company and its subsidiaries are principally engaged in research, development and production of vaccines and therapeutic biologics in the PRC. The Company and its subsidiaries are hereinafter collectively referred to as the "Group".

The consolidated financial statements are presented in Renminbi ("**RMB**"), which is also the functional currency of the Company.

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

Amendments to an IFRS that is mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to an IFRS Accounting Standard as issued by the International Accounting Standards Board ("**IASB**") for the first time, which is mandatorily effective for the Group's annual period beginning on January 1, 2025 for the preparation of the consolidated financial statements:

Amendments to IAS 21	Lack of Exchangeability

The application of the amendments to an IFRS Accounting Standard in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

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

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

4. SEGMENT INFORMATION

For the purposes of resources allocation and performance assessment, the executive directors of the Company, being the chief operating decision makers, review the consolidated results when making decisions about allocating resources and assessing performance of the Group as a whole and hence, the Group has only one operating and reportable segment and no further analysis of this single segment is presented.

The Group did not record any revenue during the year ended December 31, 2025 (year ended December 31, 2024: nil). As at December 31, 2025, the Group's non-current assets excluding financial instruments amounting to RMB599,696,000 (December 31, 2024: RMB577,236,000) are all located in Mainland China, accordingly, no analysis of geographical information is presented.

5. OTHER INCOME

	For the year ended December 31,	
	2025	2024
	RMB'000	*RMB'000*
Income from sales of immunoassay kits *(Note)*	**3,373**	1,925
Government grants related to		
– Research and development activities	**500**	6,442
– Plant and machinery *(Note 23)*	**3,015**	2,695
– Right-of-use assets *(Note 23)*	**2,670**	2,670
– Others	**216**	4,813
Interest income on bank balances	**1,161**	2,822
Rental income from property	**75**	–
Interest income from rental deposits	**21**	20
Total	**11,031**	21,387

Note: An analysis of the Group's income from sales of immunoassay kits is as follows:

	For the year ended December 31,	
	2025	2024
	RMB'000	*RMB'000*
Type of goods		
Immunoassay kits	**3,373**	1,925
Timing of recognition		
At a point in time	**3,373**	1,925

During the year, the Group sells immunoassay kits to pharmaceutical companies. Sale of immunoassay kits is not considered the principal business of the Group. For sales of immunoassay kits to its customers, income is recognized when customers obtain control of the goods, being at the point the goods are delivered to the customers. The Group usually requires 100% upfront payments from its customers and occasionally allows a credit period of 90 days to its customers. The transaction price received by the Group is recognized as contract liability until the immunoassay kits are delivered to the customers.

During the year, income from sales of immunoassay kits of the corresponding years contributing over 10% of such income of the Group are as follows:

	For the year ended December 31,	
	2025	2024
	RMB'000	*RMB'000*
Customer A	**579**	601
Customer B	**N/A***	293
Customer C	**982**	N/A*

* The corresponding income did not contribute over 10% of total income from sales of immunoassay kits of the Group for the relevant year.

6. OTHER GAINS AND LOSSES, NET

	For the year ended December 31,	
	2025	2024
	RMB'000	*RMB'000*
Fair value gains on financial assets at FVTPL	**3,258**	11,097
Losses on disposal of property, plant and equipment	**(5)**	(247)
Impairment losses recognized on property, plant and equipment	**(5,934)**	–
Foreign exchange (losses) gains, net	**(1,540)**	997
Loss on early termination of a lease	**–**	(29)
Total	**(4,221)**	11,818

7. FINANCE COSTS

	For the year ended December 31,	
	2025	2024
	RMB'000	*RMB'000*
Interest on bank borrowings	**6,282**	720
Interest on lease liabilities	**763**	724
Total borrowing costs	**7,045**	1,444
Less: amounts capitalized in construction in progress	**(462)**	(678)
	6,583	766

8. INCOME TAX EXPENSE AND DEFERRED TAXATION

Income tax expense

Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulations of the EIT Law, the statutory tax rate of the Company and its PRC subsidiaries is 25% for both years.

Pursuant to the notice of the Ministry of Finance and the State Administration of Taxation on extending the loss carrying forward period of high and new technology enterprises and high-tech small and medium enterprises (Cai Shui [2018] No. 76), with effect from January 1, 2018, for qualified high and new technology enterprises and high-tech small and medium enterprises, the unutilized tax losses incurred in the previous 5 years can be utilized in 10 years from the year of loss. The Company was qualified as high and new technology enterprise from October 31, 2018 to October 31, 2021 and the unutilized tax losses of the Company incurred between year 2013 and year 2020 will be expired in 10 years from the year of loss.

No Hong Kong profit tax was provided for as there was no estimated assessable profit of the Group's Hong Kong subsidiary that was subject to Hong Kong profit tax for both years.

No provision for PRC income tax was made as the Company and its PRC subsidiaries incurred tax losses for both years.

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

	For the year ended December 31,	
	2025	2024
	RMB'000	*RMB'000*
Loss before tax	**(150,355)**	(168,235)
Tax at the statutory tax rate of 25% (2024: 25%)	**(37,589)**	(42,059)
Tax effect of expenses not deductible for tax purpose	**766**	9,719
Tax effect of income not taxable for tax purpose	**(113)**	(1,843)
Tax effect of super deduction for research and development expenses *(Note)*	**(20,119)**	(24,840)
Tax effect of deductible temporary differences not recognized	**2,889**	6,194
Tax effect of tax losses not recognized	**54,166**	52,829
	–	–

Note: Pursuant to Caishui 2021 circular No. 13, the Group enjoys accelerated deduction of 200% on qualifying research and development expenses from January 1, 2023.

9. LOSS FOR THE YEAR

	For the year ended December 31,	
	2025	2024
	RMB'000	*RMB'000*
Loss for the year has been arrived at after charging:		
Employee benefits expense:		
– salaries and other allowances	**37,050**	31,684
– retirement benefits	**3,791**	2,994
– equity-settled share-based payments included in administrative expenses	**–**	24,479
– equity-settled share-based payments included in research and development expenses	**–**	9,024
Total employee benefits expense	**40,841**	68,181
Auditor's remuneration	**1,798**	1,900
Depreciation of property, plant and equipment	**26,333**	21,277
Depreciation of right-of-use assets	**4,739**	4,771
Amortization of intangible assets	**551**	248
Less: capitalized in construction in progress	**(429)**	(1,286)
Total depreciation and amortization	**31,194**	25,010
Impairment losses recognized on property, plant and equipment	**(5,934)**	–
Short-term leases expenses	**93**	415
Cost of materials included in research and development expenses	**5,325**	6,656
Outsourcing service fees in relation to clinical trials included in research and development expenses	**41,461**	84,728

10. DIVIDENDS

No dividend was paid or declared by the Company and its subsidiaries during the year ended December 31, 2025, nor has any dividend declaration been proposed since the end of the reporting period (year ended December 31, 2024: nil).

11. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to owners of the Company is based on the following data:

	For the year ended December 31,	
	2025	2024
	RMB'000	*RMB'000*
Loss		
Loss for the year attributable to owners of the Company	**(150,355)**	(168,235)

	For the year ended December 31,	
	2025	2024
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	**199,667**	201,777

The weighted average number of ordinary shares outstanding during the year is the number of shares outstanding at the beginning of the year, adjusted by the number of ordinary shares bought back during the year multiplied by a time-weighting factor.

12. PROPERTY, PLANT AND EQUIPMENT

	Property *RMB'000*	Leasehold improvement *RMB'000*	Machinery *RMB'000*	Vehicles *RMB'000*	Office equipment *RMB'000*	Construction in progress *RMB'000*	Total *RMB'000*
COST							
At January 1, 2024	216,374	22,847	65,104	2,136	2,452	113,918	422,831
Additions	–	–	2,989	–	760	91,458	95,207
Transfer	8,815	1,257	10,815	–	–	(20,887)	–
Disposals	–	–	–	–	(5)	(247)	(252)
At December 31, 2024	225,189	24,104	78,908	2,136	3,207	184,242	517,786
Additions	92	–	666	266	427	66,767	68,218
Transfer	174,695	847	11,431	–	1,326	(188,299)	–
Disposals	–	–	(3)	(99)	(41)	–	(143)
At December 31, 2025	**399,976**	**24,951**	**91,002**	**2,303**	**4,919**	**62,710**	**585,861**
ACCUMULATED DEPRECIATION AND IMPAIRMENT							
At January 1, 2024	(15,613)	(4,220)	(16,804)	(1,086)	(1,203)	–	(38,926)
Provided for the year	(9,770)	(2,766)	(7,899)	(327)	(515)	–	(21,277)
Disposals	–	–	–	–	5	–	5
At December 31, 2024	(25,383)	(6,986)	(24,703)	(1,413)	(1,713)	–	(60,198)
Provided for the year	(14,872)	(2,918)	(7,854)	(183)	(506)	–	(26,333)
Impairment loss recognized in profit or loss	–	–	–	–	–	(5,934)	(5,934)
Disposals	–	–	1	94	41	–	136
At December 31, 2025	**(40,255)**	**(9,904)**	**(32,556)**	**(1,502)**	**(2,178)**	**(5,934)**	**(92,329)**
CARRYING VALUES							
At December 31, 2024	199,806	17,118	54,205	723	1,494	184,242	457,588
At December 31, 2025	**359,721**	**15,047**	**58,446**	**801**	**2,741**	**56,776**	**493,532**

Property, plant and equipment other than construction in progress are depreciated using the straight-line method after taking into account of their estimated residual values with the following useful lives:

Property	10 to 20 years
Leasehold improvement	Shorter of lease terms and 10 years
Machinery	3 to 10 years
Vehicles	4 to 5 years
Office equipment	3 to 5 years

As at December 31, 2025, the cost of the Group's properties of RMB354,089,000 (2024: the cost of the Group's properties of RMB179,695,000 and construction in progress of RMB176,723,000) were pledged to secure bank facility and bank borrowings (Note 22) of the Group.

13. RIGHT-OF-USE ASSETS

	Leasehold lands *RMB'000*	Leasehold properties *RMB'000*	Total *RMB'000*
COST			
At January 1, 2024	97,322	24,719	122,041
Early termination of a lease	–	(377)	(377)
Elimination at the end of a lease	–	(797)	(797)
At December 31, 2024 and 2025	**97,322**	**23,545**	**120,867**
ACCUMULATED DEPRECIATION			
At January 1, 2024	(9,561)	(7,889)	(17,450)
Charge for the year	(2,385)	(2,386)	(4,771)
Early termination of a lease	–	61	61
Elimination at the end of a lease	–	797	797
At December 31, 2024	(11,946)	(9,417)	(21,363)
Charge for the year	(2,384)	(2,355)	(4,739)
At December 31, 2025	**(14,330)**	**(11,772)**	**(26,102)**
CARRYING VALUES			
At December 31, 2024	85,376	14,128	99,504
At December 31, 2025	**82,992**	**11,773**	**94,765**

	For the year ended December 31,	
	2025	2024
	RMB'000	*RMB'000*
Expense relating to short-term leases	**93**	415
Total cash outflow for leases	**16**	222

Right-of-use assets are depreciated on a straight-line basis over the lease terms.

The Group leases lands and properties to operate its business. These leases are made for fixed terms of 10 to 50 years. Lease terms are negotiated on an individual basis and contain different payment terms and conditions.

The Group's lease agreements do not contain any contingent rent nor any extension, termination or purchase option for lessee. Other than leasehold lands, the lease agreements do not impose any covenants other than the security deposit in the leased properties that are held by the lessor. Leased properties may not be used as security for borrowing purposes.

In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

In addition, the Group owns buildings where its research and development facilities are primarily located. The Group is the registered owner of these property interests, including the underlying leasehold lands. Lump sum payments were made upfront to acquire these property interests. The leasehold land components of these owned properties are presented separately only if the payments made can be allocated reliably.

The Group regularly entered into short-term leases for properties. As at December 31, 2025 and 2024, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term leases expense disclosed in Note 9.

As at December 31, 2025, the cost of leasehold land of RMB72,986,000 (December 31, 2024: RMB72, 986,000) were pledged to secure bank borrowings (Note 22) and bank facility of the Group.

14. INTANGIBLE ASSETS

	License right *RMB'000*	Software *RMB'000*	Software under Development *RMB'000*	Total *RMB'000*
COST				
At January 1, 2024	4,476	–	–	4,476
Addition	90	–	4,360	4,450
At December 31, 2024	4,566	–	4,360	8,926
Addition	–	–	409	409
Transfer	–	4,769	(4,769)	–
At December 31, 2025	**4,566**	**4,769**	**–**	**9,335**
AMORTIZATION				
At January 1, 2024	(349)	–	–	(349)
Charge for the year	(248)	–	–	(248)
At December 31, 2024	(597)	–	–	(597)
Charge for the year	(248)	(303)	–	(551)
At December 31, 2025	**(845)**	**(303)**	**–**	**(1,148)**
CARRYING VALUE				
At December 31, 2024	3,969	–	4,360	8,329
At December 31, 2025	**3,721**	**4,466**	**–**	**8,187**

In May 2022, the Company entered into a licensing agreement with an independent third party regarding a non-exclusive license right including intellectual property rights, compounds and products for the clinical trial and future production of the Group's products. Under the terms of the agreement, the total upfront payment was cash consideration of Great Britain Pound ("**GBP**") 440,000. The Group also agreed to pay the counterparty future clinical development milestone payments, commercialization milestone payments, as well as royalties on manufacturing and sales of the product under the corresponding research and development project using the rights under the licensing agreement.

In January 2024, the Group paid the counterparty clinical development milestone payments of GBP100,000 and the relative tax.

The license right is amortized over 19 years which is based on the terms of the licensing agreement and the estimated duration of product sales, whichever is shorter.

15. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at December 31,	
	2025	2024
	RMB'000	*RMB'000*
Value added tax recoverable	**8,450**	5,627
Prepayments for purchase of property, plant and equipment	**2,217**	11,815
Prepayments to suppliers and service providers	**5,118**	6,629
Rental deposits	**372**	351
Receivables from immunoassay kits	**371**	–
Others	**1,461**	1,205
Total	**17,989**	25,627
Analyzed as:		
Non-current	**2,589**	12,166
Current	**15,400**	13,461
Total	**17,989**	25,627

16. INVESTMENT IN AN ASSOCIATE

	As at December 31,	
	2025	2024
	RMB'000	*RMB'000*
Cost of investment in an associate	**1,000**	–
Share of post-acquisition loss and other comprehensive expense in an associate	**(5)**	–
	995	–

Details of the Group's associate at the end of the reporting period are as follows:

Name of company	Place of establishment	Proportion of ownership interest		Voting rights		Principal activity
		December 31, 2025	December 31, 2024	**December 31, 2025**	December 31, 2024	
		%	%	%	%	
Beijing Rumeng Biotechnology Co., Ltd. ("**Rumeng**") *(Note)*	The PRC	34.00	–	34.00	–	Technology research and development

Note: During the year, the Group invested RMB1,000,000 in Rumeng. The Group holds 34% ownership interest in the entity, and can exercise significant influence over it because it has the power to appoint a director under the articles of association and hence the investments in this entity were accounted for using the equity method.

17. MATERIALS

	As at December 31,	
	2025	2024
	RMB'000	*RMB'000*
Materials for research and development projects	**3,414**	5,390
Immunoassay kits	**235**	345
Total	**3,649**	5,735

18. FINANCIAL ASSETS AT FVTPL

	As at December 31,	
	2025	2024
	RMB'000	*RMB'000*
Financial assets at FVTPL	**323,515**	313,554
Financial assets at FVTPL denominated in:		
RMB	**152,174**	139,314
HK$	**–**	2,882
United States dollars ("**US$**")	**171,341**	171,358
	323,515	313,554

The Group invested in certain financial products managed by banks and financial institutions which can be redeemed at any time or at maturity within one year. There is no predetermined or guaranteed return for each product. Such financial products are accounted for as financial assets at FVTPL under IFRS 9.

19. BANK BALANCES

	As at December 31,	
	2025	2024
	RMB'000	*RMB'000*
Term deposits with original maturity over three months	**56,773**	–
Cash and cash equivalents as stated in the consolidated statement of cash flows	**40,187**	140,126
Bank balances	**96,960**	140,126
Analysed as:		
Current	**95,946**	140,126
Non-current	**1,014**	–
	96,960	140,126
Bank balances denominated in:		
RMB	**57,565**	95,618
US$	**531**	136
HK$	**38,864**	44,372
	96,960	140,126

Term deposits with original maturity over three months carry interest at market rates from 1.20% to 1.90% per annum as at December 31, 2025.

Cash and cash equivalents comprise cash at banks and term deposits with original maturity of three months or less which are held within banks and carry interest at market rate of 0.001% to 0.20% (December 31, 2024: 0.01% to 3.30%) per annum as at December 31, 2025.

20. ADVANCE PAYMENTS RECEIVED AND OTHER PAYABLES

	As at December 31,	
	2025	2024
	RMB'000	*RMB'000*
Payables for acquisition of property, plant and equipment	**46,041**	48,437
Payables for research and development activities	**25,197**	41,808
Accrued salaries and other allowances	**6,016**	5,091
Payables for intangible assets	**520**	1,327
Other tax payables	**261**	154
Others	**325**	220
	78,360	97,037
Advance payments received and other payables denominated in:		
RMB	**78,014**	94,915
US$	**284**	2,098
HK$	**62**	24
	78,360	97,037

21. LEASE LIABILITY

As at December 31, 2025 and 2024, the Group had one leased property used for research and development.

The exposure of the Group's lease liability is as follows:

	As at December 31,	
	2025	2024
	RMB'000	*RMB'000*
Lease liability payable:		
Within one year	**1,598**	–
More than one year, but not exceeding two years	**3,120**	1,507
More than two years, but not exceeding five years	**8,664**	8,494
More than five years	**–**	2,618
	13,382	12,619
Less: Amount due for settlement within 12 months shown under current liabilities	**1,598**	–
Amount due for settlement after 12 months shown under non-current liabilities	**11,784**	12,619

The incremental borrowing rate applied by was 6.05% (December 31, 2024: 6.05%) per annum for lease liability as at December 31, 2025.

The Group does not face a significant liquidity risk with regard to its lease liability. Lease liability is monitored within the Group's treasury function.

22. BANK BORROWINGS

	As at December 31,	
	2025	2024
	RMB'000	*RMB'000*
Bank borrowings:		
Secured	**259,614**	54,914
Carrying amounts repayable:		
Within one year	**37,008**	1,820
Between one to two years	**36,190**	1,813
Between two to five years	**186,416**	51,281
	259,614	54,914
Less: Amounts due within one year shown under current liabilities	**(37,008)**	(1,820)
	222,606	53,094

In January 2024, the Group entered into a bank borrowing agreement with a principal amount of RMB200,000,000 in relation to construction of the research and development and commercial manufacturing facility located in Beijing and will mature in five years from the date of the first withdrawal. The borrowing is guaranteed by the executive directors of the Company, Mr. Kong Jian and his spouse, Ms. Zhang Yanping. The Group also pledged certain leasehold land, property and construction in progress located in Beijing to secure the bank borrowings. The Group withdrew bank borrowings of RMB36,872,000 (2024: RMB54,858,000) in 2025.

In December 2024, the Group entered into another bank borrowing agreement with a principal amount of RMB300,000,000 in relation to construction of the commercial manufacturing facility located in Zhuhai and will mature in five years from the date of the first withdrawal. The borrowing is guaranteed by the executive directors of the Company, Mr. Kong Jian. The Group also pledged certain leasehold land and property located in Zhuhai to secure the bank borrowings. The Group withdrew bank borrowings of RMB141,416,000 in 2025. The borrowing carries interest at a floating interest rate determined as loan prime rate minus 0.15% per annum.

In addition, the Group obtained certain new banking facilities of RMB59,700,000 in 2025 which will mature in one year. All these facilities are guaranteed by Mr. Kong Jian, an executive director of the Company, and/or his spouse, Ms. Zhang Yanping. The Group withdrew bank borrowings of RMB26,231,000 in 2025.

Save as set out above, the Group had available undrawn credit facilities of RMB100,000,000 from other licensed banks as at December 31, 2025.

The exposure of the Group's bank borrowings are as follows:

	As at December 31,	
	2025	2024
	RMB'000	*RMB'000*
Bank borrowings:		
Fixed-rate borrowings	**118,072**	54,914
Variable-rate borrowings	**141,542**	–
	259,614	54,914

The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's bank borrowings are as follows:

	For the year ended December 31,	
	2025	2024
	RMB'000	*RMB'000*
Effective interest rate:		
Fixed-rate borrowings	**2.15%-3.50%**	3.15%-3.50%
Variable-rate borrowings	**2.85%-2.95%**	N/A

23. DEFERRED GOVERNMENT GRANTS

Movements of deferred government grants

	Deferred government grants related to			
	Plant and machinery *RMB'000*	**Right-of-use assets** *RMB'000*	**Research and development activities** *RMB'000*	**Total** *RMB'000*
At January 1, 2024	21,593	6,674	9,400	37,667
Government grants received	–	–	–	–
Reallocation *(Note)*	9,400	–	(9,400)	–
Release of deferred government grants to profit or loss	(2,695)	(2,670)	–	(5,365)
At December 31, 2024	28,298	4,004	–	32,302
Government grants received	–	–	2,000	2,000
Release of deferred government grants to profit or loss	(3,015)	(2,670)	(500)	(6,185)
At December 31, 2025	**25,283**	**1,334**	**1,500**	**28,117**

Government grants include subsidies from local PRC governments which are specifically for (i) compensations of the capital expenditure incurred for purchase of plant and machinery and right-of-use assets, which are recognized over the useful life of the related assets and (ii) the research and development activities, which are recognized upon compliance with the attached conditions.

Note: In August 2024, Luzhu Biopharmaceuticals (Zhuhai) Co., Ltd. * (綠竹生物製藥(珠海市)有限公司) ("**Zhuhai Luzhu**") reallocated the classification of deferred government grants of RMB9,400,000 from research and development activities to plant and machinery as permitted pursuant to relevant government subsidy agreement. The related grants amortize along with the useful lives of properties.

* English name is for identification purpose only.

24. SHARE CAPITAL/TREASURY SHARES

Share capital

	Number of shares *'000*	Share capital *RMB'000*
Issued and fully paid		
As at January 1, 2024, December 31, 2024 and 2025	202,450	202,450

Treasury shares

During the year, the Company repurchased its own ordinary shares through the Stock Exchange as follows:

Month of repurchase	No. of ordinary shares	Price per share		Aggregate consideration paid
		Highest *HK$*	Lowest *HK$*	*RMB'000*
May 2025	1,759,200	23.00	21.95	36,890
July 2025	316,600	22.50	20.70	6,227

During the year ended December 31, 2025, the Company repurchased 2,075,800 of its own ordinary shares (2024: 1,460,000) through the Stock Exchange with an aggregate consideration of RMB43,117,000 paid (2024: RMB32,305,000). All repurchased 3,535,800 (2024: 1,460,000) shares were maintained as treasury shares at the end of the reporting period.

OVERVIEW

The Company is a biotechnology company committed to developing innovative human vaccines and therapeutic biologics to prevent and control infectious diseases and treat cancer and autoimmune diseases.

Since its inception in 2001, the Group has focused on human medicine and has established technology platforms with its understanding of immunology and protein engineering, which empowers the Group to develop the recombinant vaccine and antibody product candidates with favorable efficiency, high purity and improved stability.

As of December 31, 2025, the Group's product pipeline consisted of 3 clinical-stage product candidates, including its Core Product, LZ901, and 6 pre-clinical stage product candidates.

As of December 31, 2025, the Group had a total of 7 invention patents in Russia, the PRC, Japan, Australia, the U.S., South Korea and Canada and 2 pending applications relating to its Core Product in Europe and the UK. All of the registered patents and patent applications for the Core Product are related to the same set of patent claims filed to 9 different jurisdictions to protect its intellectual property, given that in addition to the PRC and the U.S., the other jurisdictions are also the target markets or potential markets in the future for LZ901.

BUSINESS REVIEW

Research and development of product candidates

After two decades of research and development and introduction of technologies, the Group has established an innovative precision protein engineering platform empowering the full cycle of drug development, which provides a solid foundation for the development of the Group's human vaccines candidates, monoclonal antibody product candidates and bispecific antibody product candidates.

The Group's innovative antigen presentation technology for vaccine development starts from the concept of enhancing the immunogenicity of a target antigen, then streamlines the design of a recombinant virus vaccine antigen while retaining the primary structure of the natural antigen to enhance immunogenicity, improve safety and patient vaccination experience. The Group has an internally developed next-generation bispecific antibody development platform, Fabite®, of which the Group owns intellectual property rights, has competitive advantages in the development of bispecific antibody products for the treatment of relapsed/refractory hematological malignancies. Fabite® has a fully controllable mechanism of action and mode of administration to ensure the safety of patients. It can be used in a variety of immunotherapies based on the activation of T cells to kill cancer cells. Fabite® optimizes the purification process of bispecific antibodies, achieving high purity of monomers. At the same time, the Group has developed several types of liquid formulations to address stability issues, resulting in bispecific antibody solutions that can be stable for more than three years in storage conditions of 2-8°C.

By employing the Fabite® technology platform and mammalian expression technology platform and leveraging its in-house biologics manufacturing infrastructure and capabilities, the Group established a diversified and advanced product pipeline covering human vaccine candidates, monoclonal antibody product candidates and bispecific antibody product candidates.

Product candidates at clinical trial stage

LZ901

LZ901, the independently developed recombinant herpes zoster vaccine candidate and Core Product of the Group, has a tetrameric molecular structure to prevent shingles caused by varicella-zoster virus ("**VZV**"). Its molecular structure has doubled the fragment crystallizable (Fc) regions for antigen presenting cells ("**APCs**") to bind to compared to naturally occurring VZV antigen. LZ901 actively presents VZV antigens to immune cells to trigger an immune response. In addition, LZ901 has demonstrated high immunogenicity, efficacy and safety profile in both the pre-clinical studies and the Phase I/II/III clinical trial in China, while inducing specific humoral and cellular immunity.

The Group has initiated the multi-center, randomized, double-blind, placebo-controlled Phase III clinical trial for LZ901 in China in September 2023, and completed the subjects enrollment of a total of 26,000 healthy subjects aged 40 years and older in January 2024. The Group also launched a head-to-head clinical trial of LZ901 and HZ/su vaccine (Shingrix®), a recombinant glycoprotein E subunit vaccine, which was successfully completed during the first half of 2025. Results of the comparison study showed that LZ901 induced superior cellular immunogenicity and exhibited a better safety profile than HZ/su vaccine in adults aged 50 or above.

Based on the interim analysis of the Phase III clinical trial, a BLA for LZ901 was submitted to the NMPA in January 2025, which was subsequently accepted in February 2025. In the third quarter of 2025, the NMPA has finished the clinical trial on-site inspection and the production site inspection. Up to the date of this announcement, the NMPA is still reviewing the BLA for LZ901, and the Group currently expects to commercialize LZ901 in the PRC in the second half of 2026.

In addition, the Group has received IND approval from the FDA in July 2022 for LZ901. The Phase I clinical trial of LZ901 in the U.S. was initiated in February 2023, and is a randomized, double-blind, placebo-controlled and dose escalation study for evaluating the safety and tolerability of LZ901 in healthy subjects aged 50 to 70 years inclusive. A total of 66 subjects were enrolled in the Phase I clinical trial of LZ901 in the U.S..

According to the results of the Phase I clinical trial of LZ901 in the U.S. which finished in September 2025, both the high-dose group and low-dose group of the LZ901 vaccine demonstrated good safety and immunogenicity portfolio as compared to the placebo group. The primary research objective of this clinical trial is to verify the safety of the vaccine and only the low-dose group of the LZ901 vaccine experienced vaccine related mild adverse reactions (4.35%), while no vaccine-related adverse reactions were observed in the high-dose group of the LZ901 vaccine or the placebo group.

K3

K3, the independently developed recombinant human anti-tumor necrosis factor ("**TNF**")-α monoclonal antibody injection product candidate of the Group, is a biosimilar of Humira® (adalimumab) and mainly used for the treatment of various autoimmune diseases, such as rheumatoid arthritis, ankylosing spondylitis and plaque psoriasis. The Group has initiated the Phase I clinical trial in China in September 2018, in which K3 displayed pharmacokinetics consistent with adalimumab, and completed the Phase I clinical trial in December 2019. The Group will further assess the appropriate timing for initiation of Phase III clinical trial and further research and development for K3 in China depending on, among others, the market conditions and prospect, as well as resources available to the Group. It is currently expected that the Phase III clinical trial for K3 in China will commence no earlier than 2027.

K193

K193 is an independently developed bispecific antibody injection (B-lymphocyte antigen CD19 ("**CD19**") – cluster of differentiation 3 ("**CD3**")) product candidate of the Group for the treatment of B cell leukemia and lymphoma. K193 is the world's first bispecific antibody against CD19/CD3 with an asymmetric structure. K193 has an innovative molecular structure that was developed based on the internally developed bispecific antibody development platform of the Group, Fabite®, and the Group's mammalian expression technology platform, which makes it less prone to polymerization and decreased activity compared to other similar products in the market. During pre-clinical studies, K193 displayed high *in vivo* and *in vitro* anti-tumor activity, and its optimized formulation is stable and convenient to use. K193's unique mechanism of action endows it with a strong ability to treat various types of B cell leukemia and lymphoma. The safe and controllable administration of K193 also reduces the impact of patient stress caused by medication administration. In December 2019, the Group initiated a Phase I clinical trial of K193 in China and expects to complete the Phase I clinical trial no earlier than 2027.

Updates on other pre-clinical product candidates

As of December 31, 2025, the Group had a total of six pre-clinical stage product candidates, namely, recombinant varicella vaccine, recombinant RSV vaccine, recombinant HSV-1 vaccine, recombinant HSV-2 vaccine, K333 bispecific antibody for the treatment of myeloid leukemia and K1932 bispecific antibody for the treatment of lymphoma.

Recombinant varicella vaccine, a recombinant vaccine that targets chickenpox caused by VZV, is currently in the pre-clinical stage.

Recombinant RSV vaccine, a recombinant vaccine that targets LRTD caused by RSV, is currently in the pre-IND stage.

Recombinant HSV-1 vaccine, a recombinant vaccine that targets oral herpes or cold sores caused by HSV-1, the Group expects to enter the pre-IND stage as early as 2027.

Recombinant HSV-2 vaccine, a recombinant vaccine that targets genital herpes caused by HSV-2, the Group expects to enter the pre-IND stage as early as the second half of 2026.

K333, one kind of bispecific antibody injection (CD33-CD3) product candidate for the treatment of myeloid leukemia, is a bispecific antibody that binds to human CD33 and CD3.

K1932, one kind of bispecific antibody injection (CD19-CD3) product candidate for the treatment of B cell lymphoma, is based on the molecular structure of K193. Compared with K193, K1932 has a much longer half-life in the human body.

The following diagram summarizes the status of the product pipeline of the Group as of December 31, 2025:

Product Type	Product Pipeline	Indications	Pre-Clinical	Clinical Trials I	Clinical Trials II	Clinical Trials III	BLA
Vaccine							
Recombinant Vaccine	LZ901[1]	Herpes zoster	China				
		Herpes zoster	US				
Recombinant Vaccine	Varicella Vaccine	Varicella	China				
Recombinant Vaccine	RSV Vaccine	LRTD caused by RSV	China				
Recombinant Vaccine	HSV-1 Vaccine	Oral herpes or cold sores caused by HSV-1	China				
	HSV-2 Vaccine	Genital herpes caused by HSV-2	China				
Antibody							
Monoclonal Antibody	K3[2]	Ankylosing spondylitis, rheumatoid arthritis, plaque psoriasis	China				
Bispecific Antibody	K193	r/r B-cell lymphoma/leukemia	China				
Bispecific Antibody	K333	Myeloid leukemia	China				
Bispecific Antibody	K1932	r/r B-cell lymphoma	China				

Notes:

(1) Core Product.

(2) K3 is a biosimilar of adalimumab and therefore, is not required to conduct a Phase II clinical trial.

THE COMPANY MAY NOT BE ABLE TO SUCCESSFULLY DEVELOP AND/OR MARKET THE CORE PRODUCT, OR ANY OTHER PRODUCT CANDIDATES.

Research and development

The in-house R&D team of the Group is involved in all stages of novel vaccine and biologic therapeutic candidates development, from pre-clinical studies, laboratory research to clinical trials, regulatory filing and manufacturing process development, and the Group has thereby established a full range of in-house product discovery capabilities, including recombinant protein design and optimization, amplification, cultivation and harvesting. As of December 31, 2025, the in-house R&D team of the Group consisted of 129 personnel. With its R&D capabilities, the Group now possesses a diversified and advanced product pipeline covering human vaccine candidates, monoclonal antibody product candidates and bispecific antibody product candidates.

Manufacturing and quality assurance

The Group has R&D and manufacturing facilities in both Beijing and Zhuhai. The newly constructed R&D facility in Yizhuang, Beijing has commenced operation in August 2025. Meanwhile, the manufacturing facility in Beijing is expected to be put into trial operation as early as the second half of 2026. The Group provides training to its manufacturing team to ensure that each team member possesses the skills sets and techniques required in the relevant product process, and comply with the quality control requirements, as well as applicable laws and regulations. As of December 31, 2025, the manufacturing team of the Group consisted of 48 personnel.

The Group also has a quality management system designed to adhere to national standards, including the GMP standards, covering substantially every aspect of the operations including product design, raw materials and manufacturing, among others. As of December 31, 2025, the Group had an experienced quality management team consisting of 59 personnel, all of whom had received professional training in regulations, GMP standards and quality control analysis methods.

FUTURE AND OUTLOOK

The Group plans to implement the following strategies to achieve the goals and visions of the Group:

- actively promote the clinical development of the Group's pipeline candidates, in particular for LZ901, the Core Product of the Group;

- lay out strategic plans to promote commercialization of LZ901 in China and abroad;

- rapidly advance the development of the other pre-clinical product candidates of the Group, including recombinant varicella vaccine, recombinant RSV vaccine, recombinant HSV-1 vaccine, recombinant HSV-2 vaccine, K333 and K1932; and

- expand the product pipeline of the Group through independent development and/or collaboration.

FINANCIAL REVIEW

The following discussion is based on and should be read in conjunction with the financial information and accompanying notes included elsewhere in this announcement.

Other Income

Other income of the Group decreased by approximately 48.4% from approximately RMB21.4 million for the year ended December 31, 2024 to approximately RMB11.0 million for the year ended December 31, 2025, which was primarily attributable to the decrease in government grants and interest income on bank balances.

Set out below are the components of other income for the years indicated:

	For the year ended December 31,	
	2025	2024
	RMB'000	*RMB'000*
Income from sales of immunoassay kits	**3,373**	1,925
Government grants related to		
– Research and development activities	**500**	6,442
– Plant and machinery	**3,015**	2,695
– Right-of-use assets	**2,670**	2,670
– Others	**216**	4,813
Interest income on bank balances	**1,161**	2,822
Rental income from property	**75**	–
Interest income from rental deposits	**21**	20
Total	**11,031**	21,387

Other Gains and Losses, net

Net other gains and losses of the Group decreased by approximately 135.7% from gains of approximately RMB11.8 million for the year ended December 31, 2024 to losses of approximately RMB4.2 million for the year ended December 31, 2025. Such decrease was primarily attributable to the decrease in fair value gains on financial assets at FVTPL, impairment losses recognized on property, plant and equipment and the increase in foreign exchange losses.

Set out below are the components of net other gains and losses for the years indicated:

	For the year ended December 31,	
	2025	2024
	RMB'000	*RMB'000*
Fair value gains on financial assets at FVTPL	**3,258**	11,097
Losses on disposal of property, plant and equipment	**(5)**	(247)
Impairment losses recognized on property, plant and equipment	**(5,934)**	–
Foreign exchange (losses) gains, net	**(1,540)**	997
Loss on early termination of a lease	–	(29)
Total	**(4,221)**	11,818

Administrative Expenses

Administrative expenses of the Group decreased by approximately 20.1% from approximately RMB64.8 million for the year ended December 31, 2024 to approximately RMB51.8 million for the year ended December 31, 2025, which was primarily due to the fully recognition of staff costs relating to share-based payments for existing share award schemes in 2024 and no such recognition of costs in 2025.

Research and Development Expenses

During the Reporting Period, the research and development expenses primarily consisted of the following, but not limited to: raw material, staff costs, contracting costs, third party service fees, and relevant depreciation and amortization of such expenses. Research and development expenses of the Group decreased by approximately 28.6% from approximately RMB135.1 million for the year ended December 31, 2024 to approximately RMB96.5 million for the year ended December 31, 2025, which was primarily due to (a) a decrease in clinical expenses in relation to LZ901, which corresponded with the progress of the Phase III clinical trial of LZ901 in China; and (b) fully recognition of staff costs relating to share-based payments for existing share award schemes in 2024 and no such recognition of costs in 2025.

Finance Costs

Finance costs of the Group increased by approximately 759.4% from approximately RMB0.8 million for the year ended December 31, 2024 to approximately RMB6.6 million for the year ended December 31, 2025.

Other Expenses

Other expenses of the Group increased by approximately 108.6% from approximately RMB0.7 million for the year ended December 31, 2024 to approximately RMB1.6 million for the year ended December 31, 2025, which was primary attribute to the increase in the cost of selling immunoassay kits.

Loss before Tax

For the above reasons, the loss before tax of the Group decreased by approximately 10.6% from approximately RMB168.2 million for the year ended December 31, 2024 to approximately RMB150.4 million for the year ended December 31, 2025.

Income Tax Expense

No Hong Kong profit tax was provided for as there was no estimated assessable profit of the Group's subsidiary in Hong Kong, which was subject to Hong Kong profit tax during the year ended December 31, 2025 (December 31, 2024: Nil).

Under the law of the PRC on Enterprise Income Tax (the "**EIT Law**") and implementation regulations of the EIT Law, the basic tax rate of the Company and the PRC subsidiaries of the Group is 25%. As the Group was loss-making for the years ended December 31, 2024 and 2025, no income tax expense was incurred.

Property, Plant and Equipment

The property, plant and equipment of the Group primarily consist of properties, leasehold improvement, machinery, vehicles, office equipment and construction in progress.

The property, plant and equipment of the Group increased by approximately 7.9% from approximately RMB457.6 million as of December 31, 2024 to approximately RMB493.5 million as of December 31, 2025, primarily due to the construction of the new R&D and manufacturing facility in Beijing and the acquisition of machinery and equipment for the same.

Prepayments, Deposits and Other Receivables

The prepayments, deposits and other receivables of the Group primarily consist of value added tax recoverable, prepayments for purchase of property, plant and equipment, and prepayments to suppliers and service providers.

The prepayments, deposits and other receivables of the Group decreased by approximately 29.8% from approximately RMB25.6 million as of December 31, 2024 to approximately RMB18.0 million as of December 31, 2025, primarily due to the decrease in prepayments for purchase of property, plant and equipment.

Liquidity, Capital resources and Structure

The bank balances decreased by approximately 30.8% from approximately RMB140.1 million as of December 31, 2024 to approximately RMB97.0 million as of December 31, 2025, which was primarily due to (a) funds used for research and development; (b) capital expenditure of the Group; (c) cash used in daily operations; and (d) the repurchases of H Shares by the Company in 2025, partially offset by the bank borrowings secured by the Group.

As of December 31, 2025, the Group had bank borrowings of approximately RMB259.6 million (December 31, 2024: approximately RMB54.9 million), of which approximately RMB37.0 million would be payable within one year (December 31, 2024: approximately RMB1.8 million). Such bank borrowings are denominated in RMB with term from one to five years, and bear interest rates from 2.15% to 3.50% per annum with such interest being payable on a quarterly basis. As at 31 December 2025, approximately 45.5% of the Group's borrowings were linked to fixed interest rate. Such bank borrowings are secured by properties of the Group and/or guaranteed by Mr. KONG and/or Ms. ZHANG, the executive Directors and Controlling Shareholders. For the avoidance of doubt, the personal guarantees given by Mr. KONG and/or Ms. ZHANG are on normal commercial terms or better and are not secured by assets of the Group. Therefore, such guarantees are fully exempted under Rule 14A.90 of the Listing Rules.

As of December 31, 2025, approximately RMB400.3 million of the bank facilities secured by the Group remained unutilized.

There had been no breach of loan agreement by the Group during the year ended December 31, 2025.

Pledge of Assets

As of December 31, 2025, properties comprising of offices, laboratories and manufacturing facility of the Group, as well as construction in progress and leasehold lands, had been pledged to secure the bank borrowings and bank facility of the Group. Save as disclosed above, the Group had no other pledge of assets as of December 31, 2025.

Contingent Liabilities

As of December 31, 2025, the Group did not have any material contingent liabilities.

Gearing Ratio

The gearing ratio is calculated using the Group's total liabilities divided by its total assets. As of December 31, 2025, the Group's gearing ratio was 36.5% (December 31, 2024: 18.7%).

Net Current Assets

The net current assets of the Group decreased to approximately RMB320.0 million as of December 31, 2025 from approximately RMB374.0 million as of December 31, 2024.

Capital Expenditure

The Group regularly incurs capital expenditures to expand and enhance its research and development facilities, establish manufacturing capacities and increase operating efficiency. The capital expenditures of the Group during the year ended December 31, 2025 primarily consisted of expenditures on construction in progress.

The Group's capital commitments decreased from approximately RMB38.3 million as of December 31, 2024 to approximately RMB8.6 million as of December 31, 2025. Such decrease was primarily due to the decrease in the acquisition of equipment and machineries and construction projects contracted.

Foreign Exchange

Foreign currency risk refers to the risk of loss resulting from changes in foreign currency exchange rates. Fluctuations in exchange rates between RMB and other currencies in which the Group conducts business may affect their financial condition and results of operation. The Group mainly operates in the PRC and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Hong Kong dollars. The conversion of foreign currencies into RMB, including Hong Kong dollars, has been based on rates set by the People's Bank of China. The Group seeks to limit the exposure to foreign currency risk by closely monitoring and minimizing its net foreign currency position. During the year ended December 31, 2025, the Group did not enter into any currency hedging transactions.

Significant Investments, Material Acquisitions and Disposals

The Group did not make any significant investments, material acquisitions and disposals of subsidiaries, associates and joint ventures for the year ended December 31, 2025.

Future Plans for Material Investments or Capital Assets

As of December 31, 2025, save for the "Future Plans and Use of Proceeds" disclosed in the Prospectus and as disclosed in this announcement, the Group had no concrete plans for material capital expenditure, investments or capital assets. The Company will make further announcement(s) in accordance with the Listing Rules, where applicable, if any investments and acquisition opportunities materialize.

OTHER INFORMATION

Use of Net Proceeds from the Global Offering

The net proceeds from the Global Offering have been and will be used in accordance with the purposes as set out in the Prospectus. The following table sets forth the use of the net proceeds from the Global Offering as of December 31, 2025:

Use of Proceeds	Allocation of the net proceeds from the Global Offering *(HK$ million)*	Percentage of total net proceeds *(%)*	Unutilized amount as of December 31, 2024 *(HK$ million)*	Utilized amount during the year ended December 31, 2025 *(HK$ million)*	Unutilized amount as of December 31, 2025 *(HK$ million)*	Expected timeline of full utilization of the remaining proceeds from the Global Offering as of December 31, 2025
For clinical development, manufacturing and commercialization of the Core Product, LZ901.	140.7	58.2	46.0	–	46.0	By the end of 2026
To fund ongoing planned clinical trials in China and the U.S. for LZ901	97.0	40.2	2.3	–	2.3	By the end of 2026
To fund commercial manufacturing of LZ901	14.6	6.0	14.6	–	14.6	By the end of 2026
To fund marketing and sales activities	29.1	12.0	29.1	–	29.1	By the end of 2026
For clinical development and manufacturing of K3.	53.4	22.1	53.4	–	53.4	By the end of 2027
To fund planned clinical trials for K3	38.8	16.1	38.8	–	38.8	By the end of 2027
To fund commercial manufacturing of K3	14.6	6.0	14.6	–	14.6	By the end of 2027
For construction of the second-phase commercial manufacturing facility in Zhuhai.	38.8	16.1	0.1	–	0.1	By the end of 2026
For working capital and other general corporate purposes.	8.7	3.6	6.8	1.8	5.0	By the end of 2026
Total	**241.6**	**100.0**	106.3	1.8	104.5	

Note: As of December 31, 2025, the unutilized net proceeds were deposited with licensed bank(s) in Hong Kong or the PRC.

The Company currently expects that the net proceeds from the Global Offering will be fully utilized by the end of 2027.

The Group has been actively monitoring the development status and prospect of its pipeline products as well as prevailing market conditions and resources available to assess and, if necessary, adjust the pace of its development strategy including the timeline of utilization of the net proceeds from the Global Offering for purposes such as aligning with the launching date of the applicable clinical trials of the product candidates at clinical trial stage and/or commence date of commercialisation. The Group will continuously monitor the use of the net proceeds from the Global Offering, and will comply with the requirements under the Listing Rules, the articles of association of the Company and applicable laws if there are any changes to the use of proceeds from the Global Offering.

Employee and Remuneration Policy

As of December 31, 2025, the Group employed 193 full-time employees and 12 other types of personnel. The Group has designed an evaluation system to assess the performance of its employees periodically. Such system forms the basis of the Group's determinations of whether an employee should receive a salary raise, bonus, or promotion. The Group believes that the salaries and bonuses the employees received are competitive with market rates.

The following table sets forth the number of our employees for each function as of December 31, 2025:

Function	**Number of Employees**	**Percentage** *(%)*
Management and General Administrative (including Financial Department)	37	18.1
Research and Development (including Manufacturing Department and Quality Management Department)	129	62.9
Medical Affairs and Clinical Operations	6	2.9
Engineering	22	10.7
Commercialization	11	5.4
Total	205	100.0

The Group places strong emphasis on providing training to its employees in order to enhance their technical and product knowledge. The Group designs and offers different training programmes for its employees in various positions.

The Group makes contributions to the social insurance and housing provident fund for all of its employees in the PRC.

Funding and Treasury Policy

The Group adopts a stable, conservative approach in its finance and treasury policy, aiming to maintain an optimal financial position, the most economic finance costs, and minimal financial risks. Cash and cash equivalents are normally placed at financial institutions that the Group considers the credit risk to be low. The Group regularly reviews its funding requirements to maintain adequate financial resources in order to support its business operations as well as its research and development, future investments and expansion plans.

Employee Incentive Scheme

Employee incentive scheme adopted prior to the Listing

The Company adopted an employee incentive scheme ("**Employee Incentive Scheme**") on December 15, 2021 prior to the Listing. The Employee Incentive Scheme does not involve the grant of new Shares, nor options to subscribe for new Shares. Instead, eligible participants, being employees and consultants of the Group, are granted interests in Hengqin Luzhu LP, the Group's employee incentive platform. All interests under the Employee Incentive Scheme had been granted prior to the Listing, and had been vested. Please refer to "B. Further Information about the business of our Company – 3. Employee Incentive Scheme" in Appendix VII to the Prospectus for a summary of the principal terms of the Employee Incentive Scheme.

2025 Share Award Scheme

Furthermore, as one of the incentives to attract talents to develop their career with the Group, the Company has adopted the 2025 Share Award Scheme which was approved by the Shareholders on June 12, 2025. The 2025 Share Award Scheme shall enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group, and as such, it is in the interests of the Group to provide incentives for talents to contribute to the Group's growth and development. The Company has not granted any awards under the 2025 Share Award Scheme during the financial year ended December 31, 2025. For details of the Share Award Scheme, please refer to the circular of the Company dated May 20, 2025 and the annual report of the Company to be published.

Compliance with Corporate Governance Code

The Group is committed to maintaining high standard of corporate governance to safeguard the interests of the Shareholders, and the Directors recognize the importance of good corporate governance. 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 Corporate Governance Code has been applicable to the Company with effect from the Listing Date.

* The amendments to the Corporate Governance Code effective on 1 July 2025 will apply to corporate governance reports and annual reports for financial years commencing on or after 1 July 2025. For this announcement, the Company shall refer to the then effective Corporate Governance Code.

Pursuant to Code Provision C.2.1 of the Corporate Governance Code, companies listed on the Stock Exchange are expected to comply with, but may choose to deviate from the requirement that the responsibilities between the chairman and the chief executive should be segregated and should not be performed by the same individual. Mr. KONG currently serves as both the chairman of the Board and the general manager of the Company. While this will constitute a deviation from Code Provision C.2.1 of the Corporate Governance Code, the Board believes that this structure will not impair the balance of power and authority between the Board and the management of the Company, given that (i) the Board comprises three independent non-executive Directors, and the Directors believe that there is sufficient check and balance in the Board to protect the interests of the Group and the Shareholders; (ii) Mr. KONG is a Controlling Shareholder, the Directors are of the view that vesting both roles on him helps to maintain the continuity of the policies and the stability of the operations of the Company. The Board will continue to review the effectiveness of the corporate governance structure of the Group from time to time in order to assess whether separation of the roles of chairman and general manager is necessary.

Save as disclosed above, the Company has complied with all applicable Code Provisions of the Corporate Governance Code during the year ended December 31, 2025. The Board will periodically review and enhance its corporate governance practices to ensure that the Company continues to meet the requirements of the Corporate Governance Code.

Compliance with the Model Code for Securities Transactions

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules to regulate all dealings by Directors, Supervisors and relevant employees in securities of the Company and other matters covered by the Model Code.

Specific enquiry has been made to each Director and Supervisor, and all Directors and Supervisors have confirmed that they have complied with the applicable standards set out in the Model Code during the year ended December 31, 2025. No incident of non-compliance of the Model Code by the relevant employees was noted by the Company.

Purchase, Sale or Redemption of the Company's Listed Securities

During the year ended December 31, 2025, the Company repurchased from the market a total of 2,075,800 H Shares at an aggregate consideration of approximately HK$46.6 million (equivalent to approximately RMB43.1 million), and such repurchases were funded by the internal resources of the Group. Further details of the repurchases are set out below:

Month of repurchase	**Number of H Shares repurchased**	**Highest purchase price per H Share** ***HK$***	**Lowest purchase price per H Share** ***HK$***	**Aggregate consideration paid** ***HK$***
May 2025	1,759,200	23.00	21.95	39,713,280
July 2025	316,600	22.50	20.70	6,840,690

The Directors consider that the repurchases would lead to an enhancement of the net asset value per Share and/or earnings per Share, and would benefit the Company and the Shareholders as a whole.

As of December 31, 2025, the Company held a total of 3,535,800 H Shares in treasury. As of the date of this announcement, such repurchases were likewise funded by the Group's internal resources, and the repurchased H Shares are held by the Company as treasury shares, and may be used by the Company to fund the 2025 Share Award Scheme. For details of the repurchases of H Shares being maintained as treasury shares, please refer to note 24 of the consolidated financial statements in this announcement.

Save as disclosed above, during the year ended December 31, 2025, the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company.

Audit Committee

The Audit Committee, together with the management of the Company, has reviewed the consolidated financial statements and this annual results announcement of the Group for the year ended December 31, 2025, reviewed the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters.

Scope of Work of Messrs. Deloitte Touche Tohmatsu

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended December 31, 2025 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the audited consolidated financial statements of the Group for the year as approved by the Board of Directors on March 18, 2026. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

Final Dividend

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

EVENTS AFTER THE REPORTING PERIOD

On March 18, 2026, following the resignation of Ms. YUEN Wing Yan, Winnie as a joint company secretary of the Company (the "**Joint Company Secretary**") and an authorised representative (the "**Authorised Representative**") of the Company under Rule 3.05 of the Listing Rules and an authorised representative in Hong Kong of the Company for the purpose of Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) and an authorised person of the Company to accept service of process and notice in Hong Kong under Rule 19A.13(2) of Listing Rules (the "**Process Agent**"), Ms. LAI Ho Yan ("**Ms. LAI**") has been appointed as the Joint Company Secretary, the Authorised Representative and the Process Agent with effect on the same day. Mr. LIU Siyu ("**Mr. LIU**") will continue to act as the other Joint Company Secretary. Ms. LAI, as the Joint Company Secretary, will work closely with, and provide assistance to, Mr. LIU in discharging his duties as a Joint Company Secretary. For further details, please refer to the announcement of the Company dated March 18, 2026.

Save as disclosed above, there was no important event affecting the Group which occurred after December 31, 2025 up to the date of this announcement.

ANNUAL GENERAL MEETING

The date of the AGM will be announced in due course. Shareholders should refer to details regarding the AGM in the circular of the Company, the notice of AGM and form of proxy accompanying thereto to be published and dispatched (if requested) by the Company.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This announcement is published on the websites of the Stock Exchange (**www.hkexnews.hk**) and the Company (**http://www.luzhubiotech.com/**). The annual report of the Company for the year ended December 31, 2025 containing all the information required by the Listing Rules will be dispatched to the Shareholders (if requested) and published on the aforementioned websites of the Stock Exchange and the Company in due course in accordance with the articles of association of the Company, the Listing Rules and applicable laws and regulations.

DEFINITIONS

In this announcement, the following expressions shall have the meaning set out below unless the context requires otherwise:

"2025 Share Award Scheme"	the 2025 share award scheme of the Company approved by the Shareholders on June 12, 2025 at the 2025 AGM
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"AGM"	the annual general meeting of the Company
"Audit Committee"	the audit committee of the Board
"Board" or "Board of Directors"	the board of directors of the Company
"BLA"	biologics license application
"Corporate Governance Code"	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
"China", "Mainland China" or "the PRC"	the People's Republic of China, excluding, for the purpose of this announcement, Hong Kong, Macau Special Administration Region and Taiwan
"Company", "the Company", or "Luzhu Biotechnology"	Beijing Luzhu Biotechnology Co., Ltd. (北京綠竹生物技術股份有限公司), a joint stock company established in the PRC with limited liability on July 19, 2013, the H Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 2480)

"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"Controlling Shareholders"	has the meaning ascribed to it under the Listing Rules and, in the context of this announcement to Mr. KONG, Ms. ZHANG and Hengqin Luzhu LP
"Core Product"	has the meaning ascribed to it in Chapter 18A of the Listing Rules and in this context, the Core Product refers to LZ901
"Director(s)"	the director(s) of the Company
"FDA"	U.S. Food and Drug Administration, the U.S. federal agency responsible for regulating food and drugs
"GMP"	good manufacturing practice, and in the context of PRC laws and regulations, refers to guidelines and regulations from time to time issued pursuant to the PRC Drug Administration Law (中華人民共和國藥品管理法) as part of quality assurance which aims to minimise the risks of contamination, cross contamination, confusion, and errors during the manufacture process of pharmaceutical products and to ensure that pharmaceutical products subject to these guidelines and regulations are consistently produced and controlled in conformity to quality and standards appropriate for their intended use
"Group"	the Company and its subsidiaries
"H Share(s)"	ordinary share(s) in the ordinary share capital of the Company, with a nominal value of RMB1.00 each and listed on the Main Board of the Stock Exchange
"Hengqin Luzhu LP"	Zhuhai Hengqin Luzhu Enterprise Management Partnership (LP) (珠海橫琴綠竹企業管理合夥企業(有限合夥)), a limited partnership established in the PRC on January 14, 2021, and an employee incentive platform of the Group
"HK$" or "Hong Kong dollars"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"HSV-1"	herpes simplex virus type 1
"HSV-2"	herpes simplex virus type 2
"IND"	investigational new drug or investigational new drug application, also known as clinical trial application in China
"K3"	the anti-human tumor necrosis factor ("**TNF**")- α monoclonal antibody injection product candidate

"Listing" or "IPO"	the listing of the H Shares on the Main Board of the Stock Exchange on May 8, 2023
"Listing Date"	May 8, 2023, being the date on which the H Shares were listed on the Main Board
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
"LRTD"	lower respiratory tract disease
"LZ901"	the recombinant herpes zoster vaccine candidate, a herpes zoster vaccine with a tetrameric molecular structure and the Core Product
"Main Board"	the Main Board of the Stock Exchange
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules
"Mr. KONG"	Mr. KONG Jian (孔健), the executive Director, general manager, chairman of the Board, one of the promoters and one of the Controlling Shareholders
"Ms. ZHANG"	Ms. ZHANG Yanping (張琰平), the executive Director, one of the promoters and one of the Controlling Shareholders
"NMPA"	the National Medical Products Administration of the People's Republic of China
"Prospectus"	the prospectus issued by the Company dated April 25, 2023
"R&D"	research and development
"Renminbi" or "RMB"	Renminbi Yuan, the lawful currency of China
"RSV"	respiratory syncytial virus
"Share(s)"	ordinary share(s) in the capital of the Company with a nominal value of RMB1.00 each, comprising Unlisted Shares and H Shares
"Shareholder(s)"	holder(s) of Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed thereto under the Listing Rules

"Supervisor(s)"	member(s) of the Board of Supervisors
"Unlisted Share(s)"	ordinary share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi and are unlisted Shares not currently listed or traded on any stock exchange
"the U.S."	the United States of America
"the UK"	the United Kingdom
"%"	percent

The Company cannot guarantee that the Core Product or other drugs in the pipelines will ultimately be successfully developed and marketed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

In this announcement, capitalized terms used shall have the same meanings as those defined in the Prospectus, and the terms "associate", "close associate", "connected person", "core connected person", "connected transaction", "subsidiaries" and "substantial shareholder" shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.

Certain amounts and percentage figures included in this announcement have been subject to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them. Any discrepancies in any table or chart between the total shown and the sum of the amounts listed are due to rounding.

For ease of reference, the names of the PRC established companies or entities, laws or regulations have been included in this document in both the Chinese and English languages; in the event of any inconsistency, the Chinese versions shall prevail.

By order of the Board
Beijing Luzhu Biotechnology Co., Ltd.
Mr. KONG Jian
Chairman and Executive Director

Hong Kong, March 18, 2026

As of the date of this announcement, the Board comprises Mr. KONG Jian, Ms. PENG Ling and Ms. ZHANG Yanping as executive Directors; Mr. MA Biao and Mr. KONG Shuangquan as non-executive Directors; and Ms. HOU Aijun, Mr. LEUNG Wai Yip and Mr. LIANG Yeshi as independent non-executive Directors.