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HUA MEDICINE

華領醫藥

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2552)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2025

The board (the "**Board**") of directors (the "**Directors**") of Hua Medicine (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (together, the "**Group**", "**we**" or "**us**") for the year ended December 31, 2025 (the "**Reporting Period**"), together with comparative figures for the year ended December 31, 2024. Unless otherwise defined herein, capitalized terms used in this announcement shall have the same meaning as those defined in the prospectus of the Company dated August 31, 2018 (the "**Prospectus**").

BUSINESS HIGHLIGHTS

- **Hua Medicine experienced fast growth in mainland China in 2025:** As we engaged in marketing and sales of dorzagliatin in mainland China from January 1, 2025, Hua Medicine has overcome many challenges and successfully established in-house capability to commercialize our global first-in-class antidiabetes medicine dorzagliatin in China. With over 4.0 million packs sold, dorzagliatin has reached diabetes patients through 10 sales regions around the country. Revenues for the fiscal year 2025 were RMB492.9 million, representing an increase of 93% over the comparable period in 2024, and generated cash of RMB514.7 million. In 2025, Hua Medicine established its own professional sales team with 130 product representatives and over 50 staff actively engaged in marketing, medical affairs and commercial operations. At the same time, we established an AI-empowered digital commercialization platform which led to significantly enhanced operational efficiency and sales productivity. We continue to work with our contract development and manufacturing organization partners in optimizing our manufacturing process of dorzagliatin, which allowed us to improve our gross margins by 8.2 percentage points over 2024 to 56.9% for the fiscal year 2025.

- **Hua Medicine continues the expansion of Glucokinase Activators (GKA) for Glucose Homeostasis Management (GHM)**: Dorzagliatin has been widely used in China since its launch in October 2022, and as of the latest practicable date, has been prescribed to over 500,000 patients through 3,000+ hospitals, community clinic centers, pharmacies and online channels. Real world evidence (RWE) study results continue supporting its key role in improving pancreatic secretion function in a glucose-dependent manner and demonstrate its role in diabetes prevention, remission and delay or prevention of diabetes complications. Investigator initiated trials (IIT) are currently ongoing in diabetes patients with diabetes kidney diseases (DKD), cognition impairment, and monogenic diabetes (GCK-MODY) in mainland China and Hong Kong. With its critical role in repairing glucose sensors and restoring glucose homeostasis, additional therapy will be added to dorzagliatin to further improve insulin sensitivity and manage lipid metabolism. Hua Medicine has engaged in internal research and business development efforts in these areas to achieve total control of glucose homeostasis and bio-energy balance for healthy longevity. Short term plans have been implemented targeting first-in-disease indication, such as frailty and mild cognition impairment (MCI) as early indication of Alzheimer's disease.

- **Hua Medicine's new product development**: We have advanced our 2nd generation GKA as a once daily therapy for patients with obesity, leveraging dorzagliatin's effects in improved glucose-stimulated glucagon-like peptide-1 (GLP-1) secretion in the pancreas and in the intestine. The multiple-ascending dose (MAD) study of the 2nd generation GKA was initiated in the United States with first-patient-in in December 2025, and we expect to report topline data by the middle of 2026. We continue to accelerate the development of a fixed dose combination of dorzagliatin with metformin. Significant progress has been made with the submission of an investigational new drug (IND) file with the Chinese National Medical Products Administration (NMPA). Good manufacturing practice (GMP) commercialization manufacturing process has been successfully completed to support the pivotal bio-equivalence study for new drug application (NDA) filing planned for 2027. In clinical studies, the combination of dorzagliatin with metformin offered better glycemic control in reduction of post-meal glucose levels and managing fasting glucose levels, which provide additional opportunity to improve glucose homeostasis endpoints. In a recently published clinical trial in China, researchers reported the superior benefits of our dorzagliatin in combination with semaglutide as compared to semaglutide alone in a 12-week study. The combination group showed superior results across several key measures, including glycemic control, body-weight related indicators and β-cell function.

- **Opportunity to expand to global market; Hong Kong approval secured**: With improved understanding that impaired glucose homeostasis is a root cause of Type 2 diabetes, Hua Medicine has further incorporated a personalized approach to global diabetes management. In addition, the MAD study of 2nd generation GKA developed for the western patients, are currently underway in the United States. We successfully filed new drug registrations of dorzagliatin in Hong Kong and Macau in 2025, and we received Hong Kong regulatory approval for commercialization on February 27, 2026. After the expected successful launch in 2026, we will expand new applications and indications of dorzagliatin in Hong Kong and other regions in Asia where the root cause of diabetes is very similar with mainland China. We plan to officially launch dorzagliatin in Hong Kong under the trade name MYHOMSIS®, 華領片®.

- **Achieved record profitability in 2025; Robust cash position:** Profit before tax increased to RMB1,106.4 million for the fiscal year 2025, principally due to the release of contract liability upon termination of the collaboration with Bayer Healthcare Company Limited ("**Bayer**") effective January 1, 2025 and record sales of dorzagliatin in 2025. We ended fiscal year 2025 with a cash position of approximately RMB1,092.3 million.

- **Commercial operations accelerating towards profitability in 2025:** With our accelerating sales in mainland China powered by our own in-house commercialization team and increased manufacturing efficiencies, our commercialization efforts of dorzagliatin is moving rapidly towards profitability. In fiscal year 2025, our commercialization efforts achieved profits of approximately RMB114.9 million (as defined by gross profits less selling and distribution expenses), whereas in fiscal year 2024 our commercialization efforts achieved a loss of approximately RMB28.5 million. This represents a favorable variance in gross margins and selling and distribution expenses of approximately 33.6% of sales. Although we expect to continue to add personnel to our commercialization team, we expect this profitability trend in our commercial operations in mainland China to continue.

- **NRDL price maintained at same level for the calendar years 2026 and 2027**: Dorzagliatin is recognized as national innovation and an effective therapy for chronic disease. The same NRDL price was offered by the agency for the calendar years 2026 and 2027.

- **Additional 5-year market exclusivity granted:** In February 2026, the China National Intellectual Property Administration granted a five year patent term extension for dorzagliatin, extending its core patent protection to April 2034 and adding five years of market exclusivity.

FINANCIAL HIGHLIGHTS

- Bank balances and cash position was approximately RMB1,092.3 million as of December 31, 2025.

- Revenue generated by the Company for the year ended December 31, 2025 was approximately RMB492.9 million, reflecting the sales of approximately 4,011,000 packs of HuaTangNing (华堂宁®). Sales revenue and sales volume increased by approximately 93% and 91% respectively, as compared with the year ended December 31, 2024.

- Gross profit generated by the Company for the year ended December 31, 2025 was approximately RMB280.4 million, representing an increase of approximately RMB155.6 million, or approximately 125%, as compared with the year ended December 31, 2024.

- Gross margin generated by the Company for the year ended December 31, 2025 was approximately 56.9%, increasing by approximately 8.2 percentage points, as compared with the year ended December 31, 2024, reflecting increased manufacturing scale and improved cost efficiency.

- Selling and distribution expenses increased by only RMB12.3 million to RMB165.5 million for the year ended December 31, 2025 from RMB153.2 million for the year ended December 31, 2024. The composition of our selling and distribution expenses for the year ended December 31, 2025 changed significantly from the same period in 2024 due to the Company incurring selling and distribution expenses directly as a result of assuming sole commercialization responsibilities for HuaTangNing (华堂宁®) in China, while no longer owing promotion expenses to the former commercialization partner. These figures also reflect a significant positive trend towards profitability where our selling and distribution expenses in the year of 2025 represent approximately 33.6% of revenue whereas in the year of 2024, our selling and distribution expenses represented approximately 59.9% of revenue.

- Other income generated by the Company for the year ended December 31, 2025 was approximately RMB1,263.9 million, which increased by approximately RMB1,147.2 million, or approximately 983%, as compared with the year ended December 31, 2024. For the year ended December 31, 2025, the increase in other income was mainly attributable to the realization of the income relating to the payments received from Bayer for the grant of dorzagliatin promotion rights by the Company (the "**Bayer milestone income**") of approximately RMB1,243.5 million. This net increase of approximately RMB1,147.8 million represented an increase of approximately 1,200% as compared with the year ended December 31, 2024.

- Expenditures incurred by the Company for the year ended December 31, 2025 was approximately RMB433.4 million, of which approximately RMB145.3 million consisted of research and development expenses. For the year ended December 31, 2025, research and development expenses decreased by approximately RMB69.8 million, or approximately 32%, as compared with the year ended December 31, 2024.

- Profit before tax increased by approximately RMB1,356.5 million or approximately 542% to approximately RMB1,106.4 million for the year ended December 31, 2025, as compared with the year ended December 31, 2024.

- Total comprehensive income increased by approximately RMB1,356.9 million or approximately 543% to approximately RMB1,106.8 million for the year ended December 31, 2025, as compared with the year ended December 31, 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

Business overview

The fiscal year 2025 marked a milestone year for us as the Company assumed full responsibility for the commercialization of HuaTangNing (华堂宁®) (dorzagliatin tablets), our global first-in-class glucokinase activator for the treatment of Type 2 diabetes. This transition followed the termination of the exclusive promotion service agreement with Bayer (the "**Agreement**") effective January 1, 2025, and allowed Hua Medicine to consolidate both operational and strategic control over market execution in mainland China.

Sales performance exceeded expectations, with over 4.0 million packs of HuaTangNing (华堂宁®) sold during the Reporting Period, representing a 91% increase over the fiscal year 2024. This growth was achieved at the same price for both periods, underscoring strong demand and successful execution of Hua's commercial strategy. Revenue reached RMB492.9 million, a 93% increase year-on-year, and gross profit increased 125% to RMB280.4 million. Gross margin improved to 56.9%, reflecting increased manufacturing scale and greater cost efficiency. The strong financial performance was further supported by the one-time release of RMB1.24 billion in previously deferred income associated with the Agreement. This resulted in the Company's first reported annual profit of RMB1.11 billion – a key milestone in Hua Medicine's turn towards sustainable profitability.

HuaTangNing (华堂宁®) continued to benefit from its inclusion in China's National Reimbursement Drug List (NRDL), which took effect in January 2024. In 2025, dorzagliatin was recognized as national innovation and an effective therapy for chronic disease by the relevant regulatory authorities in China. Accordingly, the same NRDL price was offered for the calendar years 2026 and 2027. Reimbursement coverage under the NRDL has significantly increased accessibility, especially in Tier 2 and Tier 3 hospitals, and played a critical role in accelerating patient adoption. Since its launch in October 2022, HuaTangNing (华堂宁®) has been prescribed to over 500,000 patients through 3,000+ hospitals, community centers, pharmacies and online channels. In parallel with our commercial progress, Hua continued to invest in clinical innovation and scientific validation. The Company has advanced multiple post-marketing studies to generate real-world evidence of dorzagliatin's long-term safety and effectiveness, including, but not limited to its potential impact on several first-in-disease unmet medical conditions, such as cognitive function, diabetes prevention and remission.

In 2025, we also filed regulatory applications for dorzagliatin in Hong Kong and Macau, reflecting a commitment to expanding access outside of mainland China. In February 2026, we received Hong Kong regulatory approval for commercialization and we plan to launch dorzagliatin in Hong Kong by the middle of 2026 under the trade name MYHOMSIS®, 華領片®. We plan to expand new applications and indications of dorzagliatin in Hong Kong and other regions in Asia where the root cause of diabetes is very similar with mainland China.

We have advanced our 2nd generation GKA as a once daily therapy for patients with obesity, leveraging dorzagliatin effects in improved glucose-stimulated GLP-1 secretion in the pancreas and in the intestine. The MAD study of the 2nd generation GKA was initiated in the United States with first-patient-in in December 2025, and we expect to report topline data by the middle of 2026. We continue to accelerate the development of fixed dose combination of dorzagliatin with metformin. Significant progress has been made in the submission of an IND file with the Chinese National Medical Products Administration (NMPA). GMP commercialization manufacturing process has been successfully completed to support the pivotal bio-equivalence study for NDA filing in 2027. In clinical studies, the combination of dorzagliatin with metformin offered better glycemic control in reduction of post-meal glucose levels and managing fasting glucose levels which provide additional opportunity to improve glucose homeostasis endpoints.

Hua Medicine's scientific leadership was further recognized at the 2025 American Diabetes Association (ADA) Annual Meeting, where new data on dorzagliatin's mechanism of action and therapeutic potential were presented.

Looking ahead, Hua Medicine remains focused on driving long-term value through disciplined commercial execution, continued expansion of its clinical pipeline, and exploration of new indications that leverage the Company's proprietary glucokinase modulation platform.

Cautionary Statement required under Rule 18A.08(3) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"): We may not be able to ultimately develop and market our product candidates successfully.

Product pipeline

Set out below are the key stages of our product candidates under development:

Product and Pipeline	Indication	Discovery (Pre-clinical – Phase II)	Development (Phase III)	Commercialization
Dorzagliatin	T2D-Drug Naïve			
	T2D-Metformin Tolerated			
	RWE study for Diabetes Remission			
	MODY-2			
	Diabetes prevention IGT2NGT			
	Frailty			
	Early AD			
	CFRD			
Dorzagliatin and Metformin FDC	T2D			
2nd Generation GKA	Metabolic Disease			
Dorzagliatin add on to GLP-1 RAs	T2D and Obesity			
Dorzagliatin + small molecule GLP-1	T2D and Obesity			
Dorzagliatin+ Empagliflozin	DKD			
Dorzagliatin+ Sitagliptin	T2D			
Dorzagliatin add on to Insulin	Insulin sparing in T2D			
mGLUR5 NAM	PD-LID			
	Drug Addiction			
GK NAM	Metabolic Disease			

RWE Studies for Dorzagliatin. Dorzagliatin has been approved in mainland China for T2D drug-naïve patients as monotherapy and for metformin-tolerated T2D patients as combination therapy with metformin. Since its launch, dorzagliatin has experienced fast expansion of IIT studies in China and the rest of the world. These studies resulted in new evidence for effective blood glucose control and the potential for the prevention of diabetes complications. A RWE study sponsored by Hua Medicine HMM0701 with 380 T2D patients was fully enrolled in 2025. The interim analysis, as reported at the 2025 American Diabetes Association (ADA), showed that 86% of such patients were taking two or more antidiabetic drugs and 41% of such patients were using insulin. After a 6-month treatment, a significant improvement of glycemic control was observed with HbA1c reduction from 8.1% to 7.3% with the mean time-in-range (TIR) levels increasing to over 70%. Thus far, the studies have demonstrated that when dorzagliatin is administered in combination with other antidiabetic drugs, such patients have experienced significantly improved post-meal glucose levels and improved β-cell function. Separately, a mechanistic study with dorzagliatin (employing double-tracer measurement) was conducted in the United States to provide scientific evidence of hepatic glycogen formation in T2D patients with an average of 17 years of diagnosed diabetes. In this study, patients were treated with dorzagliatin twice daily for 6 weeks. The results showed that dorzagliatin increased direct glucose flux to hepatic glycogen implying the improvement of restoration of hepatic Glucokinase (GK) function. Together with the clinical research data that dorzagliatin improves early phase insulin release and GLP-1 secretion, recovery of hepatic glycogen synthesis in T2D patients offers an important path in controlling post-meal glucose excursion and provides a unique opportunity in controlling diabetes complications, such as diabetes kidney diseases and mild cognition impairment.

The RWE sponsored by Hua Medicine (HMM0601) has completed clinical trials with over 2,000 subjects, with average diabetes duration of 7.9 years and above 30% having disease duration more than 10 years. The initial results suggest that dorzagliatin is safe and well tolerated in Chinese type 2 diabetes mellitus (T2DM) patients. There were no new adverse effects observed in the study and the incident rate remains as low as what was observed in Phase III clinical trials. Patient adherence was generally high, with a mean adherence rate of approximately 95%. In this study, 80% of the participants have used one or more oral anti-diabetes medicine, and 20% used insulin. Dorzagliatin demonstrated good efficacy and safety not only in the overall population but also in elderly, obese, and hyperglycemic patient populations, whether used as monotherapy or in combination with metformin, SGLT2 inhibitors, insulin, and other medications. The topline results will be reported at the 2026 American Diabetes Association.

New Indication for Dorzagliatin – MODY-2 Patients. Medical experts in mainland China and Hong Kong have conducted independent clinical and preclinical studies of dorzagliatin for MODY-2 treatment. MODY-2, also called GCK-MODY, is a monogenic disease in which patients have a genetic defect of glucokinase gene (GCK) which results in elevated blood glucose and significant reduction of the 2nd phase release of insulin. The population of GCK-MODY patients is approximately 1.7 million in China. These patients are diagnosed with diabetes at a young age and represent an unmet medical need given currently available medications are not effective. In clinical studies with MODY-2 patients, China investigators have reported that dorzagliatin is effective in reducing blood glucose levels to normal levels in MODY-2 patients who previously failed to manage their elevated blood glucose levels when treated with metformin, thiazolidinedione, DPP-IV inhibitors, and SGLT-2 inhibitors. Additional results demonstrated that a single dose of dorzagliatin improved overall glucose sensitivity and 2nd phase insulin secretion significantly in GCK-MODY patients, suggesting a unique mechanism of action of dorzagliatin to regulate GLP-1 secretion. Based on such results, Hua Medicine has communicated and reached a consensus with the Center for Drug Evaluation at NMPA to file the IND submission of dorzagliatin for MODY-2 patients in 2026.

Dorzagliatin for Diabetes Prevention. Prevention of diabetes is an important focus at Hua Medicine. There are approximately 1.12 billion people living with prediabetes worldwide. We have initiated the SENSITIZE 3 clinical study in Hong Kong in pre-diabetic (IGT) subjects and in early diabetes patients under the leadership of Dr. Juliana Chan and Dr. Elaine Chow of the Chinese University of Hong Kong. These studies represent first-in-disease studies. In this double-blinded placebo-controlled study, we will evaluate the blood glucose management and pancreatic function under intravenous glucose tolerance test and oral glucose tolerance test conditions to better define the clinical treatment baseline and endpoints. We expect to complete this study in 2026 and file IND applications of dorzagliatin for diabetes prevention in China and Asian Pacific regions thereafter.

Dorzagliatin for Neurodegerative Diseseases. MCI shows approximately 15.5% prevalence among elderly people in China and approximately 22% in the US, and is common in T2D patients with a 45% incidence rate. Development of dorzagliatin for neurodegenerative disease is a new focus in our drug discovery efforts. Through the Genome-Wide Association Study (GWAS) and Mendelian Randomization (MR) study, we have realized the important role of GCK gene activation in prevention of memory loss and cognitive impairment in humans. It has also come to our attention that post-meal glucose excursion is closely related to Alzheimer disease and dementia. The bio-energy balance in the brain is largely dependent on the glucose homeostasis control in the peripheral organ and the neural network communication in the central and peripheral system via spatial temporal management. Impaired glucose homeostasis and diabetes conditions results in a reduction of glucose transporter expression and insulin receptor expression in the brain, which can be prevented by low dose dorzagliatin. We have realized the potential of dorzagliatin in the treatment of mild MCI and will initiate these first-in-disease clinical studies in the future.

Dorzagliatin for Frailty. Frailty is an age-related geriatric syndrome characterized by reduced tolerance to internal and external stressors. Approximately 17% of Americans and 11% of Asians over the age of 50 suffer from frailty, while pre-frailty affects roughly 50% and 47% of these populations, respectively. It is not a single-organ disease, but the consequence of dysregulated multisystem homeostasis. Genetic evidence supports the causal effects of glucokinase (GK) activation on lowering frailty risk. We plan to initiate clinical studies in the future to advance Dorzagliatin's application in frailty.

Fixed Dose Combination (FDC) of Dorzagliatin and Metformin. We are fast forwarding the development of the FDC of dorzagliatin with metformin. Given the observed success of loose dose combination of dorzagliatin with metformin in Phase III trials and in the real-world performance, we have accelerated the development of FDC dosage form as a twice a day therapy for those T2D patients whose blood glucose cannot be well managed by metformin alone. The FDC will be evaluated against the branded metformin (Glucophage®) and dorzagliatin (HuaTangNing, 华堂宁®). Standard efficacy and safety endpoints will be measured in T2D patients as well as the potential for better glycemic control generally observed through better compliance associated with fixed-dose combinations. An IND with the NMPA has been filed for our FDC with metformin in China.

The 2nd Generation of GKA is under fast development in the United States. In 2025, we successfully developed new tablets of sustained released the 2nd generation of dorzagliatin and initiated MAD clinical study in T2D patients in the United States. We used three strengths of tablets (100, 150 and 200 mg of dorzagliatin) as a once daily therapy. In this study, we incorporated continuous glucose monitoring devices in a 15-day trial to investigate the effectiveness of our 2nd generation GKA in glucose homeostasis control and the mechanism of action for the new drug. We expect multiple ascending dose escalation in the second quarter of 2026, and expect to publish topline data by the middle of 2026.

Development of combination therapy for diabetes and complications. Dorzagliatin rescues pancreatic function in glucose insulin secretion and GLP-1 secretion, as evidenced by clinical and basic research results. It also improves hepatic insulin sensitivity and reduces hepatic insulin resistance through recovery of hepatic glycogen synthesis in T2D patients. The combination of dorzagliatin with DPP-IV inhibitors, SGLT-2 inhibitors, and GLP-1 agonists have demonstrated effective regulation of lipid metabolism. Studies in combination with anticancer PI3K inhibitor has also offered unique benefits for glucose homeostasis management.

Recent genetic studies through GWAS and MR methodology suggested glucokinase activation reduces cardiovascular, stroke and retinopathy risks, prevention of memory loss, and improves frailty, muscle strength, and telomere length.

In animal studies, dorzagliatin demonstrated its effect in prevention of diabetes-related cognitive impairment via protection of down regulation of glucose transporter in the brain and of reduced functional receptors in hippocampal neurotransmission. Dorzagliatin also demonstrated benefits in other studies conducted in clinical studies. Combined with anticancer medicines (PI3Ki), it enhances antitumor efficacy, lowers drug induced hyperglycemia, and promotes weight recovery. Based on the completed and ongoing RWE studies, dorzagliatin has demonstrated significant glycemic control efficacy across diverse patient populations, from treatment-naïve patients receiving monotherapy to those with disease duration exceeding 15 years who have been treated with three or more antidiabetic agents including insulin. In these studies, dorzagliatin markedly reduced 2-hour postprandial blood glucose levels, improved time-in-range (TIR – a clinical marker for glucose fluctuation over a 24-hour period), and brings potential benefits for ameliorating diabetic complications, such as enhanced estimated glomerular filtration rate, a recognized biomarker for kidney function. In addition, the combination of dorzagliatin with GLP-1 receptor agonists has been shown to improve glucose and lipid metabolism in obese T2DM patients, achieve effective weight reduction, and improve pancreatic function — consistent with findings from previous animal studies. We plan to explore these innovative positive effects of glucose homeostasis derived from our GK-based platform with partners in the future.

Business outlook

There is a great opportunity for dorzagliatin and 2nd generation GKA in China and the global oral antidiabetes drug market. We will continue to strengthen our own commercialization efforts through hub and spoke development with a focus on building up a strong Hua Medicine internal sales and medical marketing organization to drive business growth in 2026. This allows us to rebuild our strong connections directly to the medical community and better promotion of HuaTangNing (华堂宁®) in China and surrounding areas. As it relates to our commercialization efforts of dorzagliatin, we will continue to focus on accelerating sales in mainland China as well as thoughtfully preparing for our commercialization launch in Hong Kong, planned for the middle of 2026. We continue to invest into digital technology platforms to create synergy across functions and enhance the branding opportunity using AI technology.

As illustrated in our product pipeline chart, we will continue to advance our R&D efforts for both dorzagliatin and our 2nd generation GKA on our own as well as in collaboration with academic and strategic partners. We continue to opportunistically seek partnerships in Southeast Asia and Belt and Road nations. In addition, we will continue our business development efforts on our 2nd generation GKA for the global markets based on the success of the Phase 1 single-ascending dose study in the United States and the upcoming topline results of our Phase 1 MAD study planned for the middle of 2026. Finally, we will continue to invest in exploring the positive effects of our GK-based platform on restoring glucose homeostasis in subjects; we are particularly excited about the various first-in-disease indications which we are studying on our own or in collaboration with partners such as cognitive impairment, diabetes prevention and remission.

Important events after the Reporting Period

Save as disclosed in this announcement, there are no important events that have occurred since the end of the Reporting Period and up to date of this announcement.

Financial review

Revenue

Our revenue was generated from the sale of our core product – HuaTangNing (华堂宁®). The collective results of our clinical trials indicate that HuaTangNing (华堂宁®) has a safe, tolerable and benign profile, and is effective in restoring regulation of blood glucose homeostasis through improvement in β-cell function and reduction in insulin resistance and has led to diabetes remission in select populations of T2D patients.

We have assumed full responsibility for the commercialization of HuaTangNing (华堂宁®) in mainland China since January 1, 2025. In this respect, the Company recruited a pharmaceutical sales executive with over 20 years of diabetes commercialization experience in China to lead our sales and marketing efforts.

For the year ended December 31, 2025, approximately 4,011,000 packs of HuaTangNing (华堂宁®) were sold, generating sales of approximately RMB492.8 million. For the year ended December 31, 2024, approximately 2,105,000 packs of HuaTangNing (华堂宁®) were sold, generating sales of approximately RMB255.9 million. The difference represents a 93% increase in sales over a period during which the price per pack remained the same, which demonstrates that the transition of commercialization responsibility for HuaTangNing (华堂宁®) in China from Bayer to Hua Medicine has been smooth and been reinvigorated.

Gross profit

For the year ended December 31, 2025, we recorded a gross profit of approximately RMB280.4 million and a gross margin of 56.9%. Our gross margin increased by 8.2 percentage points as compared to 48.7% for the year ended December 31, 2024, which was primarily due to increase in manufacturing efficiency and production volume that led to a corresponding reduction in unit production costs. As our commercialization scale increases, the unit production cost is expected to continue to decrease.

Other income

Other income consisted primarily of Bayer milestone income, government grants and bank interest income. Other income increased by RMB1,147.2 million to RMB1,263.9 million for the year ended December 31, 2025 from RMB116.8 million for the year ended December 31, 2024, which was mainly attributable to an increase of RMB1,147.8 million in Bayer milestone income for the year ended December 31, 2025. Upon the termination of the Agreement with Bayer on January 1, 2025, the unamortized contract liabilities amounting to RMB1,243.5 million were released to profit or loss, and recognized as other income.

Other gains and losses

Other gains and losses consisted primarily of losses due to fluctuations in the exchange rates between the Renminbi and the U.S. dollar and between the Renminbi and the HK dollar. Other gains and losses decreased by RMB6.6 million to a loss of RMB4.5 million for the year ended December 31, 2025 from a gain of RMB2.0 million for the year ended December 31, 2024, which was mainly attributable to foreign exchange losses in connection with bank balances and cash denominated in U.S. dollars and HK dollars and the depreciation of the U.S. dollar and HK dollar against the Renminbi in the year ended December 31, 2025, compared to the appreciation of the U.S. dollar and HK dollar against the Renminbi in the year ended December 31, 2024.

Our business mainly operates in the PRC, and most of our transactions are settled in Renminbi. Since inception, we have financed our business principally through equity financings, with related proceeds denominated in U.S. dollars, HK dollars and Renminbi. We converted a portion of those U.S. dollar proceeds to Renminbi, with the remaining amounts reserved for additional conversions to Renminbi as needed. Conversion of our assets and liabilities for financial statement presentation purposes exposes us to currency-related gains or losses and the actual conversion of our U.S. dollar and HK dollar denominated cash balances (including the HK dollar proceeds received from the Global Offering (comprising the Hong Kong public offering of 10,476,000 shares of the Company (the "**Shares**") and the international offering of 94,280,000 Shares and 2,980,500 Shares pursuant to the partial exercise of the over-allotment option granted by the Company) (the "**Global Offering**") into Renminbi) also exposes us to currency exchange risk. We have not engaged in any foreign exchange hedging related activity.

Selling and distribution expenses

Selling and distribution expenses consisted primarily of expenses related to selling and marketing activities. Selling and distribution expenses increased by RMB12.3 million to RMB165.5 million for the year ended December 31, 2025 from RMB153.2 million for the year ended December 31, 2024, which was mainly attributable to the establishment of internalized sales and marketing team at Hua Medicine. The major selling costs are consisted of (i) labor cost of RMB103.4 million, increased by RMB63.5 million as compared to the year ended December 31, 2024, which was primarily attributable to additional labor resources from the establishment and strengthening of our sales and marketing team; (ii) consulting and meeting expenses of RMB43.9 million, increased by RMB34.6 million as compared to the year ended December 31, 2024, which was mainly due to our marketing strategy; and (iii) travelling expenses of RMB8.9 million, increased by RMB7.5 million as compared to the year ended December 31, 2024, which was mainly due to the growing needs of market exploration initiatives. No promotion expenses were incurred for the year ended December 31, 2025, decreased by RMB97.7 million as compared to the year ended December 31, 2024, which was mainly due to the termination of the Agreement with Bayer on January 1, 2025.

Research and development expenses

The following table sets forth the components of our research and development expenses for the years indicated.

	For the year ended December 31,			
	2025		2024	
	RMB'000	***%***	*RMB'000*	*%*
Clinical trials and research	**33,035**	**22.7%**	52,559	24.4%
Non-clinical studies	**3,455**	**2.4%**	8,435	3.9%
Chemical, manufacturing and control	**23,348**	**16.1%**	66,474	30.9%
Labor cost	**62,965**	**43.3%**	58,146	27.0%
Licensing and patent fee	**4,732**	**3.3%**	4,820	2.2%
Others	**17,787**	**12.2%**	24,658	11.6%
Total	**145,322**	**100.0%**	215,092	100.0%

Research and development expenses decreased by RMB69.8 million to RMB145.3 million for the year ended December 31, 2025 from RMB215.1 million for the year ended December 31, 2024. The decrease in research and development expenses included:

- a decrease of RMB19.5 million for clinical trials and research from RMB52.6 million for the year ended December 31, 2024 to RMB33.0 million for the year ended December 31, 2025, which was primarily attributable to the advancement of the multi-center post-marketing observational study and the clinical study related to 2nd generation GKA. We successfully dosed the last patient out the multi-center post-marketing observational study and successfully dosed the first patient in the U.S.-based multiple-ascending dose Phase Ib trial of 2nd generation GKA in 2025. In 2024, we successfully dosed the last patient in the multi-center post-marketing observational study and developed the clinical dosage form for advancement of 2nd generation GKA in a clinical proof-of-mechanism study;

- a decrease of RMB43.1 million in chemical, manufacturing and control expenses from RMB66.5 million for the year ended December 31, 2024 to RMB23.3 million for the year ended December 31, 2025, which was primarily attributable to the completion of major validation projects related to capacity expansion. During the year ended December 31, 2024, we advanced new production line validation and process validation efforts, with most key projects nearing completion by the year-end. Closure procedures for these key projects and subsequent validation projects were strategically scheduled for advancement in 2025;

- an increase of RMB4.8 million in labor cost from RMB58.1 million for the year ended December 31, 2024 to RMB63.0 million for the year ended December 31, 2025, which was primarily attributable to the increase of share-based payment under the accelerated amortization method; and

- a decrease of RMB6.9 million in other expenses from RMB24.7 million for the year ended December 31, 2024 to RMB17.8 million for the year ended December 31, 2025, which was primarily attributable to decreased utility expenses, rental expenses and telecom expenses due to the expense reallocation.

Administrative expenses

Administrative expenses consisted primarily of employee compensation and related costs. Administrative expenses decreased by RMB2.3 million to RMB114.5 million in the year ended December 31, 2025 from RMB116.8 million in the year ended December 31, 2024, which was mainly attributable to (i) a decrease of RMB0.6 million in labor cost, which was primarily attributable to the decrease of share-based payment under the accelerated amortization method, (ii) a decrease of RMB2.7 million in rental fee, which was mainly due to the rental expense relocation, (iii) an adjustment for the increase of RMB1.5 million in recruitment expense due to our recruitment strategy.

Finance costs

Finance costs consisted of expenses associated with the interest on lease liabilities and bank loan. Finance costs was RMB8.1 million for the year ended December 31, 2025 as compared to RMB8.6 million for the year ended December 31, 2024, which was mainly attributable to the decrease of average bank loan balances for the year ended December 31, 2025.

Income tax expense

We recognized no income tax expenses for the year ended December 31, 2025 and the year ended December 31, 2024.

Liquidity and capital resources

For the year ended December 31, 2025, we have been in a net profit position and negative cash flows from operations. Our primary use of cash is to fund manufacturing expenses and research and development expenses. Our operating activities used RMB52.2 million for the year ended December 31, 2025. As of December 31, 2025, we had cash and cash equivalents of RMB1,092.3 million.

As of December 31, 2025, there were no significant investments held by the Company (including any investment in an investee company with a value of 5% or more of the Company's total assets as of 31 December 2025), nor were there any material acquisitions or disposals of subsidiaries, associates or joint ventures during the Reporting Period.

Cash flows

The following table provides information regarding our cash flows for the years indicated:

	For the year ended December 31,	
	2025	2024
	RMB'000	*RMB'000*
Net cash used in operating activities	**(52,150)**	(417,966)
Net cash (used in) from investing activities	**(654)**	10,043
Net cash from financing activities	**9,100**	83,718
Effect of exchange rate changes	**(3,761)**	3,134
Net decrease in cash and cash equivalents	**(47,465)**	(321,071)

Net cash used in operating activities

The primary use of our cash was to fund our research and development activities, manufacturing activities, regulatory and other clinical trial costs, and related supporting administration. Our prepayments and other current assets, accounts payable and other payables balances were affected by the timing of vendor invoicing and payments.

During the year ended December 31, 2025, our operating activities used RMB52.2 million of cash, which resulted principally from our profit before tax of RMB1,106.4 million, adjusted for net non-operating cash income of RMB1,200.3 million and cash generated from the movement of our working capital of RMB41.7 million. Our net non-operating cash income during the year ended December 31, 2025 primarily consisted of realization of contract liabilities, bank interest income and income from government grants, adjusted for depreciation of equipment and right-of-use assets, interest on bank loan and lease liabilities and share option expenses. The movement of our working capital during the year ended December 31, 2025 primarily consisted of the increase in trade and other payables.

During the year ended December 31, 2024, our operating activities used RMB418.0 million of cash, which resulted principally from our loss before tax of RMB250.1 million, adjusted for net non-operating cash income of RMB59.8 million and cash used in the movement of our working capital of RMB108.0 million. Our net non-operating cash income during the year ended December 31, 2024 primarily consisted of amortised income of contract liabilities, bank interest income and income from government grants, adjusted for depreciation of equipment and right-of-use assets, interest on bank loan and lease liabilities and share option expenses. The movement of our working capital during the year ended December 31, 2024 primarily consisted of the increase in inventories and trade and other receivables.

Net cash (used in) from investing activities

Net cash used in investing activities was RMB0.7 million for the year ended December 31, 2025, which resulted primarily from the payment related to purchase of equipment and intangible assets and construction of Lingang project, adjusted for the interest received from bank for short-term deposit. Net cash from investing activities was RMB10.0 million for the year ended December 31, 2024, which resulted primarily from the interest received from bank for short-term deposit, adjusted for the purchase of equipment and intangible assets and construction of Lingang project.

Net cash from financing activities

Net cash financing activities was RMB9.1 million for the year ended December 31, 2025, which proceeds from short-term and long-term bank loan and exercise of share options, offset by payments relating to lease liabilities. Net cash from financing activities was RMB83.7 million for the year ended December 31, 2024, which proceeds from short-term and long-term bank loan and exercise of share options, offset by payments relating to lease liabilities.

Financial position

Our net current assets increased from RMB1,006.2 million as of December 31, 2024 to RMB1,086.2 million as of December 31, 2025. Current assets decreased from RMB1,336.5 million as of December 31, 2024 to RMB1,296.4 million as of December 31, 2025, primarily due to the net cash expenditure for the year ended December 31, 2025.

Indebtedness

As of December 31, 2025 and 2024, our lease liabilities and borrowings amounted to RMB301.7 million and RMB300.2 million, respectively. The following table sets forth our lease liabilities and borrowings as of the dates indicated:

	As of December 31,	
	2025	2024
	RMB'000	*RMB'000*
Current portion	**48,659**	115,537
Non-current portion	**253,014**	184,642
Total	**301,673**	300,179

Our lease liabilities as of December 31, 2025 were from leased properties lease contracts with lease terms of one to three years.

Qualitative and quantitative disclosures about market risk

We are exposed to a variety of market risks, including currency risk, interest rate risk, credit risk, and liquidity risk, details of which are as set out below. We manage and monitor these exposures to ensure appropriate measures are implemented in a timely and effective manner. We currently do not hedge or consider it necessary to hedge any of these risks.

Currency risk

Our business mainly operates in the PRC with most of our transactions settled in Renminbi, and our financial statements are presented in Renminbi. Renminbi is not a freely convertible currency. The State Administration of Foreign Exchange, under the authority of the People's Bank of China, controls the conversion of Renminbi into foreign currencies. The value of Renminbi is subject to changes in central government policies and international economic and political developments affecting supply and demand in the China Foreign Exchange Trading System market. We do not believe that we currently have any significant direct foreign exchange risk and have not used any derivative financial instruments to hedge our exposure to such risk.

Since our inception, we have raised funds through various rounds of offshore financings and received proceeds of such financings in U.S. dollars, HK dollars and Renminbi. We convert a portion of those funds to Renminbi immediately and place the remaining amount in time deposits. We convert additional amounts to Renminbi as needed. The value of the Renminbi against the U.S. dollar and other currencies may fluctuate and is affected by, among other things, changes in China's political and economic conditions. To the extent that we need to convert U.S. dollars or other currencies we have received in previous financings into Renminbi for our operations, or if any of our arrangements with other parties are denominated in U.S. dollars and need to be converted into Renminbi, appreciation of the Renminbi against the U.S. dollar or other currencies would have an adverse effect on the Renminbi amount we receive from the conversion. Conversely, if we decide to convert Renminbi into U.S. dollar or other currencies for business purposes, appreciation of the U.S. or HK dollar against the Renminbi would have a negative effect on the U.S. dollar or other currencies amounts available to us. We have conducted a sensitivity analysis to determine our exposure to changes in foreign currency rate.

The following table details the Group's sensitivity to a 5% increase and decrease in functional currencies of the relevant group entities against foreign currencies, with which the Group may have a material exposure. 5% represents management's assessment of the reasonably possible change in foreign exchange rate. The sensitivity analysis uses outstanding foreign currency denominated monetary items as a base and adjusts their translation at the end of the Reporting Period for a 5% change in foreign currency rates. A negative number below indicates a decrease in profit/increase in loss where functional currencies strengthen 5% against foreign currencies. For a 5% weakening of functional currencies against foreign currencies, there would be an equal and opposite impact on profit for the year.

	As of December 31,	
	2025	2024
	RMB'000	*RMB'000*
Impact on profit or loss		
US$	**(1,674)**	(6,441)
HK$	**(3,011)**	(2,191)
MOP$	**(41)**	**–**
RMB	**(5)**	**–**

Interest rate risk

The Group is primarily exposed to fair value interest rate risk in relation to fixed-rate bank borrowings, lease liabilities, pledged bank deposits and bank balances. The Group currently does not have an interest rate hedging policy to mitigate interest rate risk. Nevertheless, the management monitors interest rate exposure and will consider hedging significant interest rate risk should the need arise.

The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on bank balances. The Directors consider that the exposure of cash flow interest rate risk arising from variable-rate bank balances is insignificant, therefore no sensitivity analysis on such risk has been prepared.

Liquidity risk

As of December 31, 2025 and 2024, we recorded net current assets of RMB1,086.2 million and RMB1,006.2 million, respectively. In the management of the liquidity risk, we monitor and maintain a level of cash and cash equivalents deemed adequate by our management to finance our operations and mitigate the effects of fluctuations in cash flows.

Key financial ratios

The following table sets forth our key financial ratios as of the dates indicated:

	As of December 31,	
	2025	2024
Current ratio[1]	**6.2**	4.0
Quick ratio[2]	**5.6**	3.7
Gearing ratio[3]	**30.0%**	NM

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

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

3. Gearing ratio represents liability divided by equity as of the same date. Liability is defined as short term loan, long term loan and lease liabilities (excluding trade and other payables, deferred income and contract liability). Equity includes all capital and reserves of the Group. Gearing ratio is not meaningful as our equity was negative as of December 31, 2024.

The current ratio as of December 31, 2025 increased by 2.2 compared with that as of December 31, 2024, and the quick ratio as of December 31, 2025 increased by 1.9 compared with that as of December 31, 2024, which was mainly due to the decrease of short-term loan caused by our financing strategy.

Charge of the Group's assets

Save as disclosed in this announcement, the Group had no charge of the Group's assets as at 31 December 2025.

Capital commitments

The following table sets forth our capital commitments as of the dates indicated:

	As of December 31,	
	2025	2024
	RMB'000	*RMB'000*
Capital expenditure in respect of the acquisition of construction contracted for but not provided in the consolidated financial statements	**–**	2,117

Future plans for material investments or capital assets

As of December 31, 2025, we planned to continually invest in Shanghai Huasheng Inc, which was established at Shanghai Lingang Special Area for ensuring adequate dorzagliatin commercial supply and the source of funding is expected to come from internal resources and/or external borrowings, as considered appropriate by the management of the Company.

Contingent liabilities

Save as disclosed in this announcement, the Group had no material contingent liabilities as at 31 December 2025.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	NOTES	For the year ended December 31, 2025 RMB'000 (audited)	2024 RMB'000 (audited)
Revenue	4	**492,934**	255,892
Cost of sales		**(212,579)**	(131,168)
Gross profit		**280,355**	124,724
Other income	5	**1,263,914**	116,753
Other gains and losses	6	**(4,533)**	2,017
Selling and distribution expenses		**(165,453)**	(153,182)
Research and development expenses		**(145,322)**	(215,092)
Administrative expenses		**(114,462)**	(116,755)
Finance costs	7	**(8,146)**	(8,609)
Profit (loss) before tax	8	**1,106,353**	(250,144)
Income tax expense	9	**–**	–
Profit (loss) for the year		**1,106,353**	(250,144)
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss:			
– Exchange differences arising on translation of foreign operations		**475**	109
Total comprehensive income (expense) for the year		**1,106,828**	(250,035)
Earnings/(Loss) Per Share	11	***RMB***	*RMB*
Basic		**1.12**	(0.25)
Diluted		**1.10**	(0.25)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	NOTES	**As of December 31, 2025** ***RMB'000*** **(audited)**	As of December 31, 2024 *RMB'000* (audited)
Non-current assets			
Plant and equipment		**30,233**	38,195
Right-of-use assets	*13*	**79,840**	91,466
Intangible assets		**22,589**	26,066
Trade and other receivables	*15*	**38,387**	35,069
Amount due from a director		**2,259**	–
		173,308	190,796
Current assets			
Inventories	*14*	**121,667**	126,672
Trade and other receivables	*15*	**82,471**	61,164
Restricted bank deposits		**–**	8,907
Bank balances and cash	*16*	**1,092,288**	1,139,753
		1,296,426	1,336,496
Current liabilities			
Trade and other payables	*17*	**161,608**	116,694
Borrowings	*18*	**30,610**	98,275
Lease liabilities		**18,049**	17,262
Contract liabilities		**–**	95,654
Deferred income		**–**	2,386
		210,267	330,271
Net current assets		**1,086,159**	1,006,225
Total assets less current liabilities		**1,259,467**	1,197,021
Non-current liabilities			
Borrowings	*18*	**220,556**	138,736
Lease liabilities		**32,458**	45,906
Contract liabilities		**–**	1,147,845
		253,014	1,332,487
Net assets (liabilities)		**1,006,453**	(135,466)

	As of December 31, 2025 ***RMB'000*** **(audited)**	As of December 31, 2024 *RMB'000* (audited)
Capital and reserves		
Share capital	**7,221**	7,214
Treasury shares held in trust	**(411)**	(492)
Reserves	**999,643**	(142,188)
Total equity (deficit)	**1,006,453**	(135,466)

1. General information

The Company was established in the Cayman Islands as an exempted company with limited liability on November 10, 2009, and its shares are listed on The Stock Exchange of Hong Kong Limited on September 14, 2018 (the "**Listing Date**"). The address of the registered office is PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The principal place of business of the Company is Building 2, Lane 36, Xuelin Road, Pudong New Area, Shanghai 201203, PRC.

The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as "**Group**") are principally engaged in development and commercialization of a global first-in-class oral drug, dorzagliatin or HMS5552, for the treatment of Type 2 diabetes.

2. Basis of preparation of the consolidated financial statements

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and complied with the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis at the end of each reporting period.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The functional currency of the Company is Renminbi, which is the same as the presentation currency of the consolidated financial statements.

3. Segment information

For the purpose of resources allocation and performance assessment, the Group's chief executive officer, being the chief operating decision maker, reviews 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 reportable segment and no further analysis of this single segment is presented.

All revenue from external customers are all derived from the PRC and all non-current assets of the Group are located in the PRC.

Revenue from customer of the corresponding years contributing over 10% of the total sales of the Group is as follows:

	For the year ended December 31,	
	2025	2024
	RMB'000	*RMB'000*
	(audited)	(audited)
Customer A	**162,469**	91,383
Customer B	**103,919**	49,928
Customer C	**74,444**	39,984

4. Revenue

The following is an analysis of the Group's revenue:

(i) Disaggregation of revenue from contracts with customers

	For the year ended December 31,	
	2025	2024
	RMB'000	*RMB'000*
	(audited)	(audited)
At a point in time		
Sales of pharmaceutical products	**492,844**	255,873
Service income	**90**	19
	492,934	255,892

(ii) Performance obligations for contracts with customers and revenue recognition policies

For the sale of pharmaceutical products, revenue is recognized when control of the goods has transferred, being when the goods have been delivered to the customer's specific location and received by the customer. Following delivery, the customers have the primary responsibility when selling the goods and bears the risks of obsolescence and loss in relation to the goods. A receivable is recognized by the Group when the goods are delivered to customers as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due. The normal credit term is 60 days upon invoice. Customers can only return or request refund if the goods delivered do not meet required quality standards. Therefore, the probability of the significant reversal in revenue in relation to sales return in the future is remote.

Where a contract includes a consideration payable to customers, sales are limited to the amount the Group expects to receive for the fulfillment of performance obligations. Sales are therefore reduced by actual and expected sales deductions resulting from rebates. The Group determines the best estimate of the variable consideration based on specific contractual terms and historical experience.

5. Other income

	For the year ended December 31,	
	2025	2024
	RMB'000	*RMB'000*
	(audited)	(audited)
Interest income	**11,487**	13,438
Government grants and subsidies *(Note a)*		
– Assets-related grants	**2,386**	2,727
– Income-related grants	**6,542**	4,934
Release of contract liabilities upon termination of service agreement *(Note b)*	**1,243,499**	**–**
Amortization of payments received for exclusive promotion rights granted *(Note b)*	**–**	95,654
	1,263,914	116,753

5. Other income (continued)

Note a: The amount mainly represents 1) government grant related to income received as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable; and 2) amortization of subsidies received from the PRC local government authorities to subsidize the purchase of the Group's leasehold improvement, furniture, fixture and equipment.

Note b: On August 17, 2020, the Group entered into an exclusive promotion service agreement ("Agreement") with Bayer Healthcare Company Limited ("Bayer") under which the Group granted the exclusive promotion rights on dorzagliatin. Pursuant to the Agreement, the Group is entitled to a non-refundable upfront payment and additional milestone payments, while the counterparty receives the exclusive rights to commercialize the product in China and will receive tiered service fee based on the net sales. The Group served a formal notice of termination on the Agreement to Bayer in accordance with the early termination right of the Group agreed in the Agreement with effect from January 1, 2025. As a result, the outstanding contract liabilities upon such termination of RMB1,243,499,000 are recognized as other income immediately.

6. Other gains and losses

Other gains and losses mainly represent the foreign exchange gains and losses during the years ended December 31, 2025 and 2024.

7. Finance costs

	For the year ended December 31,	
	2025	2024
	RMB'000	*RMB'000*
	(audited)	(audited)
Interest on lease liabilities	**1,864**	1,623
Interest on borrowings	**6,282**	6,986
	8,146	8,609

8. Profit/(loss) before tax

Profit/(loss) before tax for the period has been arrived at after charging:

	For the year ended December 31,	
	2025	2024
	RMB'000	*RMB'000*
	(audited)	(audited)
Depreciation of plant and equipment	**10,174**	11,408
Depreciation of right-of-use assets	**18,817**	19,639
Amortization of intangible assets	**3,477**	3,536
Total depreciation and amortization	**32,468**	34,583
Staff costs (including directors' emoluments):		
– Salaries and other benefits	**195,947**	145,368
– Retirement benefit scheme contributions	**12,943**	8,815
– Other social security and housing provident fund	**18,409**	5,806
– Share-based payment	**12,186**	11,841

8. Profit/(loss) before tax (continued)

	For the year ended December 31,	
	2025	2024
	RMB'000	*RMB'000*
	(audited)	(audited)
	239,485	171,830
Capitalized in inventories	**740**	(3,271)
	240,225	168,559
Auditors' remuneration		
– Audit services	**2,129**	2,186
– Non-audit services	**821**	800
	2,950	2,986
Inventories recognized as cost	**161,823**	101,032
Inventories recognized as expenses	**670**	1,587

9. Income tax expense

The Company was incorporated in the Cayman Islands and is exempted from income tax.

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 during the reporting period.

Under the Law of the PRC of Enterprise Income tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the Group's PRC subsidiaries is 25% during the reporting period, except for Hua Medicine (Shanghai) Ltd.

Hua Medicine (Shanghai) Ltd has been certified as a "High and New Technology Enterprise" by the Science and Technology Committee of Shanghai and relevant authorities on December 14, 2022 for a term of three years from 2022 to 2025, and registered with the PRC tax authorities for enjoying a reduced 15% EIT rate. Accordingly, the profits derived by Hua Medicine (Shanghai) Ltd is subject to 15% EIT rate for the year ended December 31, 2025. The qualification as a High and New Technology Enterprise will be subject to review by the PRC tax authorities every three years. As of December 31, 2025, the new qualification has been obtained from by the Science and Technology Committee of Shanghai.

The subsidiary incorporated in the United States is subject to Federal and State Income taxes. The effective combined income tax rate is 21% for the year ended December 31, 2025 (2024: 21%).

10. License agreement

In December 2011, the Group entered into a research, development and commercialization agreement ("**GKA Agreement**") with Hoffman-La Roche Inc., and F. Hoffman-La Roche AG (collectively referenced as "**Roche**") under which Roche granted the Group an exclusive license of patent rights, know-how and regulatory filings with respect to a compound which is a glucokinase activator to research, develop and commercialize products ("**Licensed Product**") in the field of diabetes in the licensed territory ("**Licensed Territory**"). Pursuant to the GKA Agreement, the Group made US$2,000,000 non-refundable upfront payment to Roche in 2012.

In 2017, the Group made US$1,000,000 milestone payment to Roche upon the commencement of clinical trial Phase III in the PRC (excluding Hong Kong and Macau) for the Licensed Product.

In 2021, the Group made US$1,000,000 milestone payment to Roche upon NDA filing in the PRC (excluding Hong Kong and Macau) to the National Medical Products Administration.

10. License agreement (continued)

In 2022, the Group made US$3,000,000 milestone payments to Roche upon the achievement of development of the Licensed Product through new drug approval in the PRC (excluding Hong Kong and Macau).

The Group is further obligated to make US$33,000,000 milestone payments upon the achievement of development of the Licensed Product through new drug approval in the Licensed Territory other than the PRC (excluding Hong Kong and Macau). Upon commercialization, the Group is contingently obligated to make US$15,000,000 milestone payments for the first time when the territory-wide calendar year net sales exceed US$500,000,000 and US$40,000,000 milestone payments for the first time when the territory-wide calendar year net sales exceed US$1,000,000,000. The Group is also obligated to make royalty payments at the applicable incremental royalty rate based on sales of the Licensed Product.

The payments are recognised as intangible assets. For the year ended December 31, 2025, the Group incurred amortisation cost of the license agreement of RMB2,792,000 (2024: RMB2,792,000).

11. Earnings/(loss) per share

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

Earnings/(loss) figures are calculated as follows:

	For the year ended December 31,	
	2025	2024
	RMB'000	*RMB'000*
	(audited)	(audited)
Earnings/(loss) for the year attributable to the owners of the Company for the purpose of basic and dilute earnings/(loss) per share	**1,106,353**	(250,144)

Number of shares:

	For the year ended December 31,	
	2025	2024
	(audited)	(audited)
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	**988,070,530**	981,392,196
Effect of dilutive potential ordinary shares:		
Options	**16,212,974**	–
Weighted average number of ordinary shares for the purpose of diluted earnings/(loss) per share	**1,004,283,504**	981,392,196

The computation of diluted earnings per share for the year ended December 31, 2025 is based on weighted average number of shares assumed to be in issue after taking into account the effect of share options issued by the Company (For the year ended December 31, 2024: did not assume the exercise of share options since their assumed exercise would result in a decrease in loss per share).

12. Dividends

No dividends were paid or declared by the Company during the years ended December 31, 2025 and 2024.

13. Right-of-use assets

The Group entered into several lease modifications agreements for the use of leased properties for one to three years, and the net book value of right-of-use assets as of December 31, 2025 and 2024 is RMB79,840,000 and RMB91,466,000.

14. Inventories

	As of December 31, 2025 ***RMB'000*** **(audited)**	As of December 31, 2024 *RMB'000* (audited)
Raw materials and consumables	**54,910**	82,680
Work in progress	**26,307**	534
Finished goods	**40,450**	43,458
	121,667	126,672

15. Trade and other receivables

	As of December 31, 2025 ***RMB'000*** **(audited)**	As of December 31, 2024 *RMB'000* (audited)
Trade receivables	**74,830**	34,388
Prepayments for research and development services	**1,045**	4,056
Prepayments for sales and marketing services	**1,447**	–
Prepayment for raw materials and manufacture services		
– current	**178**	26
– non-current	**28,000**	28,000
Utility and rental deposits		
– current	**195**	515
– non-current	**7,184**	4,614
Value add tax ("**VAT**") recoverable		
– current	**–**	17,594
– non-current	**3,203**	2,455
Interest receivables	**373**	287
Other receivables for considerations of options exercised	**454**	11
Others		
– current	**3,949**	4,287
	120,858	96,233
Analysis as		
– current	**82,471**	61,164
– non-current	**38,387**	35,069
	120,858	96,233

15. Trade and other receivables (continued)

The Group allows an average credit period of 60 days to its trade customers. The following is an aged analysis of trade receivables, presented based on invoice date:

	As of December 31, 2025 ***RMB'000*** **(audited)**	As of December 31, 2024 *RMB'000* (audited)
0-60 days	**74,830**	34,388

As at 1 January 2024, trade receivables from contracts with customers amounted to RMB 637,000.

The Group maintains adequate credit policy to access the credit quality of the customers and closely monitored to minimize any credit risk associated with the trade debtors. The Group's customers have strong financial capacity.

16. Bank balances and cash

Bank balances and cash comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. The short term bank deposits carry interests at market rates which ranged from 0.00% to 3.12% as of December 31, 2025 (2024: 0.00% to 4.62%) per annum.

17. Trade and other payables

	As of December 31, 2025 ***RMB'000*** **(audited)**	As of December 31, 2024 *RMB'000* (audited)
Trade payables	**81,650**	**63,722**
Other payables	**11,583**	**4,220**
Construction expenditure payables	**2,018**	**7,352**
Payroll and bonus payables	**55,076**	**37,571**
Interest Payable	**436**	**330**
Value add tax ("**VAT**") payable	**4,864**	**–**
Others	**5,981**	**3,499**
	161,608	**116,694**

The average credit period on purchases of goods/services ranges up to 60 days.

17. Trade and other payables (continued)

The aging analysis of the trade payables presented based on the invoice dates at the end of reporting period is as follows:

	As of December 31, 2025 ***RMB'000*** **(audited)**	As of December 31, 2024 *RMB'000* (audited)
Uninvoiced or within 30 days	**81,526**	63,722
31 to 60 days	**124**	–
	81,650	63,722

Analysis of trade and other payables denominated in currency other than the functional currencies of the relevant group entities is set out below:

	As of December 31, 2025 ***RMB'000*** **(audited)**	As of December 31, 2024 *RMB'000* (audited)
US$	**–**	414
HK$	**17**	–

18. Borrowings

During the year ended December 31, 2025, the Group obtained new bank loans amounting to RMB112,430,000 (year ended December 31, 2024: RMB133,150,000). The variable-rate borrowings carry interest rates which are linked with Loan Prime Rate ("**LPR**"), ranged from 2.75% to 3.30%, and are repayable in instalments over a period of one to three years. The proceeds were used for daily operations.

Other information

Purchase, sale or redemption of the Company's listed securities

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)) during the year ended December 31, 2025. As at December 31, 2025, the Company did not hold any treasury shares (as defined under the Listing Rules).

Employees and remuneration policy

As at December 31, 2025, the Group employed a total of 328 employees, as compared to a total of 168 employees as at December 31, 2024. The majority of the employees are employed in mainland China. For the year ended December 31, 2025, staff costs (including Directors' emoluments but excluding any contributions to pension scheme) were approximately RMB208.1 million as compared to RMB157.2 million for the year ended December 31, 2024.

The Group will continue to offer competitive remuneration packages, discretionary share options and bonuses to staff. The Group's employee remuneration policy is determined by taking into account factors such as remuneration in respect of the overall remuneration standard in the industry and employee's performance. The management reviews the Group's employee remuneration policy and agreements on a regular basis. Moreover, the social insurance contributions are made by the Group for its PRC employees in accordance with the relevant PRC regulations.

The Group also provides continuous learning and training programs to its employees to enhance their skills and knowledge, so as to maintain their competitiveness and improve their working efficiency. The Group did not experience any major difficulties in recruitment, nor did it experience any material loss in manpower or any material labor dispute during the year ended December 31, 2025.

The Company has also adopted a Pre-IPO Share Incentive Scheme and a Post-IPO Share Option Scheme. Please refer to the Company's annual and interim reports for further details.

Use of net proceeds from the Global Offering

The Shares were listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on September 14, 2018. The net proceeds from the Global Offering have been applied according to the intentions set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus.

All net proceeds from the Listing had been fully utilised by end of year 2024 in accordance with the business objectives as disclosed in the Prospectus.

Final dividend

The Board has resolved not to declare any final dividend for the year ended December 31, 2025 (December 31, 2024: NIL).

Securities transactions by the Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as the guidelines for regulating the directors' dealings in the securities of the Company. Specific enquiry has been made to each Director and all Directors have confirmed that they have complied with the applicable standards set out in the Model Code throughout the year ended December 31, 2025.

Corporate governance

The Company is committed to maintaining high standard of corporate governance to safeguard the interests of the Shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company has adopted the code provisions set out in the Corporate Governance Code (the "**CG Code**") as set out in Appendix C1 to the Listing Rules as its own code of corporate governance.

The Board is of the view that the Company has complied with all applicable code provisions of the CG Code throughout the year ended December 31, 2025. The Board will review the corporate governance structure and practices from time to time and shall make necessary arrangements when the Board considers appropriate. In particular, the Company notes that the Corporate Governance Code was revised on 1 July 2025, under which code provision B.3.5 provides that issuers should appoint at least one director of a different gender to the nomination committee. The Company is in process of making relevant arrangements and intends to appoint a female director to its nomination committee by mid-2026 and make an announcement in accordance with the Listing Rules accordingly.

Changes to information in respect of the Directors

Mr. Robert Taylor Nelsen had resigned as independent director of Lyell Immunopharm, a company listed on NASDAQ (stock code: LYEL), with effect from May 15, 2025. He also had resigned as a director of Vir Biotechnology Inc., a company listed on NASDAQ (stock code: VIR), with effect from May 29, 2025.

Dr. Fangxin Li had resigned as the non-executive director and a member of the Remuneration Committee of Hua Medicine with effect from June 25, 2025.

Mr. Yiu Leung Andy Cheung had been re-designated from a member to the chairman of the Audit Committee of Genscript Biotech Corporation, a company listed on the Stock Exchange (stock code: 1548), with effect from May 29, 2025.

Mr. William Robert Keller had resigned as a non-executive director of Cathay Biotech Inc., an industrial biotechnology company listed on the Shanghai Stock Exchange's STAR market (stock code: SS688065.SS), with effect from August 28, 2025.

Mr. Yiu Wa Alec Tsui had resigned as an independent director of ATA Creativity Global, a company listed on NASDAQ (stock code: AACG), with effect from February 2, 2026.

Save as disclosed above, there were no other changes to the information required to be disclosed by the Directors pursuant to Rule 13.51B of the Listing Rules.

Review of annual results

The consolidated financial results of the Group for the year ended December 31, 2025 has been audited by the Company's auditor, Deloitte Touche Tohmatsu, and reviewed by the audit committee of the Company, which consists of Mr. Yiu Leung Andy Cheung, Mr. William Robert Keller and Mr. Yiu Wa Alec Tsui.

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 this announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on this announcement.

Annual general meeting and closure of register of shareholders

The annual general meeting ("**AGM**") of the Company is scheduled to be held on June 25, 2026. A notice convening the AGM will be published and dispatched to the shareholders of the Company in the manner required by the Listing Rules in due course.

For determining the entitlement to attend and vote at the AGM, the register of shareholders of the Company will be closed from June 22, 2026 to June 25, 2026, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the AGM, all transfer of shares of the Company, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong share registrar, Tricor Investor Services Limited, located at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 pm on June 18, 2026. The record date for determining the entitlement to attend and vote at the AGM is June 25, 2026.

Publication of the annual results and 2025 annual report on the websites of the Stock Exchange and the Company

This annual results announcement is published on the respective websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.huamedicine.com). The Company's annual report for the year ended December 31, 2025 containing all the information required under the Listing Rules will be published on the respective websites of the Stock Exchange and the Company and will be dispatched to the shareholders of the Company (if requested) in due course.

By Order of the Board
Dr. Li Chen
Chief Executive Officer
and
Executive Director

Hong Kong, March 26, 2026

As at the date of this announcement, the Board comprises Dr. Li Chen, Mr. George Chien Cheng Lin and Dr. Yi Zhang as executive Directors; Mr. Robert Taylor Nelsen as non-executive Director; and Mr. William Robert Keller, Mr. Yiu Wa Alec Tsui and Mr. Yiu Leung Andy Cheung as independent non-executive Directors.