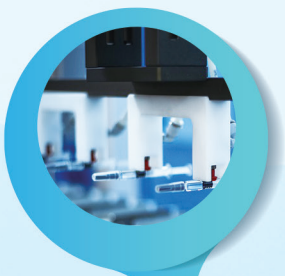
BAO PHARMA

上海寶濟藥業股份有限公司

Shanghai Bao Pharmaceuticals Co., Ltd.

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

Stock Code : 2659



2025

Annual Report

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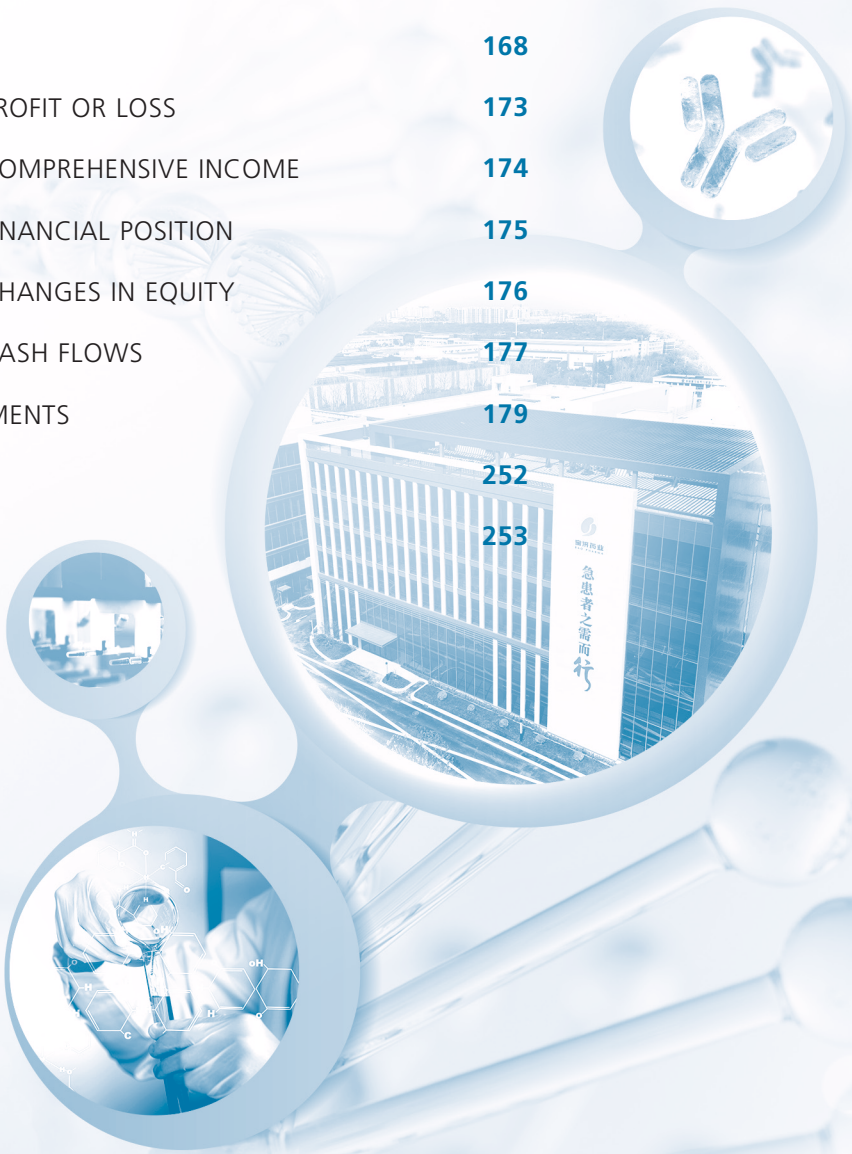


COMPANY PROFILE

Shanghai Bao Pharmaceuticals Co., Ltd. (上海寶濟藥業股份有限公司) (the "**Company**", together with its subsidiary, the "**Group**") is a biotechnology company with an approved product and a diverse clinical pipeline, leveraging synthetic biology technology to develop and deliver recombinant biologic drugs in China, targeting conditions with limited treatment options and complex manufacturing challenges.

Founded in 2019, we strategically focused on four areas: (i) large-volume subcutaneous (SC) drug delivery; (ii) antibody-mediated autoimmune conditions; (iii) assisted reproduction; and (iv) recombinant biologic products. Our pipeline primarily consists of 12 self-developed product candidates, comprising three Core Products (KJ017, KJ103 and SJ02, five other clinical-stage candidates (KJ101, KJ015, BJ007, BJ009 and SJ04), and four preclinical assets (BJ044, BJ045, BJ047 and BJ008). Our Core Products comprise: (i) SJ02, a long-acting recombinant human follicle-stimulating hormone carboxyl-terminal peptide fusion protein (FSH-CTP) for assisted reproduction, intended for controlled ovarian stimulation, stimulation of multiple follicular development, and promotion of ovulation, received NDA approval from the NMPA in August 2025 under the approved drug name Corifollitropin alfa N01 Injection (Slonva® (晟諾娃®)); (ii) KJ017, a recombinant human hyaluronidase at NDA stage intended for large-volume SC delivery (as combination therapy), treatment of body fluid loss due to various causes (as monotherapy), and facilitation of SC fluid administration (as combination therapy); and (iii) KJ103, an innovative recombinant immunoglobulin G (IgG)-degrading enzyme, intended for desensitization before kidney transplantation and pathological IgG-mediated autoimmune diseases, which has completed a Phase III clinical trial for its most progressed indication.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Dr. Liu Yanjun (劉彥君) *(Chairman of the Board)*
Ms. Wang Zheng (王徵) *(Chief Executive Officer)*
Mr. Tan Jingwei (譚靖偉)
Ms. Li Cui (李翠)

Non-executive Directors

Ms. Lin Chia-Ling (林佳陵)
Mr. Diao Juanhuan (刁雋桓)
Mr. Li Chen

Independent Non-executive Directors

Mr. Cai Zhongxi (蔡仲曦)
Dr. Zeng Fanyi (曾凡一)
Dr. Ju Dianwen (鞠佃文)
Mr. Zhang Senquan (張森泉)

AUDIT COMMITTEE

Mr. Zhang Senquan (張森泉) *(Chairperson)*
Dr. Ju Dianwen (鞠佃文)
Mr. Diao Juanhuan (刁雋桓)

REMUNERATION COMMITTEE

Dr. Ju Dianwen (鞠佃文) *(Chairperson)*
Ms. Wang Zheng (王徵)
Mr. Zhang Senquan (張森泉)

NOMINATION COMMITTEE

Dr. Liu Yanjun (劉彥君) *(Chairperson)*
Dr. Zeng Fanyi (曾凡一)
Mr. Cai Zhongxi (蔡仲曦)

STRATEGY COMMITTEE

Dr. Liu Yanjun (劉彥君) *(Chairperson)*
Ms. Li Cui (李翠)
Ms. Lin Chia-Ling (林佳陵)
Mr. Li Chen
Mr. Cai Zhongxi (蔡仲曦)

SUPERVISORS

Mr. Lou Junwen (樓俊文)
Mr. Cheng Yu (成裕)
Ms. Cai Qingqing (蔡清清)

JOINT COMPANY SECRETARIES

Ms. Li Cui (李翠)
Ms. Fong Christine Haiman (方希琳) *(An associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom)*

AUDITOR

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor under the Accounting and Financial Reporting Council Ordinance
27/F, One Taikoo Place
979 King's Road
Quarry Bay
Hong Kong

CORPORATE INFORMATION

STOCK CODE

2659

WEBSITE

www.baopharma.com

LISTING DATE

December 10, 2025

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1919, 19/F, Lee Garden One
33 Hysan Avenue Causeway Bay
Hong Kong

AUTHORIZED REPRESENTATIVES

Dr. Liu Yanjun (劉彥君)
Ms. Fong Christine Haiman (方希琳)

H SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
17M/F, Hopewell Centre,
183 Queen's Road East
Wan Chai
Hong Kong

PRINCIPAL BANKS

Shanghai Rural Commercial Bank (Songjiang Science and Technology City Sub-branch)
China Merchants Bank Tower
Room 103-2, Building 31
No. 258 Xinzhuan Highway, Songjiang District
Shanghai
PRC

Shanghai Pudong Development Bank (Baoshan Sub-branch)
No. 1283 Mudanjiang Road, Baoshan District
Shanghai
PRC

REGISTERED OFFICE, HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

No. 28 Luoxin Road, Baoshan District
Shanghai
PRC

COMPLIANCE ADVISOR

Rainbow Capital (HK) Limited
Office No. 710, 7/F, Wing On House
71 Des Voeux Road Central
Hong Kong

CHAIRMAN'S STATEMENT

Dear Shareholders,

I hereby represent the Board of Directors of the Company to thank you for your long-standing trust and support in the Company.

Time flies, bringing a year of fruitful achievements. Looking back, 2025 marked a milestone year in the development history of the Company. Not only were we successfully listed on the Main Board of the Hong Kong Stock Exchange, earning the high recognition of global capital markets through their stringent scrutiny, but we also took a solid and crucial step forward in upgrading our manufacturing capabilities. As a company deeply rooted in the North Shanghai Biopharmaceutical Industrial Park in Baoshan District, we have consistently aligned ourselves with the national strategy of "high-quality development of the manufacturing industry" by efficiently translating Shanghai's advantages in technological innovation into industrial practices of high-quality manufacturing.

Over the past year, driven by clinical value, we "responded to urgent patient needs" and achieved breakthroughs across a range of differentiated and innovative products. Our long-acting recombinant human follicle-stimulating hormone, SJ02 (Corifollitropin alfa N01 Injection (Slonva® (晟諾娃®))), was successfully approved for launch in China. Its once-a-week dosing regimen has significantly improved the treatment experience for women undergoing assisted reproduction, redefining the clinical treatment landscape. Meanwhile, our globally leading recombinant IgG-degrading enzyme, KJ103, demonstrated exceptional efficacy and safety in the desensitization before kidney transplantation and the treatment of anti-GBM disease, achieving a 100% success rate in Phase II/III clinical trials. In particular, the NDA for the desensitization before kidney transplantation indication is expected to be submitted this year, bringing renewed hope to countless highly sensitized patients. Notably, our core product, recombinant human hyaluronidase, KJ017 is poised to become China's first approved recombinant human hyaluronidase in the first half of 2026, breaking foreign technological barriers and opening up new possibilities for large-volume subcutaneous drug delivery in the domestic market.

CHAIRMAN'S STATEMENT

Looking ahead to 2026, we stand at a new starting point, transitioning from an "R&D-driven" company to one that "balances R&D, manufacturing and rapid commercialization". We remain steadfast in advancing our core strategy of "replacing biochemical extraction with large-scale genetic engineering". This is our fundamental path to achieving "industry-leading total cost position" and building core competitiveness, as well as our solemn commitment to upholding the high-quality reputation of Chinese pharmaceuticals. The world's first recombinant human chymotrypsin (KJ101) and recombinant human ulinastatin (BJ044), both currently under development, serve as compelling examples of this strategy. These products are designed not only to address long-standing biosafety concerns associated with traditional biochemical extraction, such as viral contamination and significant batch-to-batch variations, but also to achieve a "generational upgrade" in drug quality by leveraging the advanced manufacturing capabilities of our synthetic biology platform. This will provide safer, more effective and more accessible generic drugs to patients in China and worldwide.

We recognize that realizing this grand vision relies on the hard work of every employee, the strong support of our partners and the ongoing trust and companionship of the Shareholders. We will continue to enhance our commercial-scale manufacturing capabilities and international quality management systems, accelerate pipeline development across four major strategic areas, and actively expand its global presence. By adhering to the "first principles" of science to solve challenges in the industry, we are committed to becoming a highly influential global leader in synthetic biology and recombinant biopharmaceuticals, setting a new international benchmark for "Made in China".

The road ahead is broad, and the future holds great promise. Let us move forward together, driving industrial upgrades through original innovation and safeguarding health with high-quality medicines.

Shanghai Bao Pharmaceuticals Co., Ltd.
Dr. Liu Yanjun
Chairman of the Board and Executive Director

BUSINESS HIGHLIGHTS

During the Reporting Period and up to the date of the Annual Results Announcement, we continued rapidly advancing the development of our drug pipeline, including the following milestones and achievements:

Progress of Our Products

Progress of Core Products

- *KJ017 (Recombinant Human Hyaluronidase)*

  - KJ017 is the most clinically advanced recombinant human hyaluronidase in China. We are advancing KJ017 as a single drug towards commercial launch in China, for the facilitation of large-volume SC delivery of crystalloid solution as an alternative to IV infusion, body fluid loss due to various causes, and facilitation of SC fluid administration. We have submitted the NDA application of KJ017 to the NMPA in 2024 and is expected to receive the NDA approval in the first half of 2026.

  - We passed the NMPA GCP inspection of the hospital conducting the KJ017 clinical trial in January 2025. In February 2025, we cleared the NMPA pre-approval GMP compliance inspection for KJ017. In March 2025, the bioanalytical laboratory participating in the trial also passed the NMPA GCP inspection. In May 2025, we filed the KJ017 DMF with the FDA.

  - As of the date of the Annual Results Announcement, we had established formal collaboration partnerships with multiple pharmaceutical and biotechnology companies (including, among others, WuXi Biologics (2269.HK), Qyuns (2509.HK), Shanghai RAAS (002252.SZ), and Sumgen) to co-develop subcutaneous formulations. We continue to proactively expand our collaboration ecosystem and have formulated business development plans with more than ten potential partners at various stages of discussion. Under our typical collaboration model, we continuously supply our recombinant human hyaluronidase product as an excipient and provide related technical services, while our partners independently fund the development of subcutaneous formulations used in combination with their product candidates.

    - In January 2025, we entered into a strategic cooperation agreement with WuXi Biologics (Shanghai) Co., Ltd. (上海藥明生物技術有限公司), a wholly-owned subsidiary of WuXi Biologics (2269.HK), in relation to the supply, manufacturing and licensing of recombinant human hyaluronidase. Pursuant to the agreement, the Company and WuXi Biologics intend to achieve mutually beneficial cooperation in the application of recombinant human hyaluronidase for subcutaneous drug delivery, and to jointly pursue in-depth development of new business opportunities and expansion of new customer channels.

- In January 2026, we and Guangxi Laishi Biopharmaceutical Co., Ltd. (廣西萊士生物製藥有限公司), a wholly-owned subsidiary of Shanghai RAAS (002252.SZ), jointly announced that the parties had entered into a strategic cooperation in relation to the development of new blood product formulations based on hyaluronidase-enabled subcutaneous administration technology. Pursuant to the agreement, the parties will leverage the Company's subcutaneous drug delivery technology platform together with the leading strengths of Shanghai RAAS in the blood products sector to jointly develop novel blood product treatment solutions with enhanced convenience and improved patient friendliness, with the aim of improving patient compliance and optimizing the utilization of healthcare resources.

- *KJ103 (Recombinant IgG-Degrading Enzyme)*

  - KJ103 is the first and only low-immunogenic IgG-degrading enzyme to reach the registrational clinical stage globally, and has obtained Breakthrough Therapy Designation ("**BTD**") from the NMPA both as a desensitization therapy in kidney transplantation indication and for the treatment of anti-GBM disease. KJ103 is designed to target and degrade IgG antibodies in the blood and tissues, thereby inhibiting pathogenic IgG-mediated immune responses that cause various immunological conditions.

  - For desensitization before kidney transplantation indication, we initiated the Phase III trial in August 2025, completed enrollment for the Phase III kidney transplant study in December 2025 and completed the Phase III clinical trial in March 2026. For Anti-GBM Diseases indication, we have completed the Phase II clinical trial in October 2025 and initiated the Phase III study start-up meeting in January 2026 which is expected to formally commence the Phase III trial in the first half of 2026. For the GBS indication, we received the IND approval from the NMPA in April 2025 and initiated the Phase II trial in November 2025.

  - In the Phase II trial of KJ103 for anti-GBM diseases completed in October 2025, KJ103 achieved a 3 month overall survival was 100.0% and 66.7% of patients were dialysis independent with preserved renal function. At 6.0 months after KJ103 treatment, overall survival was 100.0% and 75.0% of patients were dialysis independent with preserved renal function. A comparative efficacy analysis versus historical data indicated that KJ103 demonstrated a clear clinical advantage. Historical data for patients receiving current standard intensive therapy showed 3.0-month overall survival of 81.2%, with only 30.6% of patients being dialysis independent with preserved renal function. KJ103 had a favorable safety profile, with no drug-related serious adverse events reported.

- *SJ02 (Slonva® (晟诺娃®)) (Long-acting Recombinant Human FSH-CTP)*

  - SJ02 is a long-acting recombinant human follicle-stimulating hormone carboxyl-terminal peptide fusion protein (FSH-CTP) designed for controlled ovarian stimulation in combination with a gonadotropin-releasing hormone antagonist approved in China. This treatment regimen effectively stimulates multiple follicular development in female undergoing superovulation or assisted reproductive technology (ART) procedures.

  - In China, we received the NDA approval for SJ02 in August 2025 and completed the delivery of the first order in November 2025. In July 2025, we entered into an exclusive sales agency agreement with an independent third party, Anhui Anke Biotechnology (Group) Co., Ltd. ("**ANKE BIO**," SZSE: 300009), an Independent Third Party, pursuant to which we granted ANKE BIO an exclusive right to market, sell, distribute, and promote SJ02 in Mainland China, Hong Kong, Macau, and Taiwan ("**Greater China**"), and accordingly, ANKE BIO acts as an exclusive CSO responsible for the commercialization of SJ02 in the same region. As of the date of the Annual Results Announcement, ANKE BIO has commenced actual commercial sales of SJ02 and is continuously advancing hospital admission and formulary inclusion procedures for the product.

Progress of Other Selected Clinical-Stage Products

- *KJ101 (Recombinant Human Chymotrypsin)*

  - KJ101 is a leading recombinant human chymotrypsin developed through synthetic biology in China. Chymotrypsin has exhibited a wide range of clinical applications, particularly in wound healing for burn injuries, traumatic injuries, surgical incision, pressure sores and diabetic foot ulcers, among others. Chymotrypsin, a proteolytic enzyme, has historically been extracted from bovine pancreas tissue, which poses challenges such as low yield, potential contamination and religious or ethical concerns. Built upon our proprietary green recombinant yeast fermentation technology, KJ101 provides a pure, safer and more scalable alternative with high expression levels. Furthermore, KJ101 offers superior biosafety profile, effectively addressing the viral contamination concerns inherent in biochemically extracted counterparts.

  - For the wound-healing indications of burns, trauma, surgical incisions, pressure ulcers, and diabetic foot ulcers, we received IND approval for KJ101 from the NMPA in February 2025 and initiated its Phase II clinical trial in July 2025.

  - For the indication expansion of KJ101 for the dissolution and removal of gastric mucus during gastroscopy, we submitted the IND application to the NMPA in December 2025 and received IND approval in March 2026.

BUSINESS HIGHLIGHTS

- *KJ015 (Bispecific Anti-HER2 Antibody (SC Formulations))*

  - KJ015 is an SC administration formulation of innovative bispecific anti-HER2 antibody derived from common light chain technology, which is designed to have two Fab arms with the common light chain forming near-native IgG1 structure.

  - We have received IND approval from NMPA for KJ015 in December 2024 and commenced the Phase I clinical trial in June 2025.

- *BJ007 (Ceftriaxone Sodium (SC Formulations))*

  - BJ007 is a SC administered ceftriaxone sodium for the treatment of bacterial infections. To date, there are no approved SC administered ceftriaxone sodium globally, and BJ007 is the first and only drug candidate of this class advanced into clinical stage. The innovation reduces the need for vascular access and use of long-term IV catheters, providing a more convenient, safer and lower cost administration option. BJ007 can thus offer the non-inferior therapeutic benefits without the risks, discomfort and costs associated with infusion lines that are routinely required for longer courses of ceftriaxone treatment, while also overcoming key treatment challenges for DIVA patients.

  - We received the IND approval from the NMPA in February 2025. Upon approval, we initiated a Phase I clinical trial for BJ007 (CTR20253085) in August 2025 and have completed the trial in January 2026.

- *BJ009 (Cefazolin Sodium (SC Formulations))*

  - BJ009 is designed as an innovative SC formulation of cefazolin sodium, a first-generation cephalosporin antibiotic that works by inhibiting bacterial cell wall synthesis, leading to cell lysis. Similar to intravenous cefazolin sodium, BJ009 has the potential to treat a wide range of infections caused by bacteria, including those affecting the skin, bone, joint, genital, blood, heart valve, respiratory tract, biliary tract, and urinary tract infections. Moreover, the SC administration of BJ009 may offer enhanced treatment experience, lower risks of complications and reduced treatment costs, suggesting its market potential.

  - We have submitted IND application for BJ009 in May 2025 and have received the IND approval from the NMPA in September 2025. Upon approval, we initiated a Phase I clinical trial for BJ009 (CTR20255246) in December 2025.

- *SJ04 (Recombinant Human Chorionic Gonadotropin)*

  - SJ04 is a recombinant human chorionic gonadotropin (hCG) and can be used in assisted reproductive procedures to accelerate follicle maturation and induce ovulation. Additionally, it is suitable for treating prepubertal cryptorchidism, male hypogonadotropic hypogonadism, luteal phase deficiency, and dysfunctional uterine bleeding. In female, SJ04 promotes follicular maturation and triggers ovulation, while facilitating the transformation of ruptured follicles into functional corpus luteum for enhanced progesterone secretion. Thus, it enhances endometrial development for improved reproductive outcomes in people with luteal phase deficiency and helps establish regular menstrual cycles through normalized hormonal patterns for people with dysfunctional uterine bleeding.

  - We obtained the IND approval from the NMPA for SJ04 in May 2024. Subsequently, we commenced a Phase I clinical trial for SJ04 in August 2024 in China and completed the Phase I clinical trial in September 2025.

Progress of Other Selected Preclinical-Stage Products

- *BJ044 (Recombinant Ulinastatin)*

  - We expect to submit IND application to the NMPA in the first half of 2026.

- *BJ045 (Anti-CD20 Antibody Resistant to Enzyme Degradation (SC Formulations))*

  - We expect to submit IND application to the NMPA in 2026.

- *BJ047 (Anti-CD154 Antibody Resistant to Enzyme Degradation (SC Formulations))*

  - We expect to submit IND application to the NMPA in 2026.

- *BJ008 (Cefoperazone Sodium and Sulbactam Sodium (SC Formulations))*

  - We expect to submit IND application to the NMPA in 2026.

Product Pipeline

The following diagram summarizes the development status of our selected drug candidates as of the date of the Annual Results Announcement:

	Candidate Drugs	Key Component	Regimen	Indications	Line(s) of treatment	Preclinical / IND / Phase I / Phase II / Phase III / NDA	Drug Classification	Current Status/Milestone	IND/NDA Application Number	Source	Commercial Rights
Subcutaneous Delivery	KJ017[1]	Recombinant Human Hyaluronidase[2] ★	Mono/Combo	Large-volume SC Delivery (Combo), Body Fluid Loss due to Various Causes (Mono), Facilitation of SC fluid administration (Combo) ▲	1L	NMPA	Biologics	Submitted NDA in June 2024; Expect to receive NDA approval in 2026 H1	CXSS2400095; CXSS2400096	Self-developed	Global
						EMA/FDA	Improved Formulation of Innovative Drug[4]	Preclinical stage; Expect to submit an IND application in 2026			
	BJ007[3]	Ceftriaxone Sodium (SC Formulations)	Mono	Bacterial Infection	1L	NMPA	Chemical Drug	Completed Phase I trial in January 2026; Expect to enter pivotal clinical trial in 2026 H1	CXHL2401399	Self-developed	Global
						FDA	Improved Formulation of Chemical Drug[4]	Prepare for IND application; Expect to submit IND application in 2026			
	BJ008[3]	Cefoperazone Sodium and Sulbactam Sodium (SC Formulations)	Mono	Bacterial Infection	1L	NMPA	Chemical Drug	Preclinical stage; Expect to submit IND application in 2026		Self-developed	Global
	BJ009[3]	Cefazolin Sodium (SC Formulations)	Mono	Bacterial Infection	1L	NMPA	Chemical Drug	Phase I trial stage; Expect to complete Phase I trial in 2026 H2	CXHL2500565	Self-developed	Global
	KJ015	Bispecific Anti-HER2 Antibody (SC Formulations)	Mono	Solid Tumors	1L	NMPA	Biologics	Phase I trial stage; Expect to complete Phase I trial in 2026 H2	CXSL2400672	Self-developed	Global
						FDA	Innovative Biologics[5]	Prepare for IND application; Expect to submit IND application in 2026 H1			
Antibody-mediated Auto-immune Diseases	KJ103[1]	Recombinant IgG-Degrading Enzyme ★	Mono	Desensitization before kidney transplantation 🏅 ▲	1L	NMPA	Biologics	Completed Phase III trial in March 2026; Expect to submit NDA application in 2026 H1; Received BTD from the NMPA in November 2024	CXSL2200266	Self-developed	Global
				Pathological IgG-mediated Autoimmune Diseases[6]	1L	FDA	Innovative Biologics[5]	Expect to submit an Orphan Drug Designation (ODD) application and a pre-Phase III IND application in 2026 H2	IND 160657		
				Anti-GBM Diseases 🏅	1L	NMPA	Biologics	Completed Phase II trial in October 2025 Expect to initiate Phase III trial in 2026 H1 ; Received BTD from the NMPA in July 2025	CXSL2400378		
				GBS	1L	NMPA	Biologics	Initiated Phase II trial in November 2025; Expect to complete the patient enrollment in 2026	CXSL2500128		
	BJ045	Anti-CD20 Antibody Resistant to Enzyme Degradation (SC Formulations)	Mono	Moderate-to-Severe Autoimmune Diseases	1L	NMPA	Biologics	Preclinical stage; Expect to submit IND application in 2026		Self-developed	Global
	BJ047	Anti-CD154 Antibody Resistant to Enzyme Degradation (SC Formulations)	Mono	Solid organ transplantation, Xenotransplantation, Autoimmune Disease (Lupus Nephritis and Multiple Sclerosis)	1L	NMPA	Biologics	Preclinical stage; Expect to submit IND application in 2026		Self-developed	Global
Assisted Reproduction	SJ02 (Slonva® (晟诺妥))[1,7]	Recombinant Human FSH-CTP ★	Mono	Controlled Ovarian Stimulation, Stimulating Multiple Follicular Development, Promoting Ovulation ▲	1L	NMPA	Biologics	Received NDA approval in August 2025	CXSS2400011; CXSS2400012	Self-developed	Global
						EMA	Biosimilar	Preclinical stage; Expect to submit IND application in 2026			
	SJ04	Recombinant Human Chorionic Gonadotropin	Mono	Stimulating Follicular Maturation, Inducing Ovulation and Luteinization	1L	NMPA	Biologics	Completed the Phase I trial in September 2025	CXSL2400176	Self-developed	Global
Synthetic Biology Upgrading Platform	KJ101	Recombinant Human Chymotrypsin	Mono	Wound Healing for Burn Injuries, Traumatic Injuries, Surgical Incision, Pressure Sores and Diabetic Foot Ulcers, etc.	1L	NMPA	Biologics	Phase II trial stage; Expect to complete Phase II trial in 2026 H1	CXSL2400781	Self-developed	Global
				The Dissolution and Removal of Gastric Mucus During Gastroscopy	1L	NMPA	Biologics	Received IND approval from the NMPA in March 2026; Expect to initiate Phase II trial in 2026 H2	CXSL2501119		
	BJ044	Recombinant Ulinastatin	Mono	Acute Pancreatitis, Chronic Recurrent Pancreatitis and Acute Circulatory Failure	1L	NMPA	Biologics	Preclinical stage; Expect to submit IND application in 2026 H1		Self-developed	Global

★ Core Product 🏅 Breakthrough Designation from the NMPA ▲ Lead Indication

Abbreviations: BTD = Breakthrough Therapy Designation; FSH-CTP = Follicle-stimulating hormone-carboxyl-terminal peptide; GBM = Glomerular Basement Membrane; GBS = Guillain-Barré syndrome; H1 = First Half; H2 = Second Half; IgG = Immunoglobulin G; SC = Subcutaneous.

Notes:

(1) We have remained the role as the sole sponsor responsible for funding each phase of KJ017's clinical development in China and expect to remain such role as the sole sponsor for KJ017's future clinical development in Europe and U.S.

(2) We have completed the pharmaceutical excipient registration in China and are advancing the registration progress globally. The DMF for KJ017 was successfully filed with the FDA in May 2025.

(3) The subcutaneous antibiotic formulation is developed based on the Chemical Drug Modification (Category 2.2) new administration route, with subsequent studies on area under the curve (AUC) equivalent and PK/PD.

(4) We have remained the role as the sole sponsor responsible for funding each phase of KJ103's clinical development in China and expect to remain such role as the sole sponsor for KJ103's future clinical development in U.S.

(5) We have remained the role as the sole sponsor responsible for funding each phase of SJ02's clinical development in China and expect to remain such role as the sole sponsor for SJ02's future clinical development in Europe.

(6) Pathological IgG-mediated Autoimmune Diseases refer to a group of disorders in which the immune system produces abnormal IgG antibodies that target the body's own cells, tissues, or organs.

(7) We entered into an exclusive sales agency agreement with ANKE BIO in July 2025, pursuant to which ANKE BIO acts as an exclusive CSO responsible for the commercialization of SJ02 in Greater China. Previously, we had entered into a license and commercialization agreement with Organon in September 2024 for an exclusive license to develop, manufacture and commercialize SJ02 for the fertility treatment to stimulate the development of eggs in the ovaries in humans in China, as well as an ancillary separate manufacturing and supply agreement for SJ02. The Organon Agreement, along with the ancillary manufacturing and supply agreement for SJ02, were terminated on the date of July 28, 2025 as specified in a termination notice provided by Organon on April 11, 2025. Following this termination, we regained full, global rights to develop, manufacture and commercialize SJ02. We are not obliged to return any payments received (including the first tranche of upfront payments received in 2024) or make any payments to Organon in respect of the termination of this agreement. Organon is not obliged to pay any termination fee or required to pay any future upfront, milestone or royalty payments to us under the agreement. No disputes or claims arose between Organon and us related to this termination. See "Business – Collaboration Agreement – License and Commercialization Agreement with Organon" in the Prospectus for more information.

(8) This definition is established under Section 505(b)(2) of the Federal Food, Drug, and Cosmetic Act.

(9) This definition is established under Section 351(a) of the Public Health Service Act.

FINANCIAL HIGHLIGHTS

	Year ended December 31,	
	2025	2024
	RMB'000	RMB'000
Research and development expenses	**(248,243)**	(250,727)
Administrative expenses	**(104,615)**	(107,636)
Loss for the year	**(395,302)**	(364,433)

Our research and development expenses decreased slightly by RMB2.5 million or 1.0% from RMB250.7 million in 2024 to RMB248.2 million in 2025. This decrease was primarily attributable to: (i) a RMB36.4 million reduction in share-based payment expenses associated with equity incentives granted to our R&D personnel, partially offset by (ii) a RMB28.3 million increase in trial and testing expenses as we advanced the ongoing clinical development of our drug candidates, and (iii) a RMB6.7 million increase in staff costs driven by the expansion of our R&D team.

Our administrative expenses decreased by RMB3.0 million or 2.8% from RMB107.6 million in 2024 to RMB104.6 million in 2025. This decrease was primarily due to the reduction in share-based payment expenses incurred from our grant of share incentives to management and administrative personnel.

	As at December 31, 2025	As at December 31, 2024
	RMB'000	RMB'000
Cash and cash equivalents	**1,241,609**	524,158
Total equity	**1,591,974**	995,876

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

Founded in 2019, we are a biotechnology company strategically focused on four areas: (i) large-volume subcutaneous (SC) drug delivery; (ii) antibody-mediated autoimmune conditions; (iii) assisted reproduction; and (iv) recombinant biologic products. Our pipeline primarily consists of 12 self-developed product candidates, comprising three Core Products (KJ017, KJ103 and SJ02 (Slonva® (晟诺娃®)), five other clinical-stage candidates (KJ101, KJ015, BJ007, BJ009 and SJ04), and four preclinical assets (BJ044, BJ045, BJ047 and BJ008). Our Core Products comprise: (i) SJ02 (Slonva® (晟诺娃®)), a long-acting recombinant human follicle-stimulating hormone carboxyl-terminal peptide fusion protein (FSH-CTP) for assisted reproduction, intended for controlled ovarian stimulation, stimulation of multiple follicular development, and promotion of ovulation, received NDA approval from the NMPA in August 2025; (ii) KJ017, a recombinant human hyaluronidase at NDA stage intended for large-volume SC delivery (as combination therapy), treatment of body fluid loss due to various causes (as monotherapy), and facilitation of SC fluid administration (as combination therapy); and (iii) KJ103, an innovative recombinant immunoglobulin G (IgG)-degrading enzyme, which has completed a Phase III clinical trial for its most progressed indication, intended for desensitization before kidney transplantation and pathological IgG-mediated autoimmune diseases such as anti-GBM disease and GBS.

Product Pipeline

The following diagram summarizes the development status of our selected drug candidates as of the date of the Annual Results Announcement:

	Candidate Drugs	Key Component	Regimen	Indications	Line(s) of treatment	Preclinical / IND / Phase I / Phase II / Phase III / NDA	Drug Classification	Current Status/Milestone	IND/NDA Application Number	Source	Commercial Rights
Subcutaneous Delivery	KJ017[1]	Recombinant Human Hyaluronidase[2] ★	Mono/Combo	Large-volume SC Delivery (Combo), Body Fluid Loss due to Various Causes (Mono), ▲ Facilitation of SC fluid administration (Combo)	1L	NMPA	Biologics	Submitted NDA in June 2024; Expect to receive NDA approval in 2026 H1	CXSS2400095; CXSS2400096	Self-developed	Global
						EMA/FDA	Improved Formulation of Innovative Drug[6]	Preclinical stage; Expect to submit an IND application in 2026			
	BJ007[3]	Ceftriaxone Sodium (SC Formulations)	Mono	Bacterial Infection	1L	NMPA	Chemical Drug	Completed Phase I trial in January 2026; Expect to enter pivotal clinical trial in 2026 H1	CXHL2401399	Self-developed	Global
						FDA	Improved Formulation of Chemical Drug[6]	Prepare for IND application; Expect to submit IND application in 2026			
	BJ008[3]	Cefoperazone Sodium and Sulbactam Sodium (SC Formulations)	Mono	Bacterial Infection	1L	NMPA	Chemical Drug	Preclinical stage; Expect to submit IND application in 2026		Self-developed	Global
	BJ009[3]	Cefazolin Sodium (SC Formulations)	Mono	Bacterial Infection	1L	NMPA	Chemical Drug	Phase I trial stage; Expect to complete Phase I trial in 2026 H2	CXHL2500565	Self-developed	Global
	KJ015	Bispecific Anti-HER2 Antibody (SC Formulations)	Mono	Solid Tumors	1L	NMPA	Biologics	Phase I trial stage; Expect to complete Phase I trial in 2026 H2	CXSL2400672	Self-developed	Global
						FDA	Innovative Biologics[6]	Prepare for IND application; Expect to submit IND application in 2026 H1			
Antibody-mediated Auto-immune Diseases	KJ103[4]	Recombinant IgG-Degrading Enzyme ★	Mono	Desensitization before kidney transplantation ◉ ▲	1L	NMPA	Biologics	Completed Phase III trial in March 2026; Expect to submit NDA application in 2026 H1; Received BTD from the NMPA in November 2024	CXSL2200266	Self-developed	Global
				Pathological IgG-mediated Autoimmune Diseases[6]	1L	FDA	Innovative Biologics[6]	Expect to submit an Orphan Drug Designation (ODD) application and a pre-Phase III IND application in 2026 H2	IND 160657		
				Anti-GBM Diseases ◉	1L	NMPA	Biologics	Completed Phase II trial in October 2025 Expect to initiate Phase III trial in 2026 H1 ; Received BTD from the NMPA in July 2025	CXSL2400378		
				GBS	1L	NMPA	Biologics	Initiated Phase II trial in November 2025; Expect to complete the patient enrollment in 2026	CXSL2500128		
	BJ045	Anti-CD20 Antibody Resistant to Enzyme Degradation (SC Formulations)	Mono	Moderate-to-Severe Autoimmune Diseases	1L	NMPA	Biologics	Preclinical stage; Expect to submit IND application in 2026		Self-developed	Global
	BJ047	Anti-CD154 Antibody Resistant to Enzyme Degradation (SC Formulations)	Mono	Solid organ transplantation, Xenotransplantation, Autoimmune Disease (Lupus Nephritis and Multiple Sclerosis)	1L	NMPA	Biologics	Preclinical stage; Expect to submit IND application in 2026		Self-developed	Global
Assisted Reproduction	SJ02 (Slonva® (晟诺娃®))[5,7]	Recombinant Human FSH-CTP ★	Mono	Controlled Ovarian Stimulation, Stimulating Multiple Follicular Development, Promoting Ovulation ▲	1L	NMPA	Biologics	Received NDA approval in August 2025	CXSS2400011; CXSS2400012	Self-developed	Global
						EMA	Biosimilar	Preclinical stage; Expect to submit IND application in 2026			
	SJ04	Recombinant Human Chorionic Gonadotropin	Mono	Stimulating Follicular Maturation, Inducing Ovulation and Luteinization	1L	NMPA	Biologics	Completed the Phase I trial in September 2025	CXSL2400176	Self-developed	Global
Synthetic Biology Upgrading Platform	KJ101	Recombinant Human Chymotrypsin	Mono	Wound Healing for Burn Injuries, Traumatic Injuries, Surgical Incision, Pressure Sores and Diabetic Foot Ulcers, etc.	1L	NMPA	Biologics	Phase II trial stage; Expect to complete Phase II trial in 2026 H1	CXSL2400781	Self-developed	Global
				The Dissolution and Removal of Gastric Mucus During Gastroscopy	1L	NMPA	Biologics	Received IND approval from the NMPA in March 2026; Expect to initiate Phase II trial in 2026 H2	CXSL2501119		
	BJ044	Recombinant Ulinastatin	Mono	Acute Pancreatitis, Chronic Recurrent Pancreatitis and Acute Circulatory Failure	1L	NMPA	Biologics	Preclinical stage; Expect to submit IND application in 2026 H1		Self-developed	Global

★ Core Product ◉ Breakthrough Designation from the NMPA ▲ Lead Indication

Abbreviations: BTD = Breakthrough Therapy Designation; FSH-CTP = Follicle-stimulating hormone-carboxyl-terminal peptide; GBM = Glomerular Basement Membrane; GBS = Guillain-Barré syndrome; H1 = First Half; H2 = Second Half; IgG = Immunoglobulin G; SC = Subcutaneous.

Notes:

(1) We have remained the role as the sole sponsor responsible for funding each phase of KJ017's clinical development in China and expect to remain such role as the sole sponsor for KJ017's future clinical development in Europe and U.S.

(2) We have completed the pharmaceutical excipient registration in China and are advancing the registration progress globally. The DMF for KJ017 was successfully filed with the FDA in May 2025.

(3) The subcutaneous antibiotic formulation is developed based on the Chemical Drug Modification (Category 2.2) new administration route, with subsequent studies on area under the curve (AUC) equivalent and PK/PD.

(4) We have remained the role as the sole sponsor responsible for funding each phase of KJ103's clinical development in China and expect to remain such role as the sole sponsor for KJ103's future clinical development in U.S.

(5) We have remained the role as the sole sponsor responsible for funding each phase of SJ02's clinical development in China and expect to remain such role as the sole sponsor for SJ02's future clinical development in Europe.

(6) Pathological IgG-mediated Autoimmune Diseases refer to a group of disorders in which the immune system produces abnormal IgG antibodies that target the body's own cells, tissues, or organs.

(7) We entered into an exclusive sales agency agreement with ANKE BIO in July 2025, pursuant to which ANKE BIO acts as an exclusive CSO responsible for the commercialization of SJ02 in Greater China. Previously, we had entered into a license and commercialization agreement with Organon in September 2024 for an exclusive license to develop, manufacture and commercialize SJ02 for the fertility treatment to stimulate the development of eggs in the ovaries in humans in China, as well as an ancillary separate manufacturing and supply agreement for SJ02. The Organon Agreement, along with the ancillary manufacturing and supply agreement for SJ02, were terminated on the date of July 28, 2025 as specified in a termination notice provided by Organon on April 11, 2025. Following this termination, we regained full, global rights to develop, manufacture and commercialize SJ02. We are not obliged to return any payments received (including the first tranche of upfront payments received in 2024) or make any payments to Organon in respect of the termination of this agreement. Organon is not obliged to pay any termination fee or required to pay any future upfront, milestone or royalty payments to us under the agreement. No disputes or claims arose between Organon and us related to this termination. See "Business – Collaboration Agreement – License and Commercialization Agreement with Organon" in the Prospectus for more information.

(8) This definition is established under Section 505(b)(2) of the Federal Food, Drug, and Cosmetic Act.

(9) This definition is established under Section 351(a) of the Public Health Service Act.

Our Product Candidates

During the Reporting Period and up to the date of the Annual Results Announcement, we continued advancing the development of our pipeline. Our key achievements and planned next steps as of the date of the Annual Results Announcement along include:

- *KJ017 (Recombinant Human Hyaluronidase)*

  - KJ017 is the most clinically advanced recombinant human hyaluronidase in China. We are advancing KJ017 as a single drug towards commercial launch in China, for the facilitation of large-volume SC delivery of crystalloid solution as an alternative to IV infusion, body fluid loss due to various causes, and facilitation of SC fluid administration.

  - During the Reporting Period and up to the date of the Annual Results Announcement, we have achieved the following progress and milestones, and we outline our planned next steps below:

    - We have submitted the NDA application of KJ017 to the NMPA in 2024. We passed the NMPA GCP inspection of the hospital conducting the KJ017 clinical trial in January 2025. In February 2025, we cleared the NMPA pre-approval GMP compliance inspection for KJ017. In March 2025, the bioanalytical laboratory participating in the trial also passed the NMPA GCP inspection. We expect to receive the NDA approval in the first half of 2026.

    - As of the date of the Annual Results Announcement, we had established formal collaboration partnerships with multiple pharmaceutical and biotechnology companies (including, among others, WuXi Biologics (2269.HK), Qyuns (2509.HK), Shanghai RAAS (002252.SZ), and Sumgen) to co-develop subcutaneous formulations. We continue to proactively expand our collaboration ecosystem and have formulated business development plans with more than ten potential partners at various stages of discussion. Under our typical collaboration model, we continuously supply our recombinant human hyaluronidase product as an excipient and provide related technical services, while our partners independently fund the development of subcutaneous formulations used in combination with their product candidates.

      - In January 2026, we and Guangxi Laishi Biopharmaceutical Co., Ltd.(廣西萊士生物製藥有限公司), a wholly-owned subsidiary of Shanghai RAAS (002252.SZ), jointly announced that the parties had entered into a strategic cooperation in relation to the development of new blood product formulations based on hyaluronidase-enabled subcutaneous administration technology. Pursuant to the agreement, the parties will leverage the Company's subcutaneous drug delivery technology platform together with the leading strengths of Shanghai RAAS in the blood products sector to jointly develop novel blood product treatment solutions with enhanced convenience and improved patient friendliness, with the aim of improving patient compliance and optimizing the utilization of healthcare resources.

- In January 2025, we entered into a strategic cooperation agreement with WuXi Biologics (Shanghai) Co., Ltd.(上海藥明生物技術有限公司), a wholly-owned subsidiary of WuXi Biologics (2269.HK), in relation to the supply, manufacturing and licensing of recombinant human hyaluronidase. Pursuant to the agreement, the Company and WuXi Biologics intend to achieve mutually beneficial cooperation in the application of recombinant human hyaluronidase for subcutaneous drug delivery, and to jointly pursue in-depth development of new business opportunities and expansion of new customer channels.

- In August 2024, we entered into a technology services and supply agreement with Qyuns, for the joint development of innovative SC formulations of original biologic products selected by Qyuns owned, being developed, or that will be developed by it in combination with our recombinant human hyaluronidase. Qyuns, an Independent Third Party to us, is a leading biotechnology company exclusively focused on biologic therapies for autoimmune and allergic diseases.

  Pursuant to this agreement, Qyuns will be the marketing authorization holder for the SC formulations developed under this agreement and enjoy exclusive rights to development, manufacturing and commercialization thereof with bearing all related costs. We agreed to supply recombinant human hyaluronidase for product development, provide necessary technical support, and assist in regulatory filings.

- In March 2022, we entered into a technology services and supply agreement with Sumgen, for the joint development of SC formulations of an anti-CD38 mAb in combination with our recombinant human hyaluronidase. Sumgen, an Independent Third Party to us, is a leading biotechnology company dedicated to advancing scientific innovation in the field of antibody-based therapeutics.

  Pursuant to this agreement, Sumgen will be the marketing authorization holder and take the lead in the development, regulatory filings, manufacturing and commercialization of the SC formulations developed under this agreement. We agreed to supply recombinant human hyaluronidase for product development, provide necessary technical support, and assist in regulatory filings.

o In May 2025, the DMF for KJ017 was successfully filed with the FDA. We plan to submit IND applications for KJ017 to the European Medicines Agency (EMA) in Europe and the FDA, and are in the process of simultaneously preparing both EMA and FDA IND filings. We anticipate submitting one of the applications in 2026 and will subsequently complete the IND application for the other region. Our KJ017 exhibits broad applications across multiple therapeutic modalities to enable SC administration, including antibodies and chemicals especially antibiotics, with the potential to enhance drug safety profiles, patient convenience and efficacy.

Warning under Rule 18A.08(3) of the Listing Rules: There is no assurance that KJ017 will ultimately be successfully developed and marketed by our Company.

- *KJ103 (Recombinant IgG-Degrading Enzyme)*

  - KJ103 is the first and only low-immunogenic IgG-degrading enzyme to reach the registrational clinical stage globally, and has obtained Breakthrough Therapy Designation ("**BTD**") from the NMPA both as a desensitization therapy in kidney transplantation and for the treatment of anti-GBM disease. KJ103 is designed to target and degrade IgG antibodies in the blood and tissues, thereby inhibiting pathogenic IgG-mediated immune responses that cause various immunological conditions.

  - During the Reporting Period and up to the date of the Annual Results Announcement, we have achieved the following progress and milestones, and we outline our planned next steps below:

    - For desensitization before kidney transplantation indication, we initiated the Phase III trial in August 2025, completed enrollment for the Phase III kidney transplant study in December 2025 and completed the Phase III clinical trial in March 2026. We expect to submit NDA application to the NMPA in the first half of 2026.

    - For anti-GBM disease indication, we initiated the Phase III study start-up meeting in January 2026 and expect to commence the Phase III trial in the first half of 2026.

      In the Phase II trial of KJ103 for anti-GBM diseases, KJ103 achieved a 3 month overall survival was 100.0% and 66.7% of patients were dialysis independent with preserved renal function. At 6.0 months after KJ103 treatment, overall survival was 100.0% and 75.0% of patients were dialysis independent with preserved renal function. A comparative efficacy analysis versus historical data indicated that KJ103 demonstrated a clear clinical advantage. Historical data for patients receiving current standard intensive therapy showed 3.0-month overall survival of 81.2%, with only 30.6% of patients being dialysis independent with preserved renal function. KJ103 had a favorable safety profile, with no drug-related serious adverse events reported.

    - For the GBS indication, we initiated the Phase II trial in November 2025 and expect to complete the patient enrollment in 2026.

    - For KJ103's overseas program targeting pathogenic IgG-mediated autoimmune diseases, we plan to submit an Orphan Drug Designation (ODD) application to the FDA for the GBS indication and a pre-Phase III IND application in the second half of 2026.

Warning under Rule 18A.08(3) of the Listing Rules: There is no assurance that KJ103 will ultimately be successfully developed and marketed by our Company.

- *SJ02 (Slonva® (晟诺娃®)) (Long-acting Recombinant Human FSH-CTP)*

  - SJ02 is a long-acting recombinant human follicle-stimulating hormone carboxyl-terminal peptide fusion protein (FSH-CTP) designed for controlled ovarian stimulation in combination with a gonadotropin-releasing hormone antagonist approved in China. SJ02 is the first approved long-acting FSH-CTP products in China.

    The treatment regimen of SJ02 effectively stimulates multiple follicular development in female undergoing superovulation or assisted reproductive technology procedures. Built upon the traditional short-acting FSH, SJ02 has been structurally enhanced by fusing the CTP sequence of human chorionic gonadotropin subunit to the C-terminus of the FSH subunit. This modification significantly prolongs the in vivo half-life of FSH by two to three times without affecting its functionality. The long-acting nature of SJ02 enables a single injection to replace up to seven days of daily injections required with short-acting FSH. By extending the dosing interval from daily to weekly, SJ02 can offer greater convenience, minimize injection-related discomfort, and enhance the overall treatment experience and quality of life for patients.

  - During the Reporting Period and up to the date of the Annual Results Announcement, we have achieved the following progress and milestones, and we outline our planned next steps below:

    - In China, we received the NDA approval for SJ02 in August 2025 and completed the delivery of the first order in November 2025.

    - In July 2025, we entered into an exclusive sales agency agreement with an independent third party, ANKE BIO, an Independent Third Party, pursuant to which we granted ANKE BIO an exclusive right to market, sell, distribute, and promote SJ02 in Greater China, and accordingly, ANKE BIO acts as an exclusive CSO responsible for the commercialization of SJ02 in the same region. As of the date of the Annual Results Announcement, ANKE BIO has commenced actual commercial sales of SJ02 and is continuously advancing hospital admission and formulary inclusion procedures for the product.

    - In Europe, we plan to submit an IND application for SJ02 to the EMA in 2026.

Warning under Rule 18A.08(3) of the Listing Rules: There is no assurance that SJ02 will ultimately be successfully developed and marketed by our Company.

- *KJ101 (Recombinant Human Chymotrypsin)*

  - KJ101 is a leading recombinant human chymotrypsin developed through synthetic biology in China. Chymotrypsin has exhibited a wide range of clinical applications, particularly in wound healing for burn injuries, traumatic injuries, surgical incision, pressure sores and diabetic foot ulcers, among others. Chymotrypsin, a proteolytic enzyme, has historically been extracted from bovine pancreas tissue, which poses challenges such as low yield, potential contamination and religious or ethical concerns. Built upon our proprietary green recombinant yeast fermentation technology, KJ101 provides a pure, safer and more scalable alternative with high expression levels. Furthermore, KJ101 offers superior biosafety profile, effectively addressing the viral contamination concerns inherent in biochemically extracted counterparts.

  - For the wound-healing indications of burns, trauma, surgical incisions, pressure ulcers, and diabetic foot ulcers, we have received IND approval for KJ101 from the NMPA in February 2025 and initiated its Phase II clinical trial in July 2025. We expect to complete the Phase II trial in the first half of 2026.

  - For the indication expansion of KJ101 for the dissolution and removal of gastric mucus during gastroscopy, we submitted the IND application to the NMPA in December 2025 and received IND approval in March 2026. We expect to commence the Phase II trial in the second half of 2026.

- *BJ044 (Recombinant Ulinastatin)*

  - BJ044 is a small circulating proteoglycan found in urine as urinary trypsin inhibitor, and also in amniotic fluid as serine protease inhibitor. BJ044 is engineered to simulate the effects of urinary ulinastatin, which is secreted when inter-α-trypsin inhibitors are degraded by neutrophil elastase.

  - We expect to submit IND application to the NMPA in the first half of 2026.

- *KJ015 (Bispecific Anti-HER2 Antibody (SC Formulations))*

  - KJ015 is an SC administration formulation of innovative bispecific anti-HER2 antibody derived from common light chain technology, which is designed to have two Fab arms with the common light chain forming near-native IgG1 structure.

  - We have received IND approval from NMPA for KJ015 in December 2024 and commenced the Phase I clinical trial in June 2025. We expect to complete the Phase I clinical trial in the second half of 2026.

  - We plan to submit IND application to the FDA for KJ015 in the first half of 2026.

- *BJ045 (Anti-CD20 Antibody Resistant to Enzyme Degradation (SC Formulations))*

  - BJ045 is a SC administered anti-CD20 antibody resistant to enzyme degradation by KJ103 with the potential in treatment of moderate-to-severe autoimmune diseases in combination use with KJ103. Its combination use with KJ103 that introduces cleavage to the existing pool of IgG antibodies such as anti-acetylcholine receptor IgG will further produce complementary benefits in reducing both the source and effect of the pathogenic antibodies in myasthenic crisis. In addition, leveraging our competitiveness in SC drug delivery candidates, the SC administration modality of BJ045 could potentially improve treatment experience and patient compliance.

  - We expect to submit IND application to NMPA in 2026.

- *BJ047 (Anti-CD154 Antibody Resistant to Enzyme Degradation (SC Formulations))*

  - BJ047 is a SC administered anti-CD154 antibody resistant to enzyme degradation by KJ103 developed for solid organ transplantation, xenotransplantation, and autoimmune diseases, including Lupus Nephritis and multiple sclerosis. BJ047's resistance to enzyme degradation further leads to an increased stability against breakdown by enzymes in the body, ensuring sustained immune suppression and promoting xenograft survival over time. This contributes to a synergic effect in its target indications. For example, its combination use with KJ103, which effectively degrades anti-xenograft antibodies, will further contribute to the reduction of both the source and effect of the pathogenic antibodies in xenotransplantation. Additionally, with superior convenience and treatment flexibility, BJ047 has the potential to stand out in the market as an easy-to-use SC administration option.

  - We expect to submit IND application to the NMPA in 2026.

- *BJ007 (Ceftriaxone Sodium (SC Formulations))*

  - BJ007 is a SC administered ceftriaxone sodium for the treatment of bacterial infections. To date, there are no approved SC administered ceftriaxone sodium globally, and BJ007 is the first and only drug candidate of this class advanced into clinical stage. The innovation reduces the need for vascular access and use of long-term IV catheters, providing a more convenient, safer and lower cost administration option. BJ007 can thus offer the non-inferior therapeutic benefits without the risks, discomfort and costs associated with infusion lines that are routinely required for longer courses of ceftriaxone treatment, while also overcoming key treatment challenges for DIVA patients.

  - We received the IND approval from the NMPA in February 2025. Upon approval, we initiated a Phase I clinical trial for BJ007 (CTR20253085) in August 2025 and have completed the trial in January 2026, and expect to enter pivotal clinical trial in the first half of 2026.

- *BJ008 (Cefoperazone Sodium and Sulbactam Sodium (SC Formulations))*

  - BJ008 is an innovative SC formulation of cefoperazone sodium and sulbactam sodium. Cefoperazone sodium and sulbactam sodium is a common compound preparation for the treatment of bacterial infections spanning respiratory tract infection, urinary tract infections, intra-abdominal infections, gynecological infections, skin and soft tissue infections, bone and joint infections, bacterial sepsis, meningitis, endocarditis, as well as surgical prophylaxis. Cefoperazone, a third-generation cephalosporin antibiotic, demonstrates strong synergistic antibacterial activity against Gram-negative bacteria with good stability when combined with sulbactam sodium, an irreversible beta-lactamase inhibitor. By utilizing our large-volume SC delivery system, BJ008 may have the potential replace the IV infusion of currently available cefoperazone sodium and sulbactam sodium with subcutaneous injection, with a reduced risk of complications and improved patient compliance.

  - We expect to submit IND application to the NMPA in 2026.

- *BJ009 (Cefazolin Sodium (SC Formulations))*

  - BJ009 is designed as an innovative SC formulation of cefazolin sodium, a first-generation cephalosporin antibiotic that works by inhibiting bacterial cell wall synthesis, leading to cell lysis. Similar to intravenous cefazolin sodium, BJ009 has the potential to treat a wide range of infections caused by bacteria, including those affecting the skin, bone, joint, genital, blood, heart valve, respiratory tract, biliary tract, and urinary tract infections. Moreover, the SC administration of BJ009 may offer enhanced treatment experience, lower risks of complications and reduced treatment costs, suggesting its market potential.

  - We have submitted IND application for BJ009 in May 2025 and have received the IND approval from the NMPA in September 2025. Upon approval, we initiated a Phase I clinical trial for BJ009 (CTR20255246) in December 2025 and expect to complete the Phase I trial in 2026.

- *SJ04 (Recombinant Human Chorionic Gonadotropin)*

  - SJ04 is a recombinant human chorionic gonadotropin (hCG) and can be used in assisted reproductive procedures to accelerate follicle maturation and induce ovulation. Additionally, it is suitable for treating prepubertal cryptorchidism, male hypogonadotropic hypogonadism, luteal phase deficiency, and dysfunctional uterine bleeding. In female, SJ04 promotes follicular maturation and triggers ovulation, while facilitating the transformation of ruptured follicles into functional corpus luteum for enhanced progesterone secretion. Thus, it enhances endometrial development for improved reproductive outcomes in people with luteal phase deficiency and helps establish regular menstrual cycles through normalized hormonal patterns for people with dysfunctional uterine bleeding.

  - We obtained the IND approval from the NMPA for SJ04 in May 2024. Subsequently, we commenced a Phase I clinical trial for SJ04 in August 2024 in China and completed the patient enrollment in August 2025. We have completed the Phase I clinical trial in September 2025.

Warning under Rule 18A.08(3) of the Listing Rules: There is no assurance that KJ101, BJ044, KJ015, BJ045, BJ047, BJ007, BJ008, BJ009 and SJ04 will ultimately be successfully developed and marketed by our Company.

Our proprietary technology platforms

Leveraging our strengths in synthetic biology technology, we have had the foresight to build fully integrated in-house R&D and manufacturing capabilities. To date, we operate three technology platforms spanning across drug design, chassis cell engineering, and comprehensive bioprocessing, which allow us to navigate the intricate processes of bringing our transformative recombinant protein drugs from bench to bedside. Specifically, our three technology platforms consist of:

- **Drug Design Platform:** Our approach to drug design centers on developing customized delivery systems and formulations that align with the unique properties of the drug and specific needs of the target patient population. We prioritize immunogenicity, molecular stability, and cost-effective production in drug development. Leveraging AI-powered models, we integrate advanced computational simulations with rigorous experimental validation to achieve precise protein engineering and functional optimization. Data generated from wet-lab experiments is continuously fed back into our models to refine and enhance their performance, thereby fostering an iterative and adaptive design process. As a result, KJ103, one of our Core Products emerged from our drug design platform as a candidate composed of complex enzymes with exceptional stability and functionality, exemplifying its translational power.

- **Chassis Cell Engineering Platform:** Our chassis cell engineering platform focuses on glycosylation modification and advanced expression technologies. Drawing on our extensive expertise in enzyme engineering, glycoengineering, and synthetic biology, we have achieved key breakthroughs in various fields, such as the regulation of protein translation and post-translational modifications for recombinant human hyaluronidase, Chinese Hamsters Ovary (CHO) cell glycosylation engineering, and protein high-expression technologies.

  We adopt a multidisciplinary approach across three major biopharmaceutical host systems – including E. coli, Pichia pastoris, and CHO cell systems – to design bioparts, engineer metabolic pathways, and screen drug proteins from modified hosts. This approach allows us to express proteins in the most suitable host based on the structural and functional requirements of specific drug protein, thereby significantly shortening the development cycle for novel therapeutics.

  In particular, we have developed a CHO cell library with engineered glycosyltransferases to produce humanized glycoproteins with enhanced structural uniformity. This notably reduces immunogenicity, extends half-life, and improves therapeutic efficacy. Additionally, our Pichia pastoris cell library features expression chaperones and optimized hosts ready for immediate use in new project process research, which streamlines our drug production and accelerates project timelines.

- **Comprehensive Bioprocessing Platform:** Our comprehensive bioprocessing platform integrates mammalian, yeast, and bacteria expression systems to support large-scale, efficient, and sustainable production of our recombinant protein drugs. We optimize production processes and equipment with a focus on environmental sustainability. By integrating high-yield strains or cells, optimized culture processes, and advanced purification technologies, we achieve scalable manufacturing capabilities with a green manufacturing edge.

This platform tackles key technical challenges including, without limitation: (i) enhancing recombinant protein expression and addressing protein degradation in fermentation through synthetic biology and genetic engineering, thereby providing an upstream solution for efficient recombinant protein production; (ii) employing diverse fermentation strategies to overcome issues such as toxic byproduct accumulation, protein misfolding, and low activity during rapid cell growth, enabling stable, high-efficiency expression of target proteins using high-density synthetic biology techniques; (iii) combining different chromatographic separation techniques and utilizing customized resins to develop scalable, cost-effective processes for high-purity recombinant protein preparation; and (iv) improving volumetric productivity and developing resource-efficient, low-energy green manufacturing solutions to meet the demands of commercial-scale recombinant protein production.

Beyond our proprietary platform technologies, we boast commercial-scale manufacturing capabilities and rigorous quality control and assurance systems, which enable us to efficiently scale up production to accommodate the escalating demands of our drug candidates upon commercialization, while ensuring exceptional quality and cost-effectiveness.

BUSINESS PROSPECTS

In 2025, we steadily advanced our core strategy of leveraging synthetic biology to engineer chassis cells and to develop and manufacture recombinant biologic medicines that are difficult to express using conventional gene engineering, achieving a number of important milestones across R&D innovation, clinical advancement and industrial deployment. In 2026, we will further deepen reform of our R&D operating mechanisms in synthetic biology, sharpen our focus on the core advantages of recombinant biologics, and continue to improve R&D efficiency, strengthen external strategic collaborations, enhance science-based decision-making, and consolidate and expand our leadership across four strategic areas: large-volume subcutaneous drug delivery, antibody-mediated autoimmune conditions, assisted reproduction, and recombinant biologic products. We will remain market- and clinical-value oriented, and, around areas of high unmet medical need, continue to develop innovative medicines with clear differentiation and global potential. Anchored by our chassis cell construction platform and integrated with our drug design platform and end-to-end biomanufacturing platform, we will keep strengthening core technological capabilities and raising the probability of success in innovative drug R&D. In parallel, we will actively broaden global collaborations to accelerate the cultivation of new competitive advantages and fully unlock the global value of our product pipeline.

Specifically, we plan to implement the following strategies: (i) Accelerate development of our pipeline in core therapeutic areas to fully unlock clinical and commercial value; (ii) Enhance commercial-scale manufacturing capabilities and quality management systems to advance steadily toward commercialization; (iii) Expand our global footprint, deepen strategic partnerships, and realize the global value of our product pipeline; and (iv) Attract, develop and retain high-caliber talent, optimize our operating system, and strive to become a global leader in developing recombinant biologics using synthetic biology.

Accelerate Development of the Pipeline in Core Therapeutic Areas to Unlock Clinical and Commercial Value

We will accelerate advancement of our pipeline with the objectives of obtaining regulatory approvals, expanding indications, and broadening use cases. In 2026, our primary goals are to continue progressing our diversified clinical portfolio and to achieve the planned commercial launch of KJ017 upon approval. In parallel, we will expedite development and registration of core assets and other clinical and preclinical candidates across our four strategic areas. Specifically:

- **Large-volume subcutaneous drug delivery:** We focus on recombinant human hyaluronidase as the anchor of our SC delivery franchise. Our Core Product KJ017 is expected to become the first recombinant human hyaluronidase approved in China, with NDA approval anticipated in the first half of 2026 and commercial launch in China thereafter. In tandem, we are advancing the "Two-Anti" strategy to develop SC formulations for both antibody drugs and chemical drugs, especially antibiotics. Our in-house innovative HER2-targeted bispecific antibody SC formulation, KJ015, is expected to complete the Phase I trial in the second half of 2026, and we plan to submit an IND to the FDA in the first half of 2026. In addition to deepening collaborations with antibody developers to move more SC antibody programs into late-stage clinical development, we will accelerate the clinical development of SC antibiotics.

- **Antibody-mediated autoimmune conditions:** To address unmet needs across multiple antibody-mediated autoimmune conditions, we will vigorously advance clinical development of our Core Product KJ103. Our targets are to submit the NDA application to the NMPA in desensitization before kidney transplantation in the first half of 2026, initiate the Phase III trial in anti-GBM disease in the first half of 2026, and continue the Phase II study in GBS. For overseas development, we plan in the second half of 2026 to submit to the FDA an Orphan Drug Designation application for GBS together with a pre-Phase III IND application. In parallel, we will move combination therapy with recombinant antibodies resistant to enzymatic degradation (such as BJ045 and BJ047) into the clinic and actively explore KJ103's potential in emerging fields such as xenotransplantation. Against the backdrop of increasing organ failure and persistent organ shortage, xenotransplantation has achieved notable technical progress globally. Our investigational products are designed to help overcome immune rejection – one of the key determinants of success in this field. Leveraging our expertise in enzyme technology and antibody engineering, we are confident in capturing a meaningful share of this rapidly growing market, advancing the science of xenotransplantation and addressing substantial unmet medical needs.

- **Assisted reproduction:** To solve the treatment burden of daily injections with short-acting FSH in women undergoing ART, we obtained marketing approval in August 2025 in China for SJ02 (Slonva (晟诺娃®)), a long-acting FSH-CTP that requires only a single injection, effectively replacing up to seven daily doses of short-acting FSH and meaningfully improves the current care paradigm. Going forward, we will work closely with our commercialization partner ANKE BIO to fully execute the launch of SJ02 (Slonva (晟诺娃®)) in China and realize its clinical value.

- **Recombinant biologic products:** Using synthetic biology, we are developing innovative recombinant biologics by engineering high-efficiency chassis cells to produce complex proteins that are difficult to manufacture via traditional biochemical extraction, thereby addressing inefficiency, impurities, and safety risks (including allergies and unknown viral contamination). In 2026, we will accelerate the Phase II clinical trial of KJ101 for the wound-healing indications of burns, trauma, surgical incisions, pressure ulcers, and diabetic foot ulcers, targeting completion in the first half of the year; for the indication expansion of KJ101 for the dissolution and removal of gastric mucus during gastroscopy, targeting Phase II initiation in the second half of the year; and plan to submit the IND for BJ044 in the first half of the year, with the aim of advancing these potentially transformative recombinant biologics toward approval to meet significant clinical demand.

Enhance Commercial-Scale Manufacturing Capabilities and Quality Management to Advance Steadily Toward Commercialization

We have built GMP-compliant manufacturing facilities in Shanghai, covering a site area of approximately 63,000 sq.m. To further upgrade commercial-scale capacity, we are constructing a new site of approximately 37,000 sq.m. in Shanghai, which is expected to be completed and put into operation by 2026. Our existing site is equipped with production lines specifically designed for complex biological products and has specialized capabilities in recombinant protein manufacturing to meet the production needs of our Core Products SJ02, KJ017 and KJ103, while supporting the development of innovative assets under the "synthetic-biology upgrading to replace biochemical extraction" strategy, including recombinant human chymotrypsin KJ101 (Phase II) and recombinant ulinastatin BJ044 (IND-stage). This strategy translates Shanghai's science-and-technology innovation strengths into high-quality manufacturing outputs, aligns with Baoshan North Shanghai Biopharmaceutical Industrial Park's strategic positioning for "synthetic biology industrialization", and fully conforms to the policy direction of "high-quality development of advanced biopharmaceutical manufacturing."

With the first product SJ02 approved in August 2025 and KJ017 expected to receive approval in the first half of 2026, our manufacturing focus is transitioning from solely clinical supply to a dual track of clinical and commercial production. We will continue to enhance site operational efficiency, benchmark against international standards, and further enhance our integrated quality management system to ensure that product quality, safety and efficacy consistently meet regulatory requirements and safeguard patient use.

Expand Global Footprint, Deepen Strategic Partnerships, and Fully Realize the Global Value of the Pipeline

Building on the successful track record of our existing licenses and collaborations (including, among others, WuXi Biologics, Shanghai RAAS, ANKE BIO, Qyuns, Sumgen), we will continue to actively pursue new partnership opportunities worldwide. Our strategy includes: (i) prioritizing product development and commercialization in the China market to establish first-mover advantages; (ii) generating stable revenues through domestic product sales and diversified collaborations to support sustained R&D and commercialization investment; and (iii), following commercialization success in China, further expanding indications and advancing into major overseas markets. For early-stage assets and platform technologies, we will also seek joint development or in-/out-licensing collaborations with leading global biotechnology companies and research institutions to explore new therapeutic areas and cutting-edge modalities, and to strengthen platform capabilities. Through flexible partnership models, we aim to bring our innovations to more patients globally and maximize the value of our product pipeline.

Attract, Develop and Retain High-Caliber Talent, and Optimize The Operating System

We will continue to execute a comprehensive talent strategy, proactively recruiting top professionals with deep expertise and extensive experience in R&D, commercialization, management, and global business development to support our rapid growth and internationalization. In parallel, we will keep optimizing internal management processes – particularly enhancing efficiency in R&D program management and cross-functional collaboration – to ensure agile responses to market dynamics and the efficient advancement of pipeline assets.

In 2026, as our business expands and new products come to market, we will continue to uphold the mission of responding to urgent patient needs, address areas of unmet medical need, and consistently develop high-access, broadly beneficial medicines. We strive to grow into a globally influential leader in synthetic biology and recombinant biologics.

Cautionary Statement under Rule 18A.08(3) of the Listing Rules: Our Company cannot guarantee that it will be able to successfully develop or ultimately market our Core Products.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

	Year ended December 31,	
	2025	2024
	RMB'000	RMB'000
Sales of materials	**3,787**	3,138
Technical services	**1,726**	3,022
Licensing revenue	**40,002**	–
Sales of pharmaceutical products	**3,641**	–
Total	**49,156**	6,160

Our revenue increased substantially from RMB6.2 million for the year ended December 31, 2024 to RMB49.2 million for the year ended December 31, 2025, primarily driven by (i) an increase of RMB40.0 million in licensing revenue, resulting from the recognition of upfront consideration received under our licensing and commercialization arrangements, and (ii) Net revenue of RMB3.6 million generated from the initial commercial sales of our products after deducting all sales-related expenses.

Cost of Sales

During the Reporting Period, our cost of sales primarily included costs of raw materials, staff costs, and certain depreciation and amortization expenses related thereto. Our cost of sales increased from RMB1.1 million for the year ended December 31, 2024 to RMB5.4 million for the year ended December 31, 2025, which was in line with the growth in revenue.

Other Income and Gains

	Year ended December 31,	
	2025	2024
	RMB'000	RMB'000
Other Income		
Government grants*	**7,205**	1,766
Bank interest income	**6,140**	4,646
Others	**399**	–
Gains		
Foreign exchange gains, net	**–**	1,192
Gain on disposal of items of property, plant and equipment**	**8**	–
Changes due to passive dilution of investment in an associate	**3,224**	–
Total	**16,976**	7,604

* The government grants have been received from the PRC local government authorities for supporting the Group's research and development and other operating activities. There are no unfulfilled conditions relating to these government grants. As at December 31, 2025, asset-related government grants received but not yet meeting the conditions for revenue recognition amounted to RMB91.3 million.

** Gain on disposal of items of property, plant and equipment wholly arising from the retirement of non-functional equipment.

Our other income and gains increased by 123.3% from RMB7.6 million for the year ended December 31, 2024 to RMB17.0 million for the year ended December 31, 2025, primarily due to (i) an increase of RMB5.4 million in government grants, (ii) a RMB3.2 million increase in share of gains arising from passive dilution of our equity interest in an associate, and (iii) a RMB1.5 million increase in bank interest income.

Administrative Expenses

	Year ended December 31,	
	2025	2024
	RMB'000	RMB'000
Share-based payments	**36,605**	54,209
Staff costs	**28,237**	23,439
Professional service fees	**11,353**	5,498
Depreciation and amortization expenses	**10,998**	7,897
General office expenses	**7,296**	6,841
Taxes and surcharges	**3,107**	2,117
Others	**7,019**	7,635
Total	**104,615**	107,636

Our administrative expenses decreased from RMB107.6 million for the year ended December 31, 2024 to RMB104.6 million for the year ended December 31, 2025, primarily due to the decrease in share-based payments incurred from our grant of share incentives to management and administrative personnel.

Research and Development Expenses

	Year ended December 31,	
	2025	2024
	RMB'000	RMB'000
Trial and testing expenses	**67,541**	39,222
Staff costs	**66,459**	59,786
Share-based payments	**57,221**	93,616
Depreciation and amortization expenses	**26,198**	23,957
Costs of raw materials	**16,886**	18,747
Others	**13,938**	15,399
Total	**248,243**	250,727

Our research and development costs decreased slightly from RMB250.7 million for the year ended December 31, 2024 to RMB248.2 million for the year ended December 31, 2025, primarily due to (i) a RMB36.4 million decrease in share-based payments associated with equity incentives granted to our R&D personnel, partially offset by (ii) a RMB28.3 million increase in trial and testing expenses as we advanced the ongoing clinical development of our product candidates, and (iii) a RMB6.7 million increase in employee costs driven by the expansion of our R&D team.

Other Expenses

Our other expenses increased from RMB78.0 thousand for the year ended December 31, 2024 to RMB65.1 million for the year ended December 31, 2025, primarily due to a provision of RMB55.1 million recognized for expected losses in connection with ongoing litigation related to a technology transfer agreement with a biotechnology company and a RMB7.5 million in the net foreign exchange loss.

Share of Loss of an Associate

Our share of loss of an associate during the Reporting Period represented our losses from investments in ABLINK Biotech. We recognized share of loss of an associate of RMB0.6 million and RMB0.2 million in 2024 and 2025, respectively, which was attributable to the net losses incurred by ABLINK Biotech during the same periods.

Prepayments, Other Receivables and Other Assets

	2025	2024
	RMB'000	RMB'000
Non-current:		
Prepayment for property, plant and equipment*	**97,062**	410
Current:		
Prepayments	**3,513**	4,022
Deposits and other receivables	**1,333**	1,176
Deductible value-added tax	**21,904**	43,852
Prepaid expenses	**837**	828
Deferred listing expenses	**–**	1,488
Total	**27,587**	51,366

* Mainly comprised prepayments for the construction of the new plant, including cleanroom and MEP installation and customized equipment, such as the stainless-steel fermentation system and purification equipment for the 10,000L microbial bulk production line.

The balances are interest-free and are not secured with collateral.

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

Capital Structure, Liquidity and Financial Resources

As of December 31, 2025, the Group's cash and cash equivalents amounted to RMB1,241.6 million, as compared with RMB524.2 million as of December 31, 2024. The Group did not hold time deposits with original maturity over three months or financial assets at fair value through profit or loss as of December 31, 2025 or December 31, 2024. As of December 31, 2025, the Group's cash and bank balances were primarily denominated in RMB, HKD and USD.

The increase in the Group's cash position was primarily attributable to proceeds from the initial public offering and bank borrowings, partially offset by cash outflows used in operating activities, capital expenditures for property, plant and equipment, repayment of bank borrowings, lease payments and listing-related payments.

As of December 31, 2025, the Group's current assets were RMB1,363.2 million (as of December 31, 2024: RMB665.6 million), primarily consisting of cash and cash equivalents of RMB1,241.6 million, restricted deposits of RMB87.6 million, prepayments, other receivables and other assets of RMB27.6 million, inventories of RMB6.2 million, and trade receivables of RMB0.1 million.

As of December 31, 2025, the Group's current liabilities were RMB330.7 million (as of December 31, 2024: RMB196.2 million), primarily consisting of other payables and accruals of RMB210.5 million, interest-bearing bank borrowings of RMB114.0 million, deferred income of RMB4.6 million, lease liabilities of RMB1.6 million, and trade payables of RMB8 thousand.

As of December 31, 2025, the Group maintained a healthy liquidity position. The Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance its operations and mitigate the effects of fluctuations in cash flows. During the Reporting Period, we primarily funded our working capital requirements through equity and debt financings, including proceeds from the Global Offering on December 10, 2025.

The Group expects to fund its working capital and other capital requirements from a combination of various sources, including but not limited to external financing at reasonable market rates. In order to better control and minimize the cost of funds, the Group's treasury activities are centralized and all cash transactions are dealt with the banks with good reputation.

Gearing Ratio

The Group monitors capital using a gearing ratio, which is calculated as total debt divided by the total assets.

As of December 31, 2025, the Group's gearing ratio was 28.19%, as compared with 26.95% as of December 31, 2024.

Indebtedness

As of December 31, 2025, the Group had interest-bearing bank borrowings of RMB312.4 million, as compared with RMB201.9 million as of December 31, 2024. Of such borrowings, RMB114.0 million were repayable within one year and RMB198.4 million were repayable beyond one year.

As of December 31, 2025, the Group had both secured and unsecured bank borrowings. The effective interest rates of the Group's bank borrowings ranged from 2.75% to 3.45% per annum as of December 31, 2025, as compared with 3.10% to 3.75% per annum as of December 31, 2024.

As of December 31, 2025, the Group's lease liabilities amounted to RMB2.6 million, as compared with RMB3.4 million as of December 31, 2024. The decrease was primarily due to lease payments made during the Reporting Period, partially offset by new leases entered into during the year.

Capital Commitments

As of December 31, 2025, the Group had capital commitments of RMB174.5 million (as of December 31, 2024: RMB82.0 million). Such capital commitments were primarily related to the acquisition and construction of property, plant and equipment.

Contingent Liabilities

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

Pledge of Assets

As of December 31, 2025, certain of the Group's bank borrowings were secured by the Group's property, plant and equipment with carrying amounts of approximately RMB539.8 million (2024: RMB470.4 million) and leasehold land with carrying amounts of approximately RMB50.8 million (2024: RMB51.9 million), and were also guaranteed by a certain subsidiary of the Group.

Foreign Exchange Exposure

The Group has transactional currency exposures arising primarily from cash and cash equivalents denominated in currencies other than the functional currency of the Company, mainly HKD and USD.

The Group currently does not use any financial instruments or enter into any foreign exchange contracts to hedge against foreign exchange risk. However, management monitors foreign exchange exposure closely and will consider hedging significant foreign currency exposure should the need arise.

EMPLOYEES AND REMUNERATION POLICY

As of December 31, 2025, the Group had a total of 354 full-time employees. Our employees receive compensation comprising base salaries, discretionary bonuses and benefits, which are generally determined with reference to their qualifications, industry experience, positions and performance. We make contributions to social insurance and the housing provident fund in accordance with PRC laws and regulations. In addition, we provide relevant training to enhance our employees' skills and knowledge. We have also implemented employee incentive plans to recognize and reward employee contributions.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this report, the Group has made the following progress after the Reporting Period:

1. **Approval of KJ017 in China**
   On March 31, 2026, our Core Product, KJ017, a recombinant human hyaluronidase, obtained marketing approval in China from the NMPA under the approved drug name Human Hyaluronidase for Injection (葆舒宜®), for use as an adjuvant to subcutaneous infusion, including sodium chloride injection and sodium lactate ringer's injection. KJ017 is the first recombinant human hyaluronidase approved in China. For details, please refer to the announcement of the Company dated April 8, 2026.

2. **IND submission and acceptance for BJ044 by the NMPA**
   The IND application for BJ044 was submitted to the NMPA in March 2026 and was accepted in April 2026.

PROPERTY INTERESTS AND PROPERTY VALUATION

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

The valuation of the property interests of the Group as of September 30, 2025 was RMB603.5 million as included in the Prospectus.

Had the property interests been stated at such valuation, the additional annual depreciation and amortization that would be charged against the consolidated statement of profit or loss and other comprehensive income would be approximately RMB0.5 million.

The Company confirms that, since Listing, no subsequent valuation of such property interests has been conducted and no new valuation report has been prepared.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

DIRECTORS

The Board currently consists of eleven Directors, including four executive Directors, three non-executive Directors and four independent non-executive Directors.

Executive Directors

Dr. Liu Yanjun (劉彥君), aged 61, is a co-founder of our Group, the chairman of our Board and an executive Director. He is primarily responsible for the overall strategic planning of our Group and making key business and operational decisions of our Group.

Dr. Liu has been serving as a Director of our Company since its inception and the chairman of our Board since September 2020, and was re-designated as an executive Director in January 2025. Dr. Liu has also been serving as a director and chairman of board of directors of Suzhou Centergene since January 2021 and a director of ABLINK Biotechnology Co., Ltd. (成都盛世君聯生物技術有限公司) since May 2021.

Dr. Liu has over 35 years of experiences in the medical and pharmaceutical industry. He served as a teaching assistant at the Department of Naval Medicine of Second Military Medical University (第二軍醫大學) (currently known as Naval Medical University (中國人民解放軍海軍軍醫大學)) from July 1989 to September 1991. From July 1998 to August 1999, he served as an attending physician and lecturer at the Cancer Immunotherapy and Gene Therapy Center of the Second Military Medical University Eastern Hepatobiliary Surgery Hospital (第二軍醫大學東方肝膽外科醫院) (currently known as Shanghai Eastern Hepatobiliary Surgery Hospital (上海東方肝膽外科醫院). He also served as the director and associate researcher at the Second Military Medical University Molecular Biology Laboratory of Cancer Research Institute (第二軍醫大學腫瘤研究所分子生物學研究室) from August 1999 to January 2001. He further served as the vice general manager of Shanghai Fudan-Zhangjiang Bio-Pharmaceutical Co., Ltd. (上海復旦張江生物醫藥股份有限公司) (HKEX: 1349) from January 2001 to February 2012. He then served as vice president of Shanghai Pharmaceuticals Holding Co., Ltd. (上海醫藥集團股份有限公司) (HKEX: 2607; SSE: 601607) from June 2013 to June 2019, and served various positions at subsidiaries of Shanghai Pharmaceuticals Holding Co., Ltd., including president at Central Research Institution of Shanghai Pharmaceuticals Holding Co., Ltd. (上海醫藥集團股份有限公司中央研究院) and the chairman of Shanghai Jiaolian Medicine Research and Development Co., Ltd. (上海交聯藥物研發有限公司) (currently known as Shanghai Shangyao Cross Linked Pharmaceutical Technology Co., Ltd. (上海上藥交聯醫藥科技有限公司)).

Dr. Liu obtained his bachelor's degree in naval medicine, master's degree in pharmacology, and doctoral degree in surgery from Second Military Medical University (第二軍醫大學) (currently known as Naval Medical University (中國人民解放軍海軍軍醫大學)) in the PRC in July 1989, July 1994, and June 1998, respectively. Dr. Liu has published more than 30 research papers, and is the inventor of more than 50 patents. Dr. Liu passed the Shanghai Natural Science Research Series Senior Professional and Technical Position Qualification (上海市自然科學研究系列高級專業技術職務任職資格) in April 2005 and was granted a senior professional title and recognized as a researcher.

Dr. Liu served as a post-doctoral fellow and visiting scholar at San Diego Sidney Kimmel Cancer Center in California, the United States. He is the vice chairman of the fifth council of China Medicinal Biotech Association (中國醫藥生物技術協會第五屆理事會) and the chairman of the Ninth Shanghai Engineering Series Medical Professional Senior Professional Technical Qualification Review Committee (上海市工程系列醫藥專業高級專業技術職務任職資格評審委員會). He is currently a committee member of the Biological Products Supervision and Management Professional Committee of China Society for Drug Regulation (中國藥品監督管理研究會) and Shanghai Biomedical Industry Technology Functional Platform Expert Committee (上海市生物醫藥產業技術功能型平台專家委員會). Vice President of the Biomedical Chamber of the Shanghai Federation of Industry and Commerce (上海市工商聯生物醫藥商會), and President of the Shanghai Baoshan District Biomedical Industry Association (上海市寶山區生物醫藥產業聯合會). Dr. Liu is a recipient of the State Council Special Allowance (國務院特殊津貼).

Dr. Liu was (i) the executive director and general manager of Suzhou Hailian Biotechnology Co., Ltd. (蘇州海立安生物科技有限公司), which was de-registered in December 2013, (ii) the executive partner and partner of Suzhou Baoji Jucai Management Consulting Partnership Enterprise (Limited Partnership) (蘇州寶濟聚才管理諮詢合夥企業(有限合夥)), which was de-registered in February 2021, (iii) the executive partner and partner of Suzhou Baoji Juneng Management Consulting Partnership Enterprise (Limited Partnership) (蘇州寶濟聚能管理諮詢合夥企業(有限合夥)), which was de-registered in February 2021, (iv) the executive partner and partner of Suzhou Hongsheng Management Consulting Partnership Enterprise (Limited Partnership) (蘇州鴻晟管理諮詢合夥企業(有限合夥)), which was deregistered in July 2021, and (v) the partner of Shanghai Zhiyuan Investment Center (Limited Partnership) (上海志淵投資中心(有限合夥)), which was de-registered in January 2022. As of the time of the deregistration, the aforementioned companies and enterprises were not insolvent, nor had any outstanding liabilities nor were involved in any pending claims. To the best knowledge of our Directors, the reason for deregistration of the aforementioned companies and enterprises was cessation of business, which has not resulted in any punishment or fines imposed by any competent authorities, nor has it resulted in any outstanding or potential claims or liabilities against the aforementioned companies, enterprises and Dr. Liu, and there is no material matter that should be brought to the attention of the Stock Exchange or the Shareholders in this regard.

Ms. Wang Zheng (王徵), aged 49, is a co-founder of our Group, an executive Director and Chief Executive Officer of our Company. She is primarily responsible for the business operations, R&D and overall operation management of our Group.

Ms. Wang has been serving as the general manager and a Director of our Company since September 2020 and was re-designated as an executive Director in January 2025. She has also been serving as the general manager of Suzhou Kangju since August 2011, the general manager of Suzhou Centergene since July 2014 and the director and general manager of Hainan Baoji Biotechnology Co., Ltd. (海南寶濟生物科技有限公司) since February 2022.

Ms. Wang has over 20 years of experience in genetic engineering drug development and has participated in and led more than 10 national, provincial, and municipal scientific research projects. She has extensive theoretical knowledge and practical experience in protein hormone drugs and recombinant protein drugs. Prior to establishing our Group, she served as project manager at Shanghai Fudan-Zhangjiang Bio-Pharmaceutical Co., Ltd. (上海復旦張江生物醫藥股份有限公司) (HKEX: 1349) from September 2001 to July 2010, where she focused on genetic engineering drug development. Ms. Wang joined Suzhou Kangju in August 2011 and has been primarily focusing on genetic engineering drug development and has successfully built technology platforms and pipeline products.

Ms. Wang obtained a bachelor's degree and a master's degree in microbiology from Huazhong Agricultural University (華中農業大學) in the PRC in June 1998 and June 2001, respectively. In December 2014, Ms. Wang was recognized as the Science and Technology Leading Talent of Suzhou Industrial Park Jinjihu Dual Hundred Talents Program (蘇州市金雞湖雙百人才計劃－科技領軍人才) by Chinese Communist Party Suzhou Industrial Park Working Committee and Suzhou Industrial Park Administrative Committee. In December 2021, she received the Zhangjiang Outstanding Innovation and Entrepreneurship Talent Award (張江傑出創新創業人才) from Shanghai Science and Technology Innovation Center Construction Office and Shanghai Municipal Human Resources and Social Security Bureau. In January 2023, she was recognized as Shanghai Industrial Elite Leading Talent (上海產業菁英領軍人才) by the Shanghai Economic and Information Technology Working Committee and Shanghai Economic and Information Technology Commission. In December 2023, she was selected for the Oriental Talent Program Outstanding Project (東方英才計劃拔尖項目) by the Shanghai Municipal Committee Talent Work Leading Group Office.

Ms. Wang was a supervisor of Suzhou Hailian Biotechnology Co., Ltd. (蘇州海立安生物科技有限公司) ("**Suzhou Hailian**"), which was de-registered in December 2013. As of the time of the deregistration, Suzhou Hailian was not insolvent, nor had any outstanding liabilities nor was involved in any pending claims. To the best knowledge of our Directors, the reason for deregistration of Suzhou Hailian was cessation of business, which has not resulted in any punishment or fines imposed by any competent authorities, nor has it resulted in any outstanding or potential claims or liabilities against Suzhou Hailian and Ms. Wang, and there is no material matter that should be brought to the attention of the Stock Exchange or the Shareholders in this regard.

Mr. Tan Jingwei (譚靖偉), aged 59, is an executive Director and the director of internal control of our Company. Mr. Tan has been serving as a Director and the director of internal control of our Company since February 2021, and was re-designated as our executive Director in January 2025. Mr. Tan has also been serving as the supervisor of Suzhou Kangju since July 2017 and Suzhou Centergene since July 2022. Mr. Tan is primarily responsible for the formulation of internal control policies and overseeing internal control work of our Group.

Mr. Tan has over 35 years of experience in biological research and pharmaceutical industry. Prior to joining our Group, he served as an assistant researcher at the Toxicology Research Laboratory of the Shanghai Institute of Entomology, Chinese Academy of Sciences (中國科學院上海昆蟲研究所) (currently known as Chinese Academy of Sciences Center for Excellence in Molecular Plant Science (中國科學院分子植物科學卓越創新中心)) from August 1988 to July 1998, during which he was awarded the title of intermediate research assistant in insect biochemical toxicology by Shanghai Institute of Entomology, Chinese Academy of Sciences in December 1993. He also served as a purification process researcher at Shanghai Fudan-Zhangjiang Bio-Pharmaceutical Co., Ltd. (上海復旦張江生物醫藥股份有限公司) (HKEX: 1349) from August 1998 to August 2009. He then served as the technical director at Suzhou Kangju from August 2011 to July 2014. He later served as the technical director and deputy general manager at Suzhou Centergene from August 2014 to August 2020.

Mr. Tan obtained a bachelor's degree in bioengineering from East China Institute of Chemical Technology (華東化工學院) (currently known as East China University of Science and Technology (華東理工大學)) in the PRC in July 1988.

Ms. Li Cui (李翠), aged 39, has served as our Chief Financial Officer since December 2021, secretary to the Board since July 2023, and an executive Director since January 2025. She is responsible for overseeing financial management, corporate governance, investor relations, and capital markets activities of our Group.

Prior to joining our Group, Ms. Li served as auditor at Deloitte Touche Tohmatsu Certified Public Accountants LLP Suzhou Branch (德勤華永會計師事務所(特殊普通合夥)蘇州分所) from July 2008 to November 2010. She then worked as assurance manager at PricewaterhouseCoopers Zhong Tian LLP (普華永道中天會計師事務所(特殊普通合夥)) from November 2010 to July 2017. Ms. Li also served as financial director at Yikon Genomics (Shanghai) Co., Ltd. (上海億康醫學檢驗所有限公司) from July 2017 to October 2017, followed by a position as deputy financial general manager at New World Department Stores (Holdings) Limited (新世界百貨(中國)有限公司) from October 2017 to August 2018. She then served as financial director at PPDai Group Inc. (上海拍拍貸金融信息服務有限公司) from August 2018 to December 2020. She was the financial director at Genor Biopharma Co., Ltd. (嘉和生物藥業有限公司) (HKEX: 6998) from December 2020 to December 2021.

Ms. Li obtained a bachelor's degree in finance from Shanghai University (上海大學) in the PRC in July 2008 and an executive master of business administration (EMBA) degree from Fudan University (復旦大學) in the PRC in June 2024. She has been admitted as a member of the Chinese Certified Public Accountants certified by the Shanghai Institute of Certified Public Accountants (上海註冊會計師協會) since September 2017.

Non-executive Directors

Ms. Lin Chia-Ling (林佳陵), aged 41, was appointed as a non-executive Director in January 2025. She is primarily responsible for participating in major decisions on our Group's operations and development.

Ms. Lin currently holds director, supervisor and senior management positions in the following companies including director and chairman of board of directors of BioEngine Technology Development Inc. (玉晟管理顧問股份有限公司) since June 2018 and October 2023, respectively; director of Glac Biotech Co., Ltd. (豐華生物科技股份有限公司) since July 2024; director of Lumosa Therapeutics Co., Ltd. (順天醫藥生技股份有限公司) (TWO: 6535) since May 2024; director and manager of organizational development and human resources department at Center Laboratories, Inc. (晟德大藥廠股份有限公司) (TWO: 4123) since June 2016 and January, 2023, respectively; director of Cytoengine Co., Ltd. (顥晟生醫股份有限公司) since January 2023; supervisor of LeJean Biotech Co., Ltd. (儷榮科技股份有限公司) since September 2011; supervisor of Jason Technology Co., Ltd. (佳軒科技股份有限公司) since November 2011; supervisor of Royal Foods Co., Ltd (歐室食品股份有限公司) since November 2011; and director of Lead Trend Limited since December 2021.

Ms. Lin obtained a bachelor's degree in economics from McMaster University in Canada in June 2008.

Mr. Diao Juanhuan (刁雋桓), aged 55, was appointed as a Director in August 2022 and was re-designated as a non-executive Director in January 2025. He is primarily responsible for participating in major decisions on our Group's operations and development.

Mr. Diao has extensive experience in finance and investment management. He has been serving as a partner at Shenzhen Oriental Fortune Capital Co., Ltd. (深圳市東方富海投資管理股份有限公司) since January 2008.

From December 1996 to December 1998, Mr. Diao served as the general manager at the securities trade business department of Jun'an Securities Co., Ltd., Lanzhou Longxi Road Securities Trading Branch (君安證券股份有限公司蘭州隴西路證券交易營業部) (currently known as Guotai Junan Securities Co., Ltd. (國泰君安証券股份有限公司) (HKEX: 2611; SSE: 601211), being responsible for various securities trade assignments and overseeing the operation of the branch. He then served as the general manager at Shenzhen Aofan Investment Co., Ltd. (深圳市翱帆投資股份有限公司) from August 1999 to November 2002. From December 2002 to December 2007, Mr. Diao successively worked at Shenzhen Jiuyi Investment Co., Ltd. (深圳市九夷投資有限責任公司) and China Guangfa Bank Co., Ltd., Shenzhen Branch (廣發銀行股份有限公司深圳分行).

Mr. Diao currently is a non-executive director of the following companies: Baiwang Co., Ltd. (百望股份有限公司) (HKEX: 6657) since January 2020; Shenzhen Hua'ao Data Technology Co., Ltd. (深圳市華傲資料技術有限公司) since January 2020; and Ningbo Hicon Industry Co., Ltd. (寧波惠康實業有限公司) since June 2011. Mr. Diao also serves as a director of Jingjing Pharmaceutical Co., Ltd. (精晶藥業股份有限公司) (NEEQ: 835033) since June 2011.

Mr. Diao obtained a bachelor's degree in international trade from Shenzhen University (深圳大學) in the PRC in July 1995, and an executive master of business administration (EMBA) degree from Cheung Kong Graduate School of Business (長江商學院) in the PRC in September 2011.

Mr. Diao was (i) the director of SINOMINE FORTUNE (HONG KONG) INTERNATIONAL MINING INVESTMENT CO., LIMITED (中礦富海(香港)國際礦業投資有限公司), which was dissolved in October 2020, (ii) the director of SINOMINE FORTUNE (HONG KONG) OVERSEAS INVESTMENT CO., LIMITED (中礦富海(香港)海外投資有限公司), which was dissolved in July 2020, (iii) the director of SINOMINE FORTUNE (HONG KONG) OVERSEAS RESOURCES INVESTMENT CO., LIMITED (中礦富海(香港)海外資源投資有限公司), which was dissolved in July 2020, (iv) the partner of Tianjin Xincheng Fuhai Equity Investment Fund Partnership Enterprise (Limited Partnership) (天津新成富海股權投資基金合夥企業(有限合夥)), which was de-registered in December 2010, (v) the chairman of Beijing Guohaitianyi Software Technology Co., Ltd. (北京股海天易軟件科技有限公司), which was de-registered in November 2004, (vi) the director of Shenzhen Bosun Investment Co., Ltd. (深圳市伯孫投資有限公司), which was de-registered in December 2008, (vii) the executive partner and partner of Ganzhou Fuhai Yongxiang Investment Management Enterprise (Limited Partnership) (贛州富海永翔投資管理企業(有限合夥)), which was de-registered in September 2024, and (viii) the director and general manager of Gansu Silk Road Fuhai Fund Management Co., Ltd. (甘肅絲路富海基金管理有限公司), which was de-registered in September 2020. As of the time of the deregistration or dissolution, the aforementioned companies and enterprises were not insolvent, nor had any outstanding liabilities nor were involved in any pending claims. To the best knowledge of our Directors, the reason for deregistration or dissolution of the aforementioned companies and enterprises was cessation of business, which has not resulted in any punishment or fines imposed by any competent authorities, nor has it resulted in any outstanding or potential claims or liabilities against the aforementioned companies, enterprises and Mr. Diao, and there is no material matter that should be brought to the attention of the Stock Exchange or the Shareholders in this regard.

Mr. Li Chen, aged 44, was appointed as a Director in July 2024 and was re-designated as a non-executive Director in January 2025. He is primarily responsible for participating in major decisions on our Group's operations and development.

From June 2010 to September 2015, Mr. Li successively served as a senior associate and vice president of investment banking division at CITIC Securities Company Limited (中信證券股份有限公司) (SSE: 600030; HKEX: 6030). Mr. Li also successively served as a vice president and director of the investment banking division at Lazard Frères & Co. (Lazard 商務諮詢(北京)有限責任公司) (currently known as Lazard Inc.) from February 2016 to September 2018. From October 2018 to December 2021, he served as the managing director at Shanghai Pharmaceuticals (HK) Investment Limited (上海醫藥(香港)投資有限公司). From January 2022 to July 2025, Mr. Li served as executive director and managing director at Shanghai Biopharmaceutical Industry Equity Investment Fund Management Co., Ltd. (上海生物醫藥產業股權投資基金管理股份有限公司). Since July 2025, Mr. Li has been serving as partner and co-president at Shanghai Biomedical Mergers and Acquisitions Private Equity Fund Partnership (Limited Partnership) (上海生物醫藥併購私募基金合夥企業(有限合夥)).

Mr. Li has been serving as a non-executive director in the following companies including Shanghai Huiyong Pharmaceutical Research Co., Ltd. (上海惠永藥物研究有限公司) since January 2021; Hugobiotech Limited since March 2022, Shanghai PSI and Light Genomics Technology Co., Ltd. (上海譜希和光基因科技有限公司) since August 2022; ReLive Biotechnologies, Ltd. since January 2023; and Chengdu Kanghua Biological Products Co., Ltd. (成都康華生物製品股份有限公司) since November 2025.

Mr. Li obtained a bachelor's degree in business administration from University of Washington in May 2004 in the United States and a Juris Doctor degree from Loyola Law School in the United States in May 2009. Mr. Li was admitted to the California State Bar in January 2010.

Mr. Li was a governor of AZALEA INVESTMENTS, LLC, a company incorporated in the State of Washington in the United States, which was dissolved in September 2020. As of the time of the dissolution, AZALEA INVESTMENTS, LLC was not insolvent, nor had any outstanding liabilities nor was involved in any pending claims. To the best knowledge of our Directors, the reason for dissolution of AZALEA INVESTMENTS, LLC was cessation of business, which has not resulted in any punishment or fines imposed by any competent authorities, nor has it resulted in any outstanding or potential claims or liabilities against AZALEA INVESTMENTS, LLC and Mr. Li, and there is no material matter that should be brought to the attention of the Stock Exchange or the Shareholders in this regard.

Independent Non-executive Directors

Mr. Cai Zhongxi (蔡仲曦), aged 60, was appointed as a Director in July 2024 and was re-designated as an independent non-executive Director in January 2025. He is responsible for supervising and offering independent judgement to the Board.

Mr. Cai worked in the sales department of Shenzhen Southern Pharmaceutical Factory (深圳南方製藥廠) (currently known as San Jiu Enterprise Group (三九企業集團)) from May 1991 to February 1993. From August 1995 to December 2005, Mr. Cai held various positions at several subsidiaries of China National Medicines Corporation Ltd. (國藥集團藥業股份有限公司) (SSE: 600511), including deputy general manager and general manager. Mr. Cai then served as chairman of Shanghai Shengtai Medical Technology Co., Ltd. (上海盛泰醫療科技有限公司) (currently known as Sinopharm Group Med-Tech Co., Ltd. (國藥控股醫療器械有限公司)) from July 2006 to May 2010, followed by the position of deputy general manager at Sinopharm Holding Co., Ltd. (國藥控股股份有限公司) (HKEX: 1099) from July 2010 to June 2017. He also served as independent director of Guangdong Taiantang Pharmaceutical Co., Ltd. (廣東太安堂藥業股份有限公司) from January 2023 to July 2024, which was delisted from the Shenzhen Stock Exchange on July 5, 2024.

Mr. Cai serves as a partner at Hongsheng (Zhejiang Free Trade Zone) Equity Investment Fund Management Partnership Enterprise (Limited Partnership) (弘盛(浙江自貿區)股權投資基金管理合夥企業(有限合夥)) since September 2017, the chairman and founding partner at Shanghai Hongsheng Junhao Equity Investment Fund Management Co., Ltd. (上海弘盛君浩股權投資基金管理有限公司) since September 2020, and an independent director at C.Q. Pharmaceutical Holding Co., Ltd. (重藥控股股份有限公司) (SZSE: 000950) since November 2023.

Mr. Cai obtained a bachelor's degree in military medicine from Naval Medical University (中國人民解放軍海軍軍醫大學) (formerly known as the Second Military Medical University (第二軍醫大學)) in the PRC in July 1989 and a master of business administration (MBA) degree from China Europe International Business School (中歐國際工商學院) in the PRC in September 2014.

Mr. Cai was (i) the director of ZHONG YI TRADING (HONG KONG) LIMITED (仲意貿易(香港)有限公司), which was dissolved in September 2018, (ii) the director of Suzhou Ailongshengtai Medical Technology Co., Ltd. (蘇州艾隆盛泰醫療科技有限公司), which was de-registered in August 2009, (iii) the executive director of Shanghai Fuyi Precision Medicine Laboratory Co., Ltd. (上海複醫精準醫學檢驗所有限公司), which was de-registered in August 2024, and (iv) the director of Shanghai Dongshi Pharmaceutical Information Co., Ltd. (上海東氏醫藥信息有限公司), which was de-registered in November 2022. As of the time of the deregistration or dissolution, the aforementioned companies were not insolvent, nor had any outstanding liabilities nor were involved in any pending claims. To the best knowledge of our Directors, the reason for deregistration or dissolution of the aforementioned companies was cessation of business, which has not resulted in any punishment or fines imposed by any competent authorities, nor has it resulted in any outstanding or potential claims or liabilities against the aforementioned companies and Mr. Cai, and there is no material matter that should be brought to the attention of the Stock Exchange or the Shareholders in this regard.

Dr. Zeng Fanyi (曾凡一), aged 58, was appointed as a Director in July 2024 and was re-designated as an independent non-executive Director in January 2025. She is responsible for supervising and offering independent judgement to the Board.

From July 2005 to December 2006, Dr. Zeng served as deputy researcher and assistant to the director at the Institute of Medical Genetics, Shanghai Jiao Tong University (上海交通大學) and further served as a researcher, doctoral supervisor, and deputy director from December 2006 to January 2015. From October 2007 to October 2017, she also served as the director and doctoral supervisor at the Laboratory of Developmental Biology, School of Medicine, Shanghai Jiao Tong University (上海交通大學).

Dr. Zeng is a senior researcher, executive director and general manager at Shanghai Fanyi Biotechnology Co., Ltd. (上海凡翼生物科技有限公司) since March 2012, and an executive director and chief financial officer at Shanghai Fanyi Biotechnology Co., Ltd. (上海凡奕生物科技有限公司) since August 2011. She is also a director of Maxmed Biotechnology Corporation since October 2024 and a director of Shanghai Fanyi Biotechnology Development Co., Ltd.(上海凡奕生物科技發展有限公司) since April 2025.

Dr. Zeng obtained a bachelor's degree in biochemistry and cell biology the University of California San Diego in the United States in June 1991, and a dual doctoral degree (M.D.& Ph.D.) in medicine and science from the University of Pennsylvania in the United States in May 2005. Dr. Zeng also obtained a doctoral degree in finance from Chinese Academy of Social Sciences (中國社會科學院) in the PRC in October 2014. In addition, Dr. Zeng obtained a master's degree in engineering management from the University of Illinois Chicago in the United States in May 2014 and a master's degree in public administration from the University of Nebraska Omaha in the United States in May 2015.

Dr. Zeng was awarded with Second Prize of State Natural Science Award (國家自然科學獎二等獎) by the State Council of the PRC in January 2015 and First Prize of Natural Science Award (自然科學獎一等獎) by the Ministry of Education of the PRC in January 2008. Since November 2018, Dr. Zeng has been serving as executive director of Genetics Society of China (中國遺傳協會) and chairman of the Human and Medical Genetics Committee (人類與醫學遺傳專委會). Dr. Zeng is a recipient of the State Council Special Allowance (國務院特殊津貼).

Dr. Zeng was the chairman and general manager of Shanghai Fanhua Biotechnology Co., Ltd. (上海凡華生物技術有限公司) ("**Shanghai Fanhua**"), which was de-registered in August 2004. As of the time of the deregistration, Shanghai Fanhua was not insolvent, nor had any outstanding liabilities nor was involved in any pending claims. To the best knowledge of our Directors, the reason for deregistration of Shanghai Fanhua was cessation of business, which has not resulted in any punishment or fines imposed by any competent authorities, nor has it resulted in any outstanding or potential claims or liabilities against Shanghai Fanhua and Dr. Zeng, and there is no material matter that should be brought to the attention of the Stock Exchange or the Shareholders in this regard.

Dr. Ju Dianwen (鞠佃文), aged 57, was appointed as an independent Director in July 2024 and was re-designated as an independent non-executive Director in January 2025. He is responsible for supervising and offering independent judgement to the Board.

Dr. Ju has extensive experience in medical research, biotechnology, and academia. Prior to joining our Group, Dr. Ju successively served as teaching assistant and lecturer in the Department of Medical Immunology at Naval Medical University (中國人民解放軍海軍軍醫大學) (formerly known as the Second Military Medical University (第二軍醫大學)) from September 1994 to August 2002. He then served as deputy general manager at Shanghai MediPharm Biotech Co., Ltd. (上海美恩生物技術有限公司) from August 2002 to January 2011. Since January 2011, Dr. Ju has been serving as principal investigator of Department of Biomedicines, School of Pharmacy, Fudan University (復旦大學). He has been serving as a scientific advisor at Novatim Immune Therapeutics (Zhejiang) Co., Ltd. (科弈(浙江)藥業科技有限公司) since October 2019.

Dr. Ju has been serving as an independent director at Chengdu Olymvax Biopharmaceuticals Inc. (成都歐林生物科技股份有限公司) (SSE: 688319) since July 2025 and Suzhou Wangshan Wangshui Biopharmaceutical Co., Ltd. (蘇州旺山旺水生物醫藥股份有限公司) since March 2023. He has also been serving as a director at Shanghai Xingshen Biotechnology Co., ltd (上海行深生物科技有限公司) (currently known as Xingshen Biotechnology (Hangzhou) Co., Ltd. (行深生物科技(杭州)有限公司)) since April 2020 and Shanghai Xinze Venture Capital Management Co., Ltd. (上海莘澤創業投資管理股份有限公司) since December 2019. He is a supervisor at Shanghai Dongci Biotechnology Co., Ltd. (上海東慈生物科技有限公司) since March 2019. He served as an independent director at Shanghai Baolong Pharmaceutical Co., Ltd. (上海寶龍藥業股份有限公司) from March 2020 to December 2024.

Dr. Ju obtained a bachelor's degree in pharmacy, a master's degree in pharmacology, and a doctoral degree in medical immunology from Naval Medical University (中國人民解放軍海軍軍醫大學) (formerly known as the Second Military Medical University (第二軍醫大學)) in the PRC in July 1991, July 1994, and July 1999, respectively. In December 2014, Dr. Ju was awarded the Second Prize of National Science and Technology Progress Award (國家科學技術進步二等獎) by the Ministry of Science and Technology of the PRC (中華人民共和國科學技術部). Dr. Ju has been serving as a committee member of the Biochemistry and Biotechnology Pharmaceuticals Committee of Shanghai Pharmaceutical Association (上海藥學會生化與生物技術藥物委員會) since August 2020, and a committee member of the Fourth Monoclonal Antibody Professional Committee of China Medical Biotech Association (中國生物醫藥技術協會第四屆單克隆抗體專業委員會) since October 2021.

Mr. Zhang Senquan (張森泉), formerly known as Mr. Zhang Min (張敏), aged 49, was appointed as an independent non-executive Director in January 2025. He is responsible for supervising and offering independent judgement to the Board.

Mr. Zhang has more than 20 years of experience in accounting, auditing and management. From October 1999 to October 2000, he was an auditor in the audit department of Deloitte Touche Tohmatsu CPA Ltd. (德勤華永會計師事務所). From November 2000 to February 2008, he worked at KPMG Huazhen (畢馬威華振會計師事務所) with last position as an audit senior manager. From February 2008 to November 2012, Mr. Zhang worked in the assurance department of Ernst & Young Hua Ming (安永華明會計師事務所) with last position as a partner. From March 2013 to April 2014, Mr. Zhang served as the head of the strategic development department of Goodbaby International Holdings Limited (好孩子國際控股有限公司) (HKEX: 1086). From May 2014 to July 2015, he served as a joint company secretary and the chief financial officer of Huazhong Holdings Company Limited (華眾控股有限公司) (currently known as Huazhong In-Vehicle Holdings Company Limited (華眾車載控股有限公司) (HKEX: 6830)). From February 2016 to March 2020, he held various positions in Southwest Securities International Securities Limited (西證國際證券股份有限公司) (HKEX: 0812), including as the head of China business department and managing director. From May 2018 to July 2024, he was the chief executive officer of Zhong Rui Capital (Hong Kong) Limited (中瑞資本(香港)有限公司). Mr. Zhang also served as an independent non-executive director at TYK Medicines, Inc. (浙江同源康醫藥股份有限公司) (HKEX: 2410) from January 2024 to September 2025, Sang Hing Holdings (International) Ltd. (生興控股(國際)有限公司) (HKEX: 1472) from January 2020 to April 2023 and Jiande International Holdings Limited (建德國際控股有限公司) (HKEX: 0865) from October 2016 to December 2024. Mr. Zhang also served as the company secretary of Guanze Medical Information Industry (Holding) Co., Ltd. (HKEX: 2427) from September 2021 to December 2025.

Currently, Mr. Zhang is the audit principal at Nortex (HK) CPA Limited (諾德(香港)會計師事務所有限公司) since March 2022. He has also been serving as a joint company secretary at Zhonggan Communication (Group) Holdings Limited (中贛通信(集團)控股有限公司) (HKEX: 2545) since July 2025, and company secretary at China General Education Group Limited (中國通才教育集團有限公司) (HKEX: 2175) since October 2020 and Yunhong Guixin Group Holdings Limited (運鴻硅鑫集團控股有限公司) (HKEX: 8349) since March 2026. He is an independent non-executive director in the following companies: Chenqi Technology Limited (如祺出行科技有限公司) (HKEX: 9680) since June 2024; Strawbear Entertainment Group (稻草熊娛樂集團) (HKEX: 2125) since December 2020; and Natural Food International Holding Limited (五穀磨房食品國際控股有限公司) (HKEX: 1837) since November 2018. He also serves as an independent director at Shandong Weigao Blood Purification Products Co., Ltd. (山東威高血液淨化製品股份有限公司) (SSE: 603014) since May 2022.

Mr. Zhang obtained a bachelor's degree in investment economics from Fudan University (復旦大學) in the PRC in July 1999. Mr. Zhang has been admitted as a member of the Chinese Institute of Certified Public Accountants (中國註冊會計師協會) since December 2001, a member of the Hong Kong Institute of Certified Public Accountants since September 2011 and further admitted as a member of the American Institute of Certified Public Accountants since September 2015.

SUPERVISORS

The Supervisory Committee of the Company comprises three members.

Mr. Lou Junwen (樓俊文), aged 41, has been serving as the Chairman of our Supervisory Committee since January 2025 and is responsible for the overseeing our operational and financial activities. Mr. Lou has also been serving as the director of project management of our Company since December 2019.

Prior to joining our Group, Mr. Lou served as purification technologist at Shanghai Fudan-Zhangjiang Bio-Pharmaceutical Co., Ltd. (上海復旦張江生物醫藥股份有限公司) (HKEX: 1349) from August 2010 to August 2013. He then served as project manager at Suzhou Kangju from August 2013 to July 2014. From July 2014 to December 2019, he served as project department manager at Suzhou Centergene.

Mr. Lou obtained a bachelor's degree in applied chemistry from Shanghai University (上海大學) in the PRC in July 2007. Mr. Lou also passed the Engineering Series Intermediate Professional and Technical Position Qualification of Shanghai Pharmaceuticals Holding Co., Ltd. (上海醫藥(集團)有限公司工程系列中級專業技術職務任職資格) in September 2014 and was granted an intermediate professional title (中級職稱) and recognized as an engineer.

Mr. Cheng Yu (成裕), aged 37, has served as our supervisor since June 2023 and is responsible for supervising the performance of our Board and operational and financial activities of our Group.

Since January 2022, Mr. Cheng has been serving as production director of our Company with extensive experience in biopharmaceutical manufacturing and production management. He has also served as manager at Suzhou Centergene from October 2014 to December 2021. Previously, Mr. Cheng served as purification supervisor at Suzhou Kangju from June 2013 to September 2014, and technical supporter at Suzhou Alpha Biological Experimental Devices and Materials Co., Ltd. (蘇州阿爾法生物實驗器材有限公司) from July 2011 to May 2013.

Mr. Cheng obtained a bachelor's degree in biopharmaceuticals (biotechnology) from Soochow University (蘇州大學) in the PRC in June 2011. Mr. Cheng has been admitted as a certified pharmacist by Jiangsu Provincial Department of Human Resources and Social Security (江蘇省人力資源和社會保障廳) in October 2016. In March 2022, he was selected as the 2021 Gusu Key Industry Talent Program (姑蘇重點產業緊缺人才計劃) by Suzhou Municipal Human Resources and Social Security Bureau (蘇州市人力資源和社會保障局).

Ms. Cai Qingqing (蔡清清), aged 36, has served as our supervisor since June 2023 and is responsible for supervising the performance of our Board and operational and financial activities of our Group.

Since June 2021, Ms. Cai has been serving as director of the general manager office of our Company and is responsible for assisting executive duties and managing human resources administration work. Prior to joining our Group, Ms. Cai served as assistant to deputy general manager of the general manager office at Merry Electronics (Suzhou) Co., Ltd. (美特科技(蘇州)有限公司) from August 2007 to June 2021.

Ms. Cai obtained her bachelor's degree in human resources management from Soochow University (蘇州大學) in the PRC in January 2023.

SENIOR MANAGEMENT

For the biographical details of Dr. Liu Yanjun, Ms. Wang Zheng, Mr. Tan Jingwei and Ms. Li Cui, please see "– Directors – Executive Directors."

Mr. Sun Yuhua (孫玉華), aged 44, has served as our deputy general manager since September 2020 and is responsible for overseeing manufacturing operations, EHS, and IT management of our Group. He also served as manager at Suzhou Kangju from April 2014 to November 2020. He then has been serving as supervisor of Hainan Baoji since February 2022.

Prior to joining our Group, Mr. Sun successively served as project supervisor and deputy director at Huake Biological Polymer Materials Institute of Kunshan Industrial Technology Research Institute (昆山工研院華科生物高分子材料研究所) from May 2007 to April 2014, where he was responsible for research project management and operations.

Mr. Sun obtained a bachelor's degree in marine technology (food engineering) from Yancheng Institute of Technology (鹽城工學院) in the PRC in June 2004 and a master's degree in fermentation engineering from Tianjin University of Science and Technology (天津科技大學) in the PRC in March 2007. Mr. Sun has received numerous accolades, including being named as the Outstanding Talent of Kunshan City (昆山市優秀人才) in January 2013, Technical Expert of Suzhou Industrial Park (蘇州工業園區技術能手) in July 2016, and High-Skilled Leading Talent (高技能領軍人才) under the Jinji Lake Talent Program of Suzhou Industrial Park (蘇州工業園區金雞湖雙百人才計劃) in December 2016. In April 2024, as a member of our innovative drug research team, he was recognized as a member of the Outstanding Talent Team of Sanjiang Talents (三江英才優秀人才團隊) in Baoshan District, Shanghai. He currently serves as a committee member of the Forth Labor Union Committee of Luodian Town, Baoshan District (寶山區羅店鎮總工會第四屆委員會), and as vice president of Shanghai Baoshan District Science and Technology Enterprise Association (上海市寶山區科技企業聯合會).

JOINT COMPANY SECRETARIES

Ms. Li Cui (李翠), was appointed as a joint company secretary of our Company on January 21, 2025. She is primarily responsible for overseeing financial management, corporate governance, investor relations, and capital markets activities of our Group. For the biographical details of Ms. Li, see "– Directors – Executive Directors" in this section.

Ms. Fong Christine Haiman (方希琳), was appointed as a joint company secretary of our Company on January 21, 2025. Ms. Fong is currently a manager of company secretarial services of Tricor Services Limited, a member of Vistra Group and an integrated provider offering business, corporate and investor services. She has over nine years of experience in the corporate services field and has been providing professional corporate services to Hong Kong listed companies as well as private and offshore companies.

Ms. Fong is a Chartered Secretary, a Chartered Governance Professional and an associate of both the Hong Kong Chartered Governance Institute (HKCGI) and the Chartered Governance Institute (CGI) in United Kingdom.

Ms. Fong obtained a bachelor's degree in law from Queensland University of Technology in Australia in December 2016 and a master's degree in corporate governance from the Hong Kong Polytechnic University in September 2022.

CHANGES IN DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S INFORMATION

Save as disclosed in this annual report and up to the date of this annual report, there are no other changes in the Directors', the Supervisors' or the chief executive officer's information as required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

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

PRINCIPAL ACTIVITIES

The Group is a biotechnology company with an approved product and a diverse clinical pipeline, leveraging synthetic biology technology to develop and deliver recombinant biologic drugs in China, targeting conditions with limited treatment options and complex manufacturing challenges.

The activities and particulars of the Company's subsidiaries are shown under Note 1 to the consolidated financial statements. An analysis of the Group's results for the year ended December 31, 2025 by principal activities of the Group is set out in the section headed "Management Discussion and Analysis" in this annual report.

There were no significant changes in the nature of the Group's principal activities since the Listing Date and up to the date of this report.

RESULTS

The results of the Group for the year ended December 31, 2025 are set out in the consolidated financial statements in this annual report.

DIVIDEND

The Board has resolved not to recommend the payment of a final dividend for the year ended December 31, 2025 (2024: Nil). There is no arrangement under which any Shareholder has waived or agreed to waive any dividends.

SHARE CAPITAL AND SHARES ISSUED

Details of the movement in the share capital of the Company for the year ended December 31, 2025 and details of the Shares issued during the year ended December 31, 2025 are set out in Note 27 to the consolidated financial statements in this annual report.

RESERVES

As at December 31, 2025, the Company did not have any distributable reserves.

Details of the movement in reserves of the Group for the year ended December 31, 2025 are set out in Note 28 to the consolidated financial statements in this annual report.

REPORT OF DIRECTORS

BUSINESS REVIEW

A review of the business of the Group during the year as required by Schedule 5 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), including a discussion and analysis on the Group's future business development and the financial and operational key performance indicators employed by the Directors in measuring the performance of the Group's business is set out in the section headed "Management Discussion and Analysis" and "Financial Summary" in this annual report. These discussions form part of this report of Directors. Events affecting the Company that have occurred since the end of the financial year are set out in the section headed "Important Events After The Reporting Period" in this annual report.

PRINCIPAL RISKS AND UNCERTAINTIES

The following list is a summary of certain principal risks and uncertainties faced by us, some of which are beyond our control:

- We depend substantially on the success of our drug candidates. If we are unable to successfully complete clinical development, obtain regulatory approvals or achieve commercialization for our drug candidates, or if we experience significant delays or cost overruns in doing any of the foregoing, our business and prospects could be materially and adversely affected.

- We face intense competition and rapid technological change and the possibility that our competitors may develop therapies that are similar, more advanced, or more effective than ours, which may adversely affect our financial condition and our ability to successfully commercialize our drug candidates.

- If clinical trials of our drug candidates fail to demonstrate safety and efficacy to the satisfaction of regulatory authorities or do not otherwise produce positive results, we may incur additional costs or experience delays in completing, or may ultimately be unable to complete, the development and commercialization of our drug candidates.

- We plan to gradually submit NDAs for several of our drug candidates. If we are not able to obtain, or experience delays in obtaining required regulatory approvals, we will not be able to commercialize our drug candidates, and our ability to generate revenue will be materially impaired.

- We have relatively little experience in the commercialization of drugs. If we are unable to build and manage sales network, or maintain sufficient sales and marketing capabilities, either by ourselves or through third parties, we may not be able to successfully create or increase market awareness of our products or sell our products, which will materially affect our ability to generate sales revenue.

- We have entered into collaboration agreements with our partners, and may form or seek additional collaborations or strategic alliances or enter into additional licensing arrangements in the future. We may not realize any or all benefits of such alliances or licensing arrangements, and disputes may arise between us and our collaboration partners.

- Any delays in commencing and completing construction of, and receiving regulatory approvals for our manufacturing facilities, or any damage to, destruction of, or interruption of production at such facilities, could reduce or restrict our production capacity or our ability to develop or sell products, which could have a material and adverse effect on our business, financial condition and results of operations.

- We have incurred net losses since inception. We anticipate that we will continue to incur net losses for the foreseeable future and may not be able to generate sufficient revenue to achieve or maintain profitability. Potential investors are at risk of losing substantially all of their investments in our H Shares.

However, the above is not an exhaustive list. Investors are advised to make their own judgment or consult their own investment advisors before making any investment in our H Shares.

For the measures related to the risks, please refer to "Corporate Governance Report" in this report.

REPORT OF DIRECTORS

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended December 31, 2025, the Group's five largest suppliers accounted for 44.2%, as compared to 52.2% of the Group's total purchases for the year ended December 31, 2024. The Group's single largest supplier accounted for 29.5% for the year ended December 31, 2025, as compared to 36.5% of the Group's total purchases for the year ended December 31, 2024.

For the year ended December 31, 2025, the Group's five largest customers accounted for 94.2%, as compared to 94.8% of the Group's total revenue for the year ended December 31, 2024. The Group's single largest customer accounted for 81.4% for the year ended December 31, 2025, as compared to 45.9% of the Group's total revenue for the year ended December 31, 2024.

None of the Directors or any of their close associates (as defined in the Listing Rules) or any Shareholders (whom, to the best knowledge and belief of the Directors, own more than 5% of the Company's total issued share capital) had a material interest in the Group's five largest customers or suppliers during the Reporting Period.

KEY RELATIONSHIPS WITH STAKEHOLDERS

The Group recognizes that various stakeholders, including employees, customers, suppliers and other business associates are key to the Group's success. The Group strives to achieve corporate sustainability through engaging, collaborating and cultivating strong relationship with them.

Further details of an account of the Company's key relationships with its employees, customers, suppliers and other business associates that have a significant impact on the Company are set out in the "Environmental, Social and Governance Report" in this annual report.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to fulfilling social responsibility, promoting employee benefits and development, protecting the environment, giving back to community and achieving sustainable growth.

Further details of the Company's environmental policies and performance are set out in the "Environmental, Social and Governance Report" published in accordance with Rule 13.91 of the Listing Rules and the Environmental, Social and Governance Reporting Guide contained in Appendix C2 to the Listing Rules in this annual report.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

As far as the Board and management are aware, the Group has complied in all material aspects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the year ended December 31, 2025, there was no material breach of, or non-compliance with, applicable laws and regulations, by the Group.

USE OF PROCEEDS

The Group received net proceeds (after deduction of underwriting commissions and related costs and expenses) from its Global Offering of approximately HK$921.5 million (the "**Net Proceeds**"). The Company has utilized, and expects to utilize, the net proceeds from the Global Offering in accordance with the intended uses previously disclosed in the Prospectus. For further details, please refer to the section headed "Future Plans and Use of Proceeds" in the Prospectus. The table below sets out the planned applications of the net proceeds and actual usage as of December 31, 2025. Any discrepancies in this table between the total and sums of amounts are due to rounding.

Intended use of net proceeds	**Allocation of net proceeds** HKD in million	**Percentage of total net proceeds**	**Net proceeds utilized as at December 31, 2025** HKD in million	**Net proceeds unutilized as at December 31, 2025** HKD in million
Research and development and commercialization of our Core Products, including KJ017, KJ103 and SJ02.	493.2	53.5%	3.4	489.8
Advancement of other existing pipeline assets and preparation for any related registration filings	162.8	17.7%	7.1	155.7
Continued optimization of the Group's proprietary synthetic biology technology platforms, as well as exploration and development of new drug candidates	77.4	8.4%	2.1	75.3
Enhancing and scaling up our manufacturing capabilities	95.9	10.4%	26.9	69.0
Working capital and general corporate purposes	92.2	10.0%	2.2	90.0
Total	**921.5**	**100.0%**	**41.7**	**879.8**

The unutilized amount of Net Proceeds from the Global Offering is expected to be fully utilized by December 31, 2028.

REPORT OF DIRECTORS

PROSPECTS

A description of the future development in the Company's business is provided in the "Chairman's Statement" and the "Management Discussion and Analysis" in this annual report.

DIRECTORS AND SUPERVISORS

The Directors and Supervisors during the Reporting Period and up to the date of this report of Directors are as follows:

Executive Directors

Dr. Liu Yanjun (劉彥君)
Ms. Wang Zheng (王徵)
Mr. Tan Jingwei (譚靖偉)
Ms. Li Cui (李翠)

Non-executive Directors

Ms. Lin Chia-Ling (林佳陵)
Mr. Diao Juanhuan (刁雋桓)
Mr. Li Chen

Independent Non-executive Directors

Mr. Cai Zhongxi (蔡仲曦)
Dr. Zeng Fanyi (曾凡一)
Dr. Ju Dianwen (鞠佃文)
Mr. Zhang Senquan (張森泉)

Supervisors

Mr. Lou Junwen (樓俊文)
Mr. Cheng Yu (成裕)
Ms. Cai Qingqing (蔡清清)

Since the issue of the Company's Prospectus on December 10, 2025 and up to the date of this report, save as disclosed in this annual report, there has been no other change in Directors' information that is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

The Company has received, from each of the independent non-executive Directors, a confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all the independent non-executive Directors are independent.

BIOGRAPHIES OF THE DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The biographical information of the Directors, Supervisors and the senior management of the Company are set out in "Directors, Supervisors and Senior Management" in this annual report.

DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

We have entered into a service contract with each of our Directors and Supervisors which contains provisions in relation to, among other things, compliance with relevant laws and regulations and observance of the Articles of Association.

The principal particulars of these service contracts are: (a) each of the contracts is for a term until July 25, 2026, following his/her respective effective date of his/her appointment; and (b) each of the contracts is subject to termination in accordance with their respective terms. The contracts may be renewed in accordance with our Articles of Association and the applicable rules.

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

EMPLOYEES AND REMUNERATION POLICIES

A review of the employees and remuneration policies of the Group during the year is set out in the "Management Discussion and Analysis – Financial Review – Employees and Remuneration Policy" on pages 36 of this annual report.

PENSION SCHEME

Further details of the pension scheme of the Group are set out in Note 6 to the consolidated financial statements in this annual report. During the Reporting Period, there was no forfeiture of contributions under the defined contribution plans of the Group, and there were no forfeited contributions that had been used by the Group to reduce the existing level of contributions.

REMUNERATION OF THE DIRECTORS AND SUPERVISORS AND FIVE HIGHEST PAID INDIVIDUALS

The Directors, Supervisors and senior management members who receive remuneration from the Company are paid in the forms of salaries, bonuses, allowances and benefits in kind, equity-settled share award expense and pension scheme contributions. Our independent non-executive Directors receive compensation based on their responsibilities. The remuneration of the Directors, Supervisors and senior management members is determined with reference to the remuneration paid by comparable companies and the achievement of major operating indicators of the Company.

Details of the remuneration of the Directors, Supervisors and the five highest paid individuals for the Reporting Period are set out in Note 9 and 10 to the consolidated financial statements in this annual report.

REPORT OF DIRECTORS

During the Reporting Period, there was no emolument paid by the Group to any of the Directors, Supervisors or any of the five highest paid individuals as an inducement to join, or upon joining the Group or as compensation for loss of office. None of the Directors or Supervisors waived or agreed to waive any emoluments for the year ended December 31, 2025.

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

Save as disclosed in this annual report, none of the Directors and Supervisors nor any entity connected with the Directors or Supervisors had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance, whether for the provision of services or otherwise, to the Group to which the Company or any of its subsidiaries was a party subsisting during or at the end of the year ended December 31, 2025.

CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as disclosed in this annual report, no controlling shareholders or their respective subsidiaries had a material interest, either directly or indirectly, in any contract of significance, whether for the provision of services or otherwise, to the Group to which the Company or any of its subsidiaries was a party subsisting during or at the end of the year ended December 31, 2025.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the Directors had any interest in a business which competes or is likely to compete, directly or indirectly, with business of the Group for the year ended December 31, 2025.

From time to time our non-executive Directors may serve on the boards of both private and public companies within the broader healthcare and biopharmaceutical industries. However, as these non-executive Directors are not members of our executive management team, we do not believe that their interests in such companies as directors would render us incapable of carrying on our business independently from the other companies in which these non-executive Directors may hold directorships from time to time.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed from the period of the Listing Date to December 31, 2025 and up to the date of this report between the Company and a person other than a Director or any person engaged in the full-time employment of the Company.

CONNECTED TRANSACTION

A summary of the related party transactions entered into by the Group during the year ended December 31, 2025 is contained in Note 33 to the consolidated financial statements in this report. None of the transactions summarized in such note constitute a non-exempt "connected transaction" or "continuing connected transaction" under Chapter 14A of the Listing Rules. The Company confirms that it has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

DISCLOSURE OF INTERESTS

A. Directors', Supervisors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company or Its Associated Corporations

As of December 31, 2025, the interests and/or short positions (as applicable) of our Directors, Supervisors and chief executives in the shares, underlying shares and debentures of our Company or any of its associated corporations, within the meaning of Part XV of the SFO, which were required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions (as applicable) which he/she is taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein, or which were required to be notified to our Company and the Stock Exchange pursuant to the Model Code, were as follows:

Name of Director/ Supervisor/ Chief Executive	Capacity/ Nature of interest	Description of Shares[1]	Number of Shares Held or Interested	Approximate percentage of shareholding in our Unlisted Shares/ H Shares (as appropriate)[2]	Approximate percentage of shareholding in the total share capital of our Company[2]
Dr. Liu	Beneficial owner	Unlisted Shares	54,977,530	32.03%	16.87%
		H Shares	6,108,615	3.96%	1.87%
	Interest in controlled corporations[3]	Unlisted Shares	23,562,700	13.73%	7.23%
		H Shares	10,098,300	6.54%	3.10%
	Interest jointly held with another person[4]	Unlisted Shares	27,750,000	16.17%	8.51%
		H Shares	9,750,000	6.32%	2.99%
Ms. Wang	Beneficial owner	Unlisted Shares	20,250,000	11.80%	6.21%
		H Shares	2,250,000	1.46%	0.69%
	Interest jointly held with another person[4]	Unlisted Shares	86,040,230	50.12%	26.39%
		H Shares	23,706,915	15.36%	7.27%
Mr. Tan	Beneficial owner	Unlisted Shares	7,500,000	4.37%	2.30%
		H Shares	7,500,000	4.86%	2.30%
	Interest jointly held with another person[4]	Unlisted Shares	98,790,230	57.55%	30.31%
		H Shares	18,456,915	11.96%	5.66%

Notes:

(1) For the avoidance of doubt, both Unlisted Shares and H Shares are ordinary Shares in the share capital of our Company and are considered as one class of Shares. All interests stated are long positions. The number of Shares presented has taken into consideration of the Share Subdivision.

(2) The calculation is based on the total number of issued Shares, 325,981,465 Shares, including 171,654,215 Unlisted Shares and 154,327,250 H Shares as of December 31, 2025.

(3) As of December 31, 2025, Dr. Liu Yanjun (劉彥君) was the executive partner of the Share Incentive Platforms, namely Shanghai Luojun, Shanghai Luoxu and Ningbo Hongsheng. As such, Dr. Liu Yanjun (劉彥君) is deemed to be interested in the 23,562,700 Unlisted Shares and 10,098,300 H Shares directly held by the Employee Incentive Platforms under the SFO.

(4) Pursuant to the AIC Agreement entered into among the Concert Parties, the Concert Parties had confirmed and agreed that they would: (i) act in concert with respect to the matters relating to the daily operations, key matters or any other matters required to be approved by the shareholders' meetings or board meetings of the Company; (ii) consult each other and reach a consensus before voting at board meetings and/or shareholders' meetings of the Company; and (iii) in case that the Concert Parties fail to reach a consensus, vote based on Dr. Liu's opinion. As such, each of the Concert Parties are deemed to be interested in the Shares each other is interested in under the SFO. For further details of the AIC Agreement, please refer to the Prospectus.

Save as disclosed above, as of December 31, 2025, none of the Directors, Supervisors and chief executive of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or its associated corporations as recorded in the register required to be kept under section 352 of the SFO or required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

B. Substantial Shareholder's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company or Its Associated Corporations

As of December 31, 2025, so far as our Directors are aware, the persons who held interests and/or short positions in the Shares or underlying Shares which would be required to be notified to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or as recorded in the register required to be kept by our Company pursuant to Section 336 of the SFO were set out in the table below:

Name of Shareholder	Capacity/ Nature of interest	Description of Shares[1]	Number of Shares Held or Interested	Approximate percentage of shareholding in our Unlisted Shares/H Shares (as appropriate)[2]	Approximate percentage of shareholding in the total share capital of our Company[2]
Dr. Liu	Beneficial owner	Unlisted Shares	54,977,530	32.03%	16.87%
		H Shares	6,108,615	3.96%	1.87%
	Interest in controlled corporations[3]	Unlisted Shares	23,562,700	13.73%	7.23%
		H Shares	10,098,300	6.54%	3.10%
	Interest jointly held with another person[4]	Unlisted Shares	27,750,000	16.17%	8.51%
		H Shares	9,750,000	6.32%	2.99%
Ms. Wang	Beneficial owner	Unlisted Shares	20,250,000	11.80%	6.21%
		H Shares	2,250,000	1.46%	0.69%
	Interest jointly held with another person[4]	Unlisted Shares	86,040,230	50.12%	26.39%
		H Shares	23,706,915	15.36%	7.27%
Mr. Tan	Beneficial owner	Unlisted Shares	7,500,000	4.37%	2.30%
		H Shares	7,500,000	4.86%	2.30%
	Interest jointly held with another person[4]	Unlisted Shares	98,790,230	57.55%	30.31%
		H Shares	18,456,915	11.96%	5.66%
Shanghai Luoxu[3]	Beneficial owner	Unlisted Shares	13,125,000	7.65%	4.03%
		H Shares	5,625,000	3.64%	1.73%
Shanghai Luojun[3]	Beneficial owner	Unlisted Shares	7,255,915	4.23%	2.23%
		H Shares	3,109,680	2.01%	0.95%
Ningbo Hongsheng[3]	Beneficial owner	Unlisted Shares	3,181,785	1.85%	0.98%
		H Shares	1,363,620	0.88%	0.42%
Center Lab [5]	Beneficial owner	Unlisted Shares	31,924,265	18.60%	9.79%
		H Shares	7,981,065	5.17%	2.45%
Center Laboratories[5]	Interest in controlled corporations	Unlisted Shares	31,924,265	18.60%	9.79%
		H Shares	7,981,065	5.17%	2.45%

Name of Shareholder	Capacity/ Nature of interest	Description of Shares[1]	Number of Shares Held or Interested	Approximate percentage of shareholding in our Unlisted Shares/H Shares (as appropriate)[2]	Approximate percentage of shareholding in the total share capital of our Company[2]
Venus Capital HK Limited[6]	Beneficial owner	H Shares	16,111,110	10.44%	4.94%
PCJ Bao Holdings Limited[6]	Beneficial owner	H Shares	5,550,000	3.60%	1.70%
Fangyuan Capital Holdings (Cayman) Limited[6]	Interest in controlled corporations	H Shares	21,661,110	14.04%	6.64%
Ms. Zheng Juan (鄭娟) ("**Ms. Zheng**")[6]	Interest in controlled corporations	H Shares	21,661,110	14.04%	6.64%
Shanghai Xihao Investment Management Co., Ltd. (上海熙灝投資管理有限公司) ("**Shanghai Xihao**")[7]	Interest in controlled corporations	H Shares	8,319,280	5.39%	2.55%
Mr. Li Jiaqi (李佳琦) ("**Mr. Li**")[7]	Interest in controlled corporations	H Shares	8,319,280	5.39%	2.55%
Shanghai Naixi Technology Co., Ltd. (上海耐熙科技有限公司) ("**Shanghai Naixi**")[7]	Interest in controlled corporations	H Shares	8,319,280	5.39%	2.55%
Mr. Qian Jincheng (錢錦程) ("**Mr. Qian**")[7]	Interest in controlled corporations	H Shares	8,319,280	5.39%	2.55%
Shanghai Healthcare Capital Partnership (Limited Partnership) (上海生物醫藥產業股權投資基金合夥企業(有限合夥)) ("**SHC**")[8]	Beneficial Owner	Unlisted Shares H Shares	2,957,170 8,871,510	1.72% 5.75%	0.91% 2.72%
Shanghai Healthcare Capital Management Co., Ltd. (上海生物醫藥產業股權投資基金管理有限公司) ("**SHC Management**")[8]	Interest in controlled corporations	Unlisted Shares H Shares	2,957,170 8,871,510	1.72% 5.75%	0.91% 2.72%

Notes:

(1) For the avoidance of doubt, both Unlisted Shares and H Shares are ordinary Shares in the share capital of our Company and are considered as one class of Shares. All interests stated are long positions.

(2) The calculation is based on the total number of issued Shares, 325,981,465 Shares, including 171,654,215 Unlisted Shares and 154,327,250 H Shares as of December 31, 2025.

(3) See note 3 to the table in "A. Directors', Supervisors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company or Its Associated Corporations" section.

(4) See note 4 to the table in "A. Directors', Supervisors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company or Its Associated Corporations" section.

(5) As of the date of this annual report, to the best of our Directors' knowledge, Center Laboratories Limited is a private company limited by shares incorporated in Hong Kong, which is wholly-owned by Center Laboratories Inc., a company listed on the Taipei Exchange (TWO: 4123).

(6) As of the date of this annual report, to the best of our Directors' knowledge, Venus Capital HK Limited is directly wholly-owned by Fangyuan J Fund II, which is in turn wholly-owned by Fangyuan Capital Holdings (Cayman) Limited. Fangyuan Capital Holdings (Cayman) Limited is wholly-owned by Ms. Zheng. PCJ Bao Holdings Limited is directly wholly-owned by Fangyuan Growth SPC — PCJ Healthcare Fund SP, which is wholly-owned by PCJ Capital Management Limited. Fangyuan Capital Holdings (Cayman) Limited holds 50% of PCJ Capital Management Limited, and is in turn wholly-owned by Ms. Zheng. Therefore, Ms. Zheng is deemed to be interested in the Shares held by Venus Capital HK Limited and PCJ Bao Holdings Limited under the SFO.

(7) As of the date of this annual report, to the best of our Directors' knowledge, the general partner of Shanghai Cixi and Jiaxing Xiqi is Shanghai Xihao, holding approximately 0.10% of the partnership interest and approximately 1.11% of the partnership interests, respectively. Shanghai Xihao was owned as to 50.00% by Mr. Li. Therefore, Shanghai Xihao and Mr. Li are deemed to be interested in the Shares held by Shanghai Cixi and Jiaxing Xiqi under the SFO. Shanghai Cixi is a limited partnership established in the PRC. Shanghai Cixi had two limited partners, namely Shanghai Naixi and Shenzhen Yingsheng Investment Co., Ltd. (深圳市英晟投資有限公司) ("**Shenzhen Yingsheng**"), each holding 49.95% of the partnership interest, respectively. Shanghai Naixi was owned as to 99.00% by Mr. Qian. Shenzhen Yingsheng was owned as to approximately 87.44% by Mr. Li. Therefore, Shanghai Naixi, Shenzhen Yingsheng, Mr. Qian and Mr. Li are deemed to be interested in the Shares held by Shanghai Cixi under the SFO. Jiaxing Xiqi is a limited partnership established in the PRC. Jiaxing Xiqi had four limited partners, with the two largest limited partners, namely Xu Ren (徐任) and Shanghai Naixi, holding approximately 44.44% and 43.33% of the partnership interest, respectively. Therefore, Xu Ren, Shanghai Naixi and Mr. Qian are deemed to be interested in the Shares held by Jiaxing Xiqi under the SFO.

(8) As of the date of this annual report, to the best of our Directors' knowledge, SHC is a limited partnership established in the PRC. SHC has eight limited partners. None of its limited partners holds more than one third of its partnership interests. The general partner of SHC is Shanghai Healthcare Capital Management Co., Ltd. (上海生物醫藥產業股權投資基金管理有限公司), holding approximately 0.61% of its partnership interest. None of the shareholders of SHC Management holds more than 30% of its total issued share capital.

As of December 31, 2025, save as disclosed above, the Directors, Supervisors and the chief executives of our Company are not aware of any other person (other than the Directors or chief executives of our Company) who had an interest or short position in the Shares or underlying Shares which would be required to be notified to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO; or as recorded in the register required to be kept by our Company pursuant to Section 336 of the SFO.

REPORT OF DIRECTORS

MATERIAL LITIGATION

The Company was not involved in any material litigation or arbitration during the year ended December 31, 2025. The Directors are also not aware of any material litigation or claims that are pending or threatened against the Group during the year ended December 31, 2025.

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

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company for the period from the Listing Date to December 31, 2025.

BANK LOANS AND OTHER BORROWINGS

Details of bank loans and other borrowings of the Group for the year ended December 31, 2025 are set out in Note 24 to the consolidated financial statements in this annual report. During the year ended December 31, 2025, the Company had not breached any terms of its loan agreements that are significant to the Group's operations.

PROPERTY, PLANT AND EQUIPMENT

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

FINANCIAL SUMMARY

The Company's H Shares were listed on the Stock Exchange on December 10, 2025. A summary of the Group's results, assets and liabilities for the last three financial years is set out on page 252 of this annual report. This summary does not form part of the audited consolidated financial statements.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed public float as required under the Listing Rules since the Listing Date up to as of the date of this annual report.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights over shares of the Company under the Company's Articles of Association, or the laws of the PRC, which would oblige the Company to offer new shares on a pro-rata basis to existing Shareholders.

TAX RELIEF AND EXEMPTION

The Company is not aware of any relief and exemption from taxation available to the Shareholders of the Company by reason of their holding of the Shares of the Company.

PERMITTED INDEMNITY PROVISION

The Company has arranged appropriate liability insurance coverage for the Directors, Supervisors and senior management of the Group during the year ended December 31, 2025 which is still in force.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year ended December 31, 2025 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate; and none of the Directors and any of their spouse and children under the age of 18 had any right to subscribe for equity or debt securities of the Company or any other body corporate, or had exercised any such right.

EQUITY-LINKED AGREEMENTS

Save as disclosed in "Share Incentive Platforms" set out below, no equity-linked agreements that will or may result in the Company issuing Shares or that require the Company to enter into any agreements that will or may result in the Company issuing Shares were entered into by the Group during the Reporting Period, or subsisted as of December 31, 2025.

PRE-IPO SHARE INCENTIVE PLANS

Our Company has adopted the Phase I Restricted Share Incentive Plan of Shanghai Bao Pharmaceuticals Co., Ltd. (上海寶濟藥業股份有限公司第一期限制性股票激勵計劃) (the "**Phase I Plan**") and Phase II Restricted Share Incentive Plan of Shanghai Bao Pharmaceuticals Co., Ltd. (上海寶濟藥業股份有限公司第二期限制性股票激勵計劃) (the "**Phase II Plan**", together with the Phase I Plan referred to as the "**Pre-IPO Share Incentive Plans**") on August 16, 2023, for the purpose of attracting and retaining talents who promote the success of the Group's operations. The terms of the Pre-IPO Share Incentive Plans are not subject to the provisions of Chapter 17 of the Listing Rules as the Pre-IPO Share Incentive Plans do not involve the grant of new options or awards by the Company to subscribe for H Shares after the Listing.

The following is a summary of the general information of the Pre-IPO Share Incentive Plans.

(a) Objectives

The objectives of the Pre-IPO Share Incentive Plans are to further improve the corporate governance structure, implement incentives and constraints for the Directors, senior management and core employees of the Company, fully mobilize their enthusiasm and creativity, closely align their interests with the long-term development of the Company, prevent talent loss and, at the same time, attract more outstanding talents to participate in the business operations, thereby achieving sustainable development of the Company.

(b) Administration

The Shareholders' general meeting is responsible for considering and approving the formulation, implementation and termination of and adjustments to the Pre-IPO Share Incentive Plans. The Shareholders' general meeting has agreed to delegate the subsequent detailed implementation and termination of, and adjustments, amendments to, the Pre-IPO Share Incentive Plans to the Board.

The Board is responsible for drafting and amending the Pre-IPO Share Incentive Plans as its executive management body. The management team of the Company and the chairperson of the Board are authorized by the Board to perform daily management and handle matters necessary for implementing the Pre-IPO Share Incentive Plans in accordance with the provisions of the Pre-IPO Share Incentive Plans and relevant agreements.

Dr. Liu serves as the general partner of all the Share Incentive Platforms. The general partner of the Share Incentive Platforms may be changed to a person designated by Dr. Liu.

(c) Eligibility

The participants of the Pre-IPO Share Incentive Plans (the "**Participants**") include, but not limited to, the Directors, senior management members, core technical personnel and key management members of the Company who have a direct impact on the Company's overall performance and continuous development, as well as other individuals who have made special contributions to the Company as determined in writing by the chairperson of the Board. The Participants shall enter into labor or employment contracts with the Company, its branch, or wholly-owned subsidiaries.

(d) Grant of Incentive Awards

The Company has established the Share Incentive Platforms, which directly hold Shares of the Company, to implement the Pre-IPO Share Incentive Plans. The Participant will be granted restricted Shares in the form of economic interest in the relevant Share Incentive Platforms by entering into the partnership agreement to become a limited partner of the relevant Share Incentive Platforms and accepting the terms and conditions set out in the Pre-IPO Share Incentive Plans (the "**Awards**"). Upon becoming the limited partners of the relevant Share Incentive Platforms, the Participant indirectly receives economic interest in the number of Shares underlying the Awards granted to the Participant held by the relevant Share Incentive Platforms.

As of the Latest Practicable Date, an aggregate of 504,329 Unlisted Shares (equivalent to 2,521,645 Shares after completion of the Share Subdivision) underlying the Awards granted under the Phase I Plan had been granted to 18 Participants and 2,982,200 Unlisted Shares (equivalent to 14,911,000 Shares after completion of the Share Subdivision) underlying the Awards granted under the Phase II Plan had been granted to 59 Participants. For further details of the interests in the Share Incentive Platforms, please refer to the Prospectus.

(e) Payment of the Price of the Awards

The subscription price of the Awards shall be proposed by the Company's management members, as authorized by the Shareholders' general meeting and the Board, and determined by the chairperson of the Board and specifically stated in the restricted Share grant agreements which shall be entered into between the Participants and the Company. The subscription price of the Awards shall be paid by the Participants out of their own funds or legally raised funds. The Participants shall make the corresponding payment for the Awards fully and timely.

(f) Lock-up and Vesting Periods

The lock-up period stipulated in the Pre-IPO Share Incentive Plans (the "**Share Incentive Lock-up Period**") refers to the period prior to the submission of application of listing by the Company and certain duration following such application and the listing of the Shares (for avoidance of doubt, such duration shall be determined by the lock-up period stipulated or required by the securities regulatory authority and the stock exchange for the Shares held by the Share Incentive Platforms). During the Share Incentive Lock-up Period, the Participants may not sell, pledge, transfer or otherwise dispose of or create any encumbrances or burdens on his or her interests in the relevant Share Incentive Platforms unless otherwise specified in the Pre-IPO Share Incentive Plans.

The Awards that cannot vest due to the Participants' failure to meet performance targets shall be subject to mandatory repurchase by the general partner of relevant Share Incentive Platforms or a third party designated by the general partner. Such repurchase shall adhere to the eligibility requirements set forth in the Pre-IPO Share Incentive Plans and shall be executed at a repurchase price equal to the actual amount paid by the Participants for such Awards.

(g) Maximum number of Shares

The Company was listed on the Stock Exchange on December 10, 2025. Prior to the Listing, an aggregate of 504,329 Unlisted Shares (equivalent to 2,521,645 Shares after completion of the Share Subdivision) underlying the Awards granted under the Phase I Plan had been granted to 18 Participants and 2,982,200 Unlisted Shares (equivalent to 14,911,000 Shares after completion of the Share Subdivision) underlying the Awards granted under the Phase II Plan had been granted to 59 Participants. After the Listing, no further grant has been or will be made under the Pre-IPO Share Incentive Plans. Given the underlying Shares under the Pre-IPO Share Incentive Plans had been issued by the Company to the relevant Share Incentive Platforms, there will be no dilutive effect to the issued Shares upon unlocking of awards granted under the Pre-IPO Share Incentive Plans.

(h) Maximum entitlement of each Eligible Participant

Under the Employee Incentive Plans, there is no specific limit on the maximum number of shares which may be granted to each participant.

(i) Unlocking period

Any transfer or sale of the Shares underlying the awards granted under the Pre-IPO Share Incentive Plans is subject to the unlocking schedule as set out in the individual grant letter.

(j) Remaining life

The Phase I Plan and Phase II Plan were approved and adopted on August 16, 2023, and shall continue to be in effect unless terminated earlier in accordance with applicable laws and provisions of the Employee Incentive Plans or otherwise approved by the Board.

(k) Awards granted under the Pre-IPO Share Incentive Plans

No awards were granted under the Pre-IPO Share Incentive Plans during the year ended December 31, 2025. Details of the awards granted under the Pre-IPO Share Incentive Plans are set out below:

Name	Position	Relevant Share Incentive Platform	Approximate partnership interests in the relevant Share Incentive Platform	Approximate number of the Shares underlying the Awards granted to the Participant	Approximate shareholding percentage underlying the Awards granted to the Participant in the total number of the Shares in issue as at December 31, 2025
Dr. Liu Yanjun (劉彥君)[1]	Chairman of the Board and executive Director	Ningbo Hongsheng	95.33% (general partner)	4,333,084	1.33%
		Shanghai Luojun	46.88% (general partner)	4,859,375	1.49%
Ms. Wang Zheng (王徵)	Executive Director and Chief Executive Officer	Shanghai Luojun	14.37%	1,490,000	0.46%
Mr. Tan Jingwei (譚靖偉)	Executive Director and director of internal control	Shanghai Luoxu	3.01%	563,573	0.17%
Ms. Li Cui (李翠)	Executive Director, Chief Financial Officer and secretary to the Board	Shanghai Luoxu	0.99%	185,445	0.06%
		Ningbo Hongsheng	1.05%	47,695	0.01%
		Shanghai Luojun	5.62%	582,500	0.18%
Mr. Cheng Yu (成裕)	Supervisor	Shanghai Luoxu	0.65%	122,250	0.04%
		Shanghai Luojun	1.78%	185,000	0.06%
Ms. Cai Qingqing (蔡清清)	Supervisor	Shanghai Luojun	0.14%	15,000	0.00%
Mr. Lou Junwen (樓俊文)	Chairman of the Supervisory Committee	Shanghai Luoxu	1.96%	366,750	0.11%
		Ningbo Hongsheng	0.11%	4,771	0.00%
		Shanghai Luojun	0.06%	6,220	0.00%
Five highest paid individuals during 2025 (excluding Directors)	–	Shanghai Luoxu	1.79%	336,188	0.10%
		Shanghai Luojun	10.04%	1,040,000	0.32%
Other employees		Shanghai Luoxu	5.05%	947,438	0.29%
		Ningbo Hongsheng	3.52%	159,854	0.05%
		Shanghai Luojun	21.10%	2,187,500	0.67%

Note:

(1) The general partnership interest of approximately 86.55% in Shanghai Luoxu, held by Dr. Liu, is not associated with the Pre-IPO Share Incentive Plans and is not included in the total incentive awards to be distributed under the Pre-IPO Share Incentive Plans.

Share Incentive Platforms

The Company has established three Share Incentive Platforms to implement the Pre-IPO Share Incentive Plans, namely Shanghai Luoxu for the Phase I Plan and Ningbo Hongsheng and Shanghai Luojun for the Phase II Plan. For further details of the Share Incentive Platforms, please refer to the Prospectus.

MATERIAL ACQUISITIONS, DISPOSALS AND SIGNIFICANT INVESTMENT

During the year ended December 31, 2025, the Group did not have any material acquisitions, disposals of subsidiaries, associates, and joint ventures, or significant investments.

DONATIONS

During the year ended December 31, 2025, the Group made charitable donations of HKD1 million following the fire at Wang Fuk Court, Tai Po, New Territories, Hong Kong, on November 26, 2025 (2024: Nil).

CORPORATE GOVERNANCE

The Company is committed to achieving high standards of corporate governance with a view to safeguarding the interests of the Shareholders and to enhancing corporate value and accountability. The Company has adopted the CG Code set out in Appendix C1 to the Listing Rules as its own code of corporate governance. Since the Listing Date and up to December 31, 2025, the Board is of the view that the Company has complied with all applicable code provisions set out in Part 2 of the CG Code. In order to maintain a high standard of corporate governance, the Board will continue to review and monitor the operation of the Company.

IMPORTANT EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this annual report, as at the date of this report, the Company is not aware of any other major subsequent events of the Company after December 31, 2025 and up to the date of this report which need to be disclosed in the annual report.

AUDITOR

The H Shares were listed on the Stock Exchange on December 10, 2025, and there has been no change in auditors since the Listing Date. The consolidated financial statements for the year ended December 31, 2025 have been audited by Ernst & Young, certified public accountants, who will retire and, being eligible, offer itself for re-appointment, and a resolution to this effect shall be proposed at the AGM.

The Report of Directors was approved and authorised for issue by the Board.

On behalf of the Board
Shanghai Bao Pharmaceuticals Co., Ltd.
Dr. Liu Yanjun
Chairman of the Board and Executive Director

Shanghai, PRC, March 26, 2026

CORPORATE GOVERNANCE REPORT

The board (the "**Board**") of directors (the "**Directors**") of the Company is pleased to report to the shareholders of the Company (the "**Shareholders**") on the corporate governance of the Company for the year ended 31 December 2025.

CORPORATE GOVERNANCE CULTURE AND VALUE

The Company is committed to ensuring that its affairs are conducted in accordance with high ethical standards. This reflects its belief that, in the achievement of its long-term objectives, it is imperative to act with probity, transparency and accountability. By so acting, the Company believes that Shareholder wealth will be maximised in the long term and that its employees, those with whom it does business and the communities in which it operates will all benefit.

Corporate governance is the process by which the Board instructs management of the Group to conduct its affairs with a view to ensuring that its objectives are met. The Board is committed to maintaining and developing robust corporate governance practices that are intended to ensure:

– satisfactory and sustainable returns to Shareholders;

– that the interests of those who deal with the Company are safeguarded;

– that overall business risk is understood and managed appropriately; and

– the delivery of high-quality products and services to the satisfaction of customers; and

– that high standards of ethics are maintained.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to achieving high standards of corporate governance with a view to safeguarding the interests of the Shareholders and to enhancing corporate value and accountability. The Company has adopted the CG Code set out in Appendix C1 to the Listing Rules as its own code of corporate governance. Since the Listing Date and up to December 31, 2025, the Board is of the view that the Company has complied with all applicable code provisions set out in Part 2 of the CG Code. In order to maintain a high standard of corporate governance, the Board will continue to review and monitor the operation of the Company.

CORPORATE GOVERNANCE REPORT

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding the Directors', Supervisors' and employees' securities transactions on terms no less exacting than the required standards set out in the Model Code.

Having made specific enquiries with all Directors, each of them has confirmed that he/she has complied with our Company's code of conduct regarding the Directors', Supervisors' and employees' securities transactions since the Listing Date and up to the date of this report. No incident of non-compliance of the Model Code by the employees who are likely to be in possession of inside information of the Company was noted by the Company since the Listing Date and up to the date of this report.

BOARD OF DIRECTORS

The Company is headed by an effective Board which assumes responsibility for its leadership and control and be collectively responsible for promoting the Company's success by directing and supervising the Company's affairs. Directors take decisions objectively in the best interests of the Company.

The Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business and regularly reviews the contribution required from a Director to perform his responsibilities to the Company and whether the Director is spending sufficient time performing them that are commensurate with their role and the Board responsibilities. The Board includes a balanced composition of executive Directors and non-executive Directors (including independent non-executive Directors) so that there is a strong independent element on the Board, which can effectively exercise independent judgement.

BOARD COMPOSITION

The Board currently comprises the following:

Executive Directors

Dr. Liu Yanjun (劉彥君)
Ms. Wang Zheng (王徵)
Mr. Tan Jingwei (譚靖偉)
Ms. Li Cui (李翠)

Non-executive Directors

Ms. Lin, Chia-ling (林佳陵)
Mr. Diao Juanhuan (刁雋桓)
Mr. Li Chen

Independent Non-executive Directors

Mr. Cai Zhongxi (蔡仲曦)
Dr. Zeng Fanyi (曾凡一)
Dr. Ju Dianwen (鞠佃文)
Mr. Zhang Senquan (張森泉)

The biographical information of the Directors including the relationships among the members of the Board are set out in the section headed "Directors, Supervisors and Senior Management" of this Annual Report.

To the best knowledge of the Company, there is no other financial, business or family relationship among the members of the Board.

BOARD MEETINGS AND DIRECTORS' ATTENDANCE RECORDS

The Company adopts the practice of holding Board meetings regularly, at least four times a year, either in person or through electronic means of communication, and at approximately quarterly intervals. All Directors are given not less than 14 days' notice for regular Board meetings. For other Board and Board committee meetings, reasonable notice will be given.

The agenda and the accompanying meeting papers are sent in full to all Directors or relevant committee members at least three working days before the date of meetings (or such other period as the members may agree). The Directors are allowed to include into the draft agenda any additional matters that they wish to discuss and resolve at this meeting.

Minutes of each Board and Board committees' meeting record in sufficient details the matters considered, and decisions made, including any concerns or views of the Directors or the relevant committee members or dissenting views expressed. Final version of minutes is circulated to all Directors or committee members for their perusal prior to confirmation of the minutes at the subsequent Board or Board committees' meeting. The Directors or committee members may request for clarification or raise comments before the minutes are tabled for confirmation. Upon receiving confirmation from the Directors or committee members, the minutes will be signed by the chairman of the meeting as a correct record of the proceedings of the meeting and kept by the accounts department of the Company, and are open for inspection at any reasonable time on reasonable notice given by any Director or committee member.

CORPORATE GOVERNANCE REPORT

As the Company's shares were listed on the Stock Exchange on 10 December 2025, no meetings of Audit Committee, Nomination Committee, Remuneration Committee and Strategy Committee were held during the year ended 31 December 2025. The attendance record of each Director at the regular Board meetings and the regular Board Committee meetings of the Company held during the year ended 31 December 2025 are set out in the table below:

	Attendance/Number of Meetings				
Name of Director	**Board**	**Audit Committee**	**Nomination Committee**	**Remuneration Committee**	**Strategy Committee**
Executive Directors					
Dr. Liu Yanjun (劉彥君)	3/3	N/A	N/A	N/A	N/A
Ms. Wang Zheng (王徵)	3/3	N/A	N/A	N/A	N/A
Mr. Tan Jingwei (譚靖偉)	3/3	N/A	N/A	N/A	N/A
Ms. Li Cui (李翠)	3/3	N/A	N/A	N/A	N/A
Non-executive Directors					
Ms. Lin, Chia-ling (林佳陵)	3/3	N/A	N/A	N/A	N/A
Mr. Diao Juanhuan (刁雋桓)	3/3	N/A	N/A	N/A	N/A
Mr. Li Chen	3/3	N/A	N/A	N/A	N/A
Independent Non-executive Directors					
Mr. Cai Zhongxi (蔡仲曦)	3/3	N/A	N/A	N/A	N/A
Dr. Zeng Fanyi (曾凡一)	3/3	N/A	N/A	N/A	N/A
Dr. Ju Dianwen (鞠佃文)	3/3	N/A	N/A	N/A	N/A
Mr. Zhang Senquan (張森泉)	3/3	N/A	N/A	N/A	N/A

RESPONSIBILITIES, ACCOUNTABILITIES AND CONTRIBUTIONS OF THE BOARD AND MANAGEMENT

The Board should assume responsibility for leadership and control of the Company; and is collectively responsible for directing and supervising the Company's affairs.

The Board directly, and indirectly through its committees, leads and provides direction to management by laying down strategies and overseeing their implementation, monitors the Group's operational and financial performance, and ensures that sound internal control and risk management systems are in place.

All Directors, including non-executive Directors and independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. The independent non-executive Directors are responsible for ensuring a high standard of regulatory reporting of the Company and providing a balance in the Board for bringing effective independent judgement on corporate actions and operations.

All Directors have full and timely access to all the information of the Company and may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.

The Directors shall disclose to the Company details of other offices held by them.

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

DIRECTORS' AND OFFICERS' LIABILITIES INSURANCE

The Company has arranged appropriate insurance coverage on Directors' and officers' liabilities in respect of any legal actions taken against Directors and senior management arising out of corporate activities. The insurance coverage would be reviewed on an annual basis.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Code provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The positions of Chairman and Chief Executive Officer are held by Dr. Liu Yanjun and Ms. Wang Zheng respectively, thus we have complied with code provision C.2.1. The division of responsibilities between the Chairman and the Chief Executive Officer has been clearly established.

INDEPENDENT NON-EXECUTIVE DIRECTORS

From the Listing Date to the date of this report, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors representing one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

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

BOARD INDEPENDENCE EVALUATION

The Company has sets out the processes and procedures to ensure a strong independent element on the Board, which allows the Board effectively exercises independent judgment to better safeguard Shareholders' interests.

The objectives of the evaluation are to improve Board effectiveness, maximise strengths, and identify the areas that need improvement or further development. The evaluation process also clarifies what actions of the Company need to be taken to maintain and improve the Board performance, for instance, addressing individual training and development needs of each Director.

The Board will conduct annual review on its independence. The Board Independence Evaluation Report will be presented to the Board which will collectively discuss the results and the action plan for improvement, if appropriate.

For the period from Listing Date to 31 December 2025, all Directors has completed the independence evaluation individually. The Board Independence Evaluation Report was presented to the Board and the evaluation results were satisfactory.

For the period from Listing Date to 31 December 2025, the Board reviewed the implementation and effectiveness of the process and procedures and the results were satisfactory.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

The non-executive Directors (including independent non-executive Directors) are appointed for a specific term of 3 years, subject to renewal after the expiry of the then current term.

The procedures and process of appointment, re-election and removal of Directors are set out in the Articles of Association of the Company and the nomination policy of the Company. The Nomination Committee is responsible for reviewing the Board composition, assessing the independence of independent non-executive Directors and making recommendations to the Board on the appointment or re-election of Directors and succession planning for Directors.

CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS

Directors shall keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that their contribution to the Board remains informed and relevant.

Every newly appointed Director has received a formal and comprehensive induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

Pursuant to the applicable code provisions as set out in the CG Code, all Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills This is to ensure that their contribution to the Board remains informed and relevant.

For the Reporting Period, prior to the Listing Date and up to 31 December 2025, the Company organized training sessions for all Directors. The training sessions covered a wide range of relevant topics including Directors' duties and responsibilities, corporate governance, continuing obligations and regulatory updates. All Directors have participated in appropriate training before the Listing so as to deepen their understanding of the Listing Rules and other relevant laws and regulations.

All Directors are encouraged to attend relevant training courses at the Company's expenses.

The training records of the Directors for the year ended 31 December 2025 are summarized as follows:

Directors	Type of Training[Note]
Executive Directors	
Dr. Liu Yanjun (劉彥君)	A
Ms. Wang Zheng (王徵)	A
Mr. Tan Jingwei (譚靖偉)	A
Ms. Li Cui (李翠)	A
Non-Executive Directors	
Ms. Lin, Chia-ling (林佳陵)	A
Mr. Diao Juanhuan (刁雋桓)	A
Mr. Li Chen	A
Independent Non-Executive Directors	
Mr. Cai Zhongxi (蔡仲曦)	A
Dr. Zeng Fanyi (曾凡一)	A
Dr. Ju Dianwen (鞠佃文)	A
Mr. Zhang Senquan (張森泉)	A

Note:

Types of Training

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

BOARD COMMITTEES

The Board has established four committees, namely, the Audit Committee, Remuneration Committee, Nomination Committee and Strategy Committee (collectively, the "**Board Committees**"), for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with specific written terms of reference which deal clearly with their authority and duties. The terms of reference of the Audit Committee, the Remuneration Committee and the Nomination Committee are posted on the Company's website and the Stock Exchange's website and are available to Shareholders upon request.

The list of the chairman and members of each Board committee is set out under "Corporate Information" on page 3.

CORPORATE GOVERNANCE REPORT

AUDIT COMMITTEE

The Audit Committee comprises three members, namely Mr. Zhang Senquan (independent non-executive Director), Dr. Ju Dianwen (independent non-executive Director) and Mr. Diao Juanhuan (non-executive Director). Mr. Zhang Senquan is the chairman of Audit Committee, and he has the appropriate professional experiences as required under Rules 3.10(2) and 3.21 of the Listing Rules.

The term of reference of the Audit Committee are of no less exacting terms than those set out in the CG Code. The primary duties of the Audit Committee are to assist the Board in reviewing the financial information and reporting process, risk management and internal control systems, effectiveness of the internal audit function, scope of audit and appointment of external auditors, and arrangements to enable employees of the Company to raise concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

The Audit Committee had reviewed, together with the management of the Company, the accounting principles and policies adopted by the Group and discussed internal controls and financial reporting matters including a review of the audited consolidated financial statements and annual results of the Group for the year ended December 31, 2025.

During the period from the Listing Date and up to the date of this report, the Audit Committee held two meetings to, among others, review the Company's audited consolidated results for the year ended 31 December 2025 and confirmed that the applicable accounting principles, standards and requirements have been complied with, and that adequate disclosures have been made. The Audit Committee has also reviewed and discussed the risk management and internal control measures and systems of the Company, financial reporting and the appointment of the auditor. The Board had not deviated from any recommendation given by the Audit Committee on the selection, appointment, resignation or dismissal of the Auditor.

REMUNERATION COMMITTEE

The Remuneration Committee comprises three members, namely Dr. Ju Dianwen (independent non-executive Director), Mr. Zhang Senquan (independent non-executive Director) and Ms. Wang Zheng (executive Director). Dr. Ju Dianwen is the chairman of the Remuneration Committee.

The term of reference of the Remuneration Committee are of no less exacting terms than those set out in the CG code. The primary duties of the Remuneration Committee are to review and make recommendation to the Board on the remuneration packages of individual executive Directors and senior management, the remuneration policy and structure for all Directors and senior management and establishing transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his/her associates will participate in deciding his/her own remuneration.

During a period from the Listing Date and up to the date of this report, the Remuneration Committee held one meeting, during which the Remuneration Committee has, among others, reviewed the remuneration policy and structure of the Company, assessed performance of the executive Director and the senior management of the Company, approved the terms of service contracts of the executive Director and senior management of the Company and other related matters of the Company.

The remuneration of the senior management (excluding Directors), whose biographical details are included in the section headed "Directors, Supervisors and Senior Management" of this Annual Report, during the year falls within the following bands:

Annual remuneration (HKD)	Number of Individuals
HKD6,000,001 to HKD6,500,000	1

The Company's remuneration policy is to ensure that the remuneration offered to employees, including Directors and senior management, is based on skill, knowledge, responsibilities and involvement in the Company's affairs, determined according to the Company's performance and profitability, current market conditions, and performance or contribution. The remuneration policy for independent non-executive directors aims to ensure that their efforts and time devoted to participating in the Company's affairs (including participation in board committee work) are adequately compensated. Directors' remuneration is reviewed by the Remuneration Committee, and no director, their associates, or executives are involved in the processing of their own remuneration.

The Remuneration Committee also made recommendations to the Board on the terms of service contracts or letters of appointment of the new executive/non-executive/independent non-executive Directors appointed during the year.

Nomination Committee

The Nomination Committee comprises three members, namely Dr. Liu Yanjun (executive Director), Mr. Cai Zhongxi (independent non-executive Director) and Mr. Zeng Fanyi (independent non-executive Director). Dr. Liu Yanjun is the chairman of the Nomination Committee.

The terms of reference of the Nomination Committee are of no less exacting terms than those set out in the CG Code. The principal duties of the Nomination Committee include reviewing the Board composition, developing and formulating relevant procedures for the nomination and appointment of Directors, making recommendations to the Board on the appointment and succession planning of Directors, reviewing the Board Diversity Policy and the Director Nomination Policy and assessing the independence of independent non-executive Directors.

In assessing the Board composition, the Nomination Committee would take into account various aspects as well as factors concerning Board diversity as set out in the Company's Board Diversity Policy. The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, and recommend them to the Board for adoption.

In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's relevant criteria as set out in the Director Nomination Policy that are necessary to complement the corporate strategy and achieve Board diversity, where appropriate, before making recommendation to the Board.

During a period from the Listing Date and up to the date of this report, the Nomination Committee held one meeting, during which the Nomination Committee has, among others, assessed the independence of independent non-executive Directors, reviewed the backgrounds of proposed Director and senior management and reviewed the structure, number, composition and diversity of the Board. The Nomination Committee considered an appropriate balance of diversity perspectives of the Board is maintained.

The Nomination Committee is to review the structure, size and composition of the Board and the independence of the independent non-executive Directors and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy, to review the Board Diversity Policy and Director Nomination Policy and to consider and recommend to the Board on the appointment of executive/non-executive/independent non-executive Directors. The Nomination Committee considered an appropriate balance of diversity perspectives of the Board is maintained.

Board Diversity Policy

The Company has adopted a Board Diversity Policy which sets out the objective and approach to achieve and maintain diversity of the Board in order to enhance the effectiveness of our Board. The Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level as an essential element in maintaining the Company's competitive advantage.

Pursuant to the Board Diversity Policy, the Nomination Committee reviews regularly the structure, size and composition of the Board and where appropriate, make recommendations on changes to the Board to complement the Company's corporate strategy and to ensure that the Board maintains a balanced diverse profile. In relation to reviewing and assessing the Board composition, the Nomination Committee is committed to diversity at all levels and will consider a number of aspects, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and regional and industry experience.

The Company aims to maintain an appropriate balance of diversity perspectives that are relevant to the Company's business growth and is also committed to ensuring that recruitment and selection practices at all levels (from the Board downwards) are appropriately structured so that a diverse range of candidates are considered.

The Board will consider setting measurable objectives to implement the Board Diversity Policy and review such objectives from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives.

As at the date of this report, the Board consists of seven male directors and currently has four female directors, namely Ms. Wang Zheng, Ms. Li Cui, Ms. Lin, Chia-ling and Dr. Zeng Fanyi which brings diversity to the Board and the Board will continue to maintain the current level. The Board is also characterized by significant diversity, in particular, in term of professional expertise and experience, age, culture and ethnicity. An analysis of the Board's current composition based on the measurable objectives is set out below:

Gender	Age Group
Male: 7 Directors	31-40: 1 Director
Female: 4 Directors	41-50: 4 Directors
	51-60: 6 Directors
Designation	**Business Experience**
Executive Directors: 4 Directors	Accounting: 2 Directors
Non-executive Directors: 3 Directors	Experience related to the business:
Independent non-executive Directors: 4 Directors	9 Directors
Nationality	
Chinese:	10 Directors
United States:	1 Director

The Nomination Committee and the Board are of the view that the current composition of the Board has achieved the objectives set in the Board Diversity Policy.

The Nomination Committee will review the Board Diversity Policy, as appropriate, to ensure its effectiveness.

Gender Diversity

The Company values gender diversity across all levels of the Group. The following table sets out the gender ratio in the workforce of the Group, including the Board and senior management as at the date of this Annual Report:

	Female	Male
Board[(Note)]	36.36% (4)	63.64% (7)
Senior Management	0.00% (0)	100% (1)
Other employees	52.44% (183)	47.56% (166)
Overall workforce	51.94% (187)	48.06% (174)

Note: The numbers of the Board including both executive Directors, non-executive Directors and independent non-executive Directors.

We will implement policies to ensure gender diversity when recruiting staff to develop a pipeline of female senior management and potential successors to the Board. We will strive to enhance our female representation and achieve appropriate balance of gender diversity with reference to the stakeholders' expectation and international and local recommended best practices. Furthermore, we continue to embrace gender diversity aimed at identifying and training our female staff who display leadership and potential, with the goal of promoting them to the senior management or the Board. We do not consider it appropriate to set any specific gender target for its workforce as the Board is of the view that all aspects of diversity should be considered as a whole in the selection of candidates. As an equal opportunity employer, our Company also takes into account other relevant factors in its hiring decisions. We consider that the current gender ratio of the workforce of the Group, including the Board, is appropriate for its current business model and operational needs.

Details on the gender ratio of the Company together with relevant data can be found in Environmental, Social and Governance Report on page 148 of this Annual Report.

Director Nomination Policy

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

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

The nomination process set out in the Director Nomination Policy is as follows:

Appointment of New Director

(i) The Nomination Committee and/or the Board may select candidates for directorship from various channels, including but not limited to internal promotion, re-designation, referral by other member of the management and external recruitment agents.

(ii) The Nomination Committee and/or the Board should, upon receipt of the proposal on appointment of new Director and the biographical information (or relevant details) of the candidate, evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship.

(iii) If the process yields one or more desirable candidates, the Nomination Committee and/or the Board should rank them by order of preference based on the needs of the Company and reference check of each candidate (where applicable).

(iv) The Nomination Committee should then recommend to the Board to appoint the appropriate candidate for directorship, as applicable.

(v) For any person that is nominated by a Shareholder for election as a Director at the general meeting of the Company, the Nomination Committee and/or the Board should evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship.

Where appropriate, the Nomination Committee and/or the Board should make recommendation to Shareholders in respect of the proposed election of Director at the general meeting.

Re-election of Director at General Meeting

(i) The Nomination Committee and/or the Board should review the overall contribution and service to the Company of the retiring Director and the level of participation and performance on the Board.

(ii) The Nomination Committee and/or the Board should also review and determine whether the retiring Director continues to meet the criteria as set out above.

(iii) The Nomination Committee and/or the Board should then make recommendation to Shareholders in respect of the proposed re-election of Director at the general meeting.

Where the Board proposes a resolution to elect or re-elect a candidate as Director at the general meeting, the relevant information of the candidate will be disclosed in the circular to Shareholders and/or explanatory statement accompanying the notice of the relevant general meeting in accordance with the Listing Rules and/or applicable laws and regulations.

The Director Nomination Policy sets out the criteria for assessing the suitability and the potential contribution to the Board of a proposed candidate, including but not limited to the following:

- Character and integrity;
- Qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy;
- Diversity in all aspects, including but not limited to gender, age (18 years or above), cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service;
- Requirements of independent non-executive Directors on the Board and independence of the proposed independent non-executive Directors in accordance with the Listing Rules; and
- Commitment in respect of available time and relevant interest to discharge duties as a member of the Board and/or Board committee(s) of the Company.

From the Listing Date to 31 December 2025, there was no change in the composition of the Board.

The Nomination Committee will review the Director Nomination Policy, as appropriate, to ensure its effectiveness.

Corporate Governance Functions

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

From the Listing Date up to the date of this report, the Board reviewed the Company's corporate governance policies and practices, training and continuous professional development of the Directors and Senior Management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code and the Company's compliance with the CG Code and disclosure in this corporate governance report.

RISK MANAGEMENT AND INTERNAL CONTROLS

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

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and establishing and maintaining appropriate and effective risk management and internal control systems.

The Audit Committee assist the Board in leading the management and overseeing their design, implementation and monitoring of the risk management and internal control systems.

The Company has developed and adopted various risk management procedures and guidelines with defined authority for implementation by key business processes and office functions, including project management, sales and leasing, financial reporting, human resources and information technology.

The Company's risk management and internal control systems have been developed with the following principles, features and processes:

- The audit committee will oversee, evaluate, and enhance the internal control system, which includes: (i) reviewing internal control and risk management policies and providing suggestions for improvement; (ii) engaging in discussions with management to evaluate the effectiveness of internal control and risk management policies, ensuring that management fulfills its duties in formulating effective policies; (iii) analyzing material findings related to internal control and assessing the measures taken by management; and (iv) supervising potential misconduct by employees regarding internal control and establishing procedures to investigate and address complaints related to internal control within the Company.

- The Board will be responsible for (i) formulating the risk management policy and reviewing major risk management issues of the Company; (ii) providing guidance on the risk management approach to the relevant teams in the Company; (iii) reviewing the relevant teams' reporting on key risks and providing feedbacks; and (iv) implementing of the risk management measures by the relevant teams.

- The relevant departments within the Company bear the responsibility of implementing the risk management policy and executing day-to-day risk management practices. To standardize risk management procedures across the organization and ensure a consistent level of transparency and risk management performance, these teams will: (i) collect information regarding the risks associated with their respective operations or functions; (ii) conduct comprehensive risk assessments, encompassing the identification, prioritization, measurement, and categorization of all key risks that could impact their objectives; (iii) prepare an annual risk management report for review by the chief executive officer; (iv) continuously monitor key risks pertinent to their operations or functions; (v) implement appropriate risk responses when necessary; and (vi) develop and maintain a suitable mechanism to facilitate the application of the risk management framework.

All divisions/departments conducted internal control assessment regularly to identify risks that potentially impact the business of the Group and various aspects including key operational and financial processes, regulatory compliance and information security. Self-evaluation has been conducted annually to confirm that control policies are properly complied with by each division/department.

The management, in coordination with division/department heads, assessed the likelihood of risk occurrence, provide treatment plans, and monitor the risk management progress, and reported to the Audit Committee and the Board on all findings and the effectiveness of the systems.

The management has confirmed to the Board and the Audit Committee on the effectiveness of the risk management and internal control systems for the year ended 31 December 2025.

The Internal Audit Department is responsible for/The Company has engaged external professional firm for providing the internal audit function and performing independent review of the adequacy and effectiveness of the risk management and internal control systems. The internal audit function examined key issues in relation to the accounting practices and all material controls and provided its findings and recommendations for improvement to the Audit Committee.

The Audit Committee reviewed the internal control review report issued by the Internal Audit Department and the Company's risk management and internal control systems in respect of the year ended 31 December 2025 and considered that they are effective and adequate. The Board assessed the effectiveness of internal control systems by considering the internal control review report and reviews performed by the Audit Committee and concurred the same.

The Board, as supported by the Audit Committee as well as the management report and the internal audit findings, conducted an annual review of the risk management and internal control systems, including the financial, operational and compliance controls, for the year ended 31 December 2025, and considered that such systems are effective and adequate. The annual review also covered the financial reporting and internal audit function and staff qualifications, experiences and relevant resources.

Whistleblowing Policy

The Company has in place the Whistleblowing Policy for employees of the Company and those who deal with the Company to raise concerns, in confidence and anonymity, with the Audit Committee about possible improprieties in any matters related to the Company.

Anti-Corruption Policy

The Company has also in place the Anti-Corruption Policy to safeguard against corruption and bribery within the Company. The Company has an internal reporting channel that is open and available for employees of the Company to report any suspected corruption and bribery. Employees can also make anonymous reports to the internal anti-corruption department/internal audit function, which is responsible for investigating the reported incidents and taking appropriate measures. The Company continues to carry out anti-corruption and anti-bribery activities to cultivate a culture of integrity, and actively organizes anti-corruption training and inspections to ensure the effectiveness of anti-corruption and anti-bribery.

The Company has developed its disclosure policy which provides a general guide to the Company's Directors, senior management and relevant employees in handling confidential information, monitoring information disclosure and responding to enquiries. Control procedures have been implemented to ensure that unauthorized access and use of inside information are strictly prohibited.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, inside information announcements and other disclosures required under the Listing Rules and other regulatory requirements. The management has provided such explanation and information to the Board as necessary to enable the Board to make an informed assessment of the financial information and position of the Group put forward to the Board for approval.

The Directors have acknowledged their responsibilities for preparing the financial statements of the Group for the year ended 31 December 2025.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

The Directors have prepared the financial statements in accordance with the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants. Appropriate accounting policies have also been used and applied consistently except the adoption of revised standards, amendments to standards and interpretation.

The statement of the external auditors of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditors' Report of this Annual Report.

AUDITORS' REMUNERATION

The remuneration paid and payable to the external auditors of the Company in respect of audit services and non-audit services for the year ended 31 December 2025 is set out below:

Service Category	Fees Paid/Payable RMB'000
Audit Services	2,367
Total	**2,367**

JOINT COMPANY SECRETARIES

Ms. Li Cui and Ms. Fong Christine Haiman acted as joint company secretaries of the Company. For their respective biography, please refer to the section headed "Directors, Supervisors and Senior Management – Joint Company Secretaries" of this annual report.

Ms. Fong Christine Haiman, the manager of the company secretarial division of Tricor Services Limited (a member of Vistra Group), was appointed as one of the joint company secretaries of the Company. The key contact person between Ms. Fong Christine Haiman and the Company is Ms. Li Cui. During the Reporting Period, Ms. Fong Christine Haiman and Ms. Li Cui have both complied with Rule 3.29 of the Hong Kong Listing Rules by taking no less than 15 hours of the relevant professional training.

All Directors have access to the advice and services of the Company Secretary on corporate governance and board practices and matters.

SHAREHOLDERS' RIGHTS

To safeguard Shareholders' interests and rights, all resolutions put forward at general meetings will be voted on by poll pursuant to the Hong Kong Listing Rules and poll results will be posted on the websites of the Company and HKEX after each general meeting.

CORPORATE GOVERNANCE REPORT

CONVENING SHAREHOLDERS' GENERAL MEETINGS

An annual general meeting is required to be held once every year within six months following the end of the previous financial year. An extraordinary general meeting is required to be held within two months subsequent to the occurrence of any of the following:

- the number of directors is less than the number provided for in the Company Law or less than two thirds of the number prescribed in the Articles of Association;
- the uncovered losses reach one third of the Company's total paid share capital;
- where requested by shareholder(s) holding, independently or collectively, 10% or more of the Company's shares;
- the Board of Directors considers it necessary to hold such a meeting;
- the board of supervisors proposes to hold such a meeting;
- when a meeting is proposed with the consent of more than half of all of the independent non-executive Directors;
- other circumstance as specified by laws, administrative regulations and the Articles of Association.

A general meeting shall be convened by the Board, and chaired by the chairman. In the event that the chairman is unable to perform his/her duties, the meeting shall be chaired by the vice chairman. In the event that the vice chairman is unable to perform his/her duties, a Director jointly nominated by half or more of the Directors shall chair the meeting.

A general meeting convened by the board of supervisors shall be chaired by the chairman of the board of supervisors. Where the chairman of the board of supervisors is incapable of performing or is not performing his/her duties, a Supervisor jointly recommended by more than one half of the supervisors shall chair the meeting.

A general meeting convened by the Shareholders themselves shall be presided over by a representative elected by the convener. If for any reason, the Shareholder is unable to elect a representative as a presider to preside over the meeting, the Shareholder holding the most voting shares among the Shareholders (including shareholder proxy (other than HKSCC Nominees)) shall act as the preside to preside over the meeting.

Putting Forward Enquiries to the Board

Shareholders who individually or collectively hold 1% or more of the shares of the Company may submit written provisional proposals to the convener of the general meeting 10 days before the convening of the general meeting. The convener shall issue a supplemental notice of general meeting within two days upon receipt of the proposals and announce the contents of the proposals on the agenda.

Except as provided in the Articles of Association, the convener shall not make any changes to the proposals set forth in the notice of the general meeting or add any new proposals once the notice and announcement of the general meeting have been issued.

The contents of such proposals shall fall with the authority of the general meeting, contain a clear topic and a specific resolution and comply with relevant provisions of laws, administrative regulations and these Articles of Association.

Contact Details

Shareholders may send their enquiries or requests to the Company at Room 1919, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong (For the attention of the Board/Company secretary).

For the avoidance of doubt, Shareholder(s) must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company recognises that communication with its Shareholders and the market is essential to ensure that Shareholders have access to the information they reasonably require to make an informed assessment of the Company's strategy, operations and financial performance. The Company is committed to maintaining effective and timely communication of the Company's information to its Shareholders and the market.

The Company endeavours to maintain an ongoing dialogue with Shareholders, in particular through general meetings which provide an opportunity for communication between Shareholders and the Board.

The Company's Shareholder Communication Policy has been developed to ensure that Shareholders, including individual and institutional Shareholders and, where appropriate, the investment community, have timely access to comprehensive, equal and easy to understand information about the Company (including overviews on financial performance, strategic objectives and plans, significant developments, governance and risks), in order to enable Shareholders to exercise their rights in an informed manner and to allow Shareholders and the investment community to engage actively with the Company.

CORPORATE GOVERNANCE REPORT

1. General Policy

(i) The Board shall maintain an ongoing dialogue with Shareholders and the investment community, and will regularly review this policy to ensure its effectiveness.

(ii) The main channels through which the Company communicates information to Shareholders and the investment community are: the Company's financial reports (quarterly (if any), interim and annual reports); the annual general meeting and other general meetings that may be convened; and the publication of all disclosures submitted to Hong Kong Stock Exchange, as well as the Company's newsletters and other corporate publications on the Company's website.

(iii) The Company will at all times ensure that information is communicated to Shareholders and the investment community in an effective and timely manner. Any queries on this policy should be directed to the joint company secretaries of the Company.

2. Communication Channels

Shareholders' Enquiries

Shareholders should address any questions regarding their shareholdings to the Company's share registrar and transfer office. Shareholders and the investment community may at any time request access to publicly available information of the Company.

The Company shall provide Shareholders and the investment community with a designated contact person, email address and enquiry channel of the Company to facilitate any enquiry they may have about the Company.

Shareholders may send such enquiries or requests to:

Address: No. 28 Luoxin Road, Baoshan District, Shanghai, the People's Republic of China

Telephone/Fax: 18121186121

Shareholders are required to deposit and send the original of the signed written request, notice or statement or enquiry (as the case may be) to the above address, giving their full names, contact details and identities to enable the Company to respond. Shareholders' information may be disclosed as required by law.

Corporate Communication

Corporate communication refers to any document which issued or to be issued by the Company for the information or action of holders of any of its securities, including but not limited to, the directors' report and annual accounts together with the auditor's report, interim report, notice of meeting, circular and proxy form.

Corporate communications to Shareholders are prepared in plain language in both Chinese and English to facilitate Shareholders' understanding of the contents of the communications. Shareholders have the right to choose the language (either English or Chinese) in which they wish to receive the corporate communications or the means of receipt (paper version or electronic form).

Shareholders are advised to provide the Company with, inter alia, their email addresses to facilitate the provision of timely and effective communications.

Company Website

A dedicated "Investor Relations" section is available on the Company's website (www.baopharma.com.cn). The information posted on the website is updated regularly.

Information released by the Company on the website of HKEX is also posted on the Company's website immediately. Such information includes financial statements, results announcements, circulars, notices of general meetings and relevant explanatory documents.

General Meetings

Shareholders are encouraged to participate in general meetings and if they are unable to attend, they may appoint a proxy to attend and vote on their behalf.

Appropriate arrangements should be made for annual general meetings to encourage Shareholders' participation.

The Company shall monitor and regularly review the proceedings of general meetings and make changes where necessary to ensure that they meet the needs of Shareholders.

Board members, in particular, the chairmen of Board committees or their delegates, appropriate executive management and the external auditors shall attend the annual general meeting to answer questions from Shareholders.

Shareholders are encouraged to attend Shareholders' events organised by the Company to keep abreast of the Company's developments, including updates on strategic planning, products and services.

Investment market communications

The Company organises various activities, including briefings and individual meetings with investors/analysts, local and/or international promotional tours, media interviews and investor outreach activities, as well as organises/participates in industry thematic forums, etc., as it deems appropriate to facilitate communication between the Company and its Shareholders and the investment community.

Directors and employees of the Company are subject to the disclosure obligations and requirements under the Company's policy on disclosure of inside information whenever they have contacts or dialogues with investors, analysts, the media or other outside related parties.

3. Shareholders' Privacy

The Company understands the importance of protecting Shareholders' privacy and will not disclose Shareholders' information without their consent, except as required by law.

The Board has reviewed the above policy, and believes that Shareholders have sufficient means and channels to express their opinions to the Company, and the Company's shareholders' communication policy was effectively implemented and executed during the period since the Listing Date and up to December 31, 2025.

Company's Constitutional Documents

There was no change in the Company's constitutional documents from the Listing Date and up to 31 December 2025.

Dividend Policy

The Company has adopted a Dividend Policy on payment of dividends. The Company does not have any pre-determined dividend payout ratio. In accordance with the dividend policy, the Board shall take into account the following factors when considering the declaration and payment of dividends:

- Operating results;
- Cash flow and financial condition;
- Working capital expenditure requirements;
- Distributable profits as determined in accordance with Chinese Generally Accepted Accounting Principles or International Financial Reporting Standards (whichever is lower);
- Market conditions;
- The Company's business strategy and forecasts;
- The Company's contractual limitations and liabilities;
- Taxes;
- Regulatory restrictions;
- Cash requirements and availability; and
- Any other factors that the Board considers relevant.

The Board will review this policy from time to time, and reserves the right to update, amend and/or modify this policy at any time in its sole and absolute discretion.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

I. REPORT OVERVIEW

(a) Report Explanation

This report is the published Environmental, Social and Governance (ESG) Report of Shanghai Bao Pharmaceuticals Co., Ltd. (hereinafter referred to as "Bao Pharma", "the Company", "we", or "us"). This report aims to provide a comprehensive and truthful account of Bao Pharma's management practices and achievements in the areas of Environment, Social and Governance throughout its operations to our shareholders, employees, regulatory authorities, clients, partners, the public, and other stakeholders.

(b) Report Scope

The organizational scope of this report covers Shanghai Bao Pharmaceuticals Co., Ltd. and its wholly-owned subsidiaries. This report is published on an annual basis, covering the period from January 1, 2025 to December 31, 2025. To ensure continuity and completeness, certain information or data may refer to historical periods or provide forward-looking statements.

This report has been approved by the Board of the Company on March 26, 2026.

(c) Data Source

All data in this report are sourced from Bao Pharma and its officially published documents and reports. The financial data in this report are presented in Renminbi (RMB) as the reporting currency, unless otherwise specifically indicated.

(d) Compilation Process

This report has been prepared in accordance with the requirements set forth in Appendix C2 of the Main Board Listing Rules of The Stock Exchange of Hong Kong Limited.

(e) Access Method

The electronic version of this report can be downloaded from the website of The Stock Exchange of Hong Kong Limited (www.hkex.com.hk) and the official website of Shanghai Bao Pharmaceuticals Co., Ltd. (http://www.baopharma.com), where more corporate social responsibility information is also available.

II. MESSAGE FROM MANAGEMENT

As a biopharmaceutical innovation enterprise, we firmly believe that a company's long-term value is not only reflected in its financial statements but is also deeply rooted in its commitment to Environmental, Social and Governance (ESG) principles. While focusing on our strategic direction and long-term vision, we shoulder the responsibility of translating these broad commitments into tangible actions and measurable outcomes across every facet of our operations-from research and development, production, and clinical trials to supply chain management and community engagement. Hereby, Bao Pharma wishes to share with our stakeholders how, over the past year, we have driven the implementation of our ESG goals through meticulous operational management.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Driving Social Value through Innovation: Bringing Innovative Drugs Truly Accessible to Patients

Our core mission is to respond to urgent patient needs. The year 2025 marked a significant milestone in this mission with the successful launch of China's first long-acting recombinant human FSH-CTP, SJ02 (Slonva® (晟諾娃®)). This achievement represents not merely a technological breakthrough but also a profound act of humanistic care for countless women patients. The dosing regimen of "one injection lasting seven days" significantly alleviates their physical and emotional burden, as well as the inconvenience of frequent hospital visits. Similarly, our globally leading recombinant IgG-degrading enzyme, KJ103 was granted Breakthrough Therapy Designations in the fields of desensitization before kidney transplantation and anti-GBM disease, bringing new hope to patients on the brink of life for whom conventional therapies have proven ineffective. Our core product, recombinant human hyaluronidase, KJ017 is expected to become the first recombinant human hyaluronidase approved in China, with NDA approval anticipated in the first half of 2026, breaking foreign technological barriers and opening up new possibilities for large-volume subcutaneous drug delivery in the domestic market. Behind these accomplishments lies our commitment to integrating the "Quality by Design" (QbD) philosophy throughout the entire R&D lifecycle. Coupled with our robust industrialization capabilities, this ensures that innovative outcomes can be delivered to patients safely, reliably, and promptly. This is not only a commercial success but also represents our most fundamental social responsibility as a pharmaceutical enterprise.

Building a Resilient, Transparent, and Responsible Operational System

Operational excellence forms the cornerstone of our ESG commitments. In our manufacturing operations, we have achieved a dual breakthrough in operational efficiency and sustainable development by promoting automation upgrades and implementing lean management in our raw solution workshops. This transformation not only achieved a significant increase in production capacity but also strengthened in-process quality control through technological means, significantly reducing operational risks associated with manual deviations and solidifying the foundation for high-quality governance.

In terms of resource management, we adhere to pragmatic actions with a focus on tangible results. Through various energy-saving and carbon-reduction initiatives-including the implementation of automatic control systems for chillers, optimization of steam pipeline networks, leakage detection and repair of the facility's water supply network, and the construction of rooftop photovoltaic systems-we conserved approximately 9,000 tons of water in 2025. We are proud holders of the "Water-Saving Enterprise" honor awarded by the Shanghai municipality. The rooftop photovoltaic project was successfully connected to the grid, optimizing our production energy mix and demonstrating our commitment through concrete actions to build an energy-efficient, low-carbon, and high-performance green pharmaceutical facility.

Our supply chain represents an extension of our responsibilities. We have established a supplier management system covering the entire lifecycle-from "accession and cooperation to exit"-integrating ESG performance (including environmental compliance, labor rights, and business ethics) into our core evaluation criteria. One hundred percent of our key suppliers have signed Integrity Agreements, and we conduct dynamic audits to ensure their operations consistently align with our high standards. This approach not only ensures the stability and compliance of our supply chain but also collectively fosters a clean, fair, and transparent business ecosystem.

Embedding Compliance and Safety Culture into the Organizational DNA

Compliance and safety are not merely costs, but the very lifeline of our operations. In the realm of intellectual property, we have obtained certification under the GB/T29490-2023 standard, establishing a comprehensive risk control system that spans customized contract clauses, pre-disclosure review of outcomes, and global patent portfolio planning. This system serves as a robust defensive moat for our innovative assets. In clinical trials, we adhere to the highest ethical standards, implementing additional protective measures for vulnerable participants such as the elderly and pregnant women, and ensuring all data undergoes rigorous anonymization. Throughout the year, there were no complaints regarding the rights and interests of trial participants.

The safety and health of our employees form the cornerstone of the Company's sustainable development and core competitiveness. As an innovative biopharmaceutical enterprise, we consistently uphold the philosophy of "inherent safety." Guided by systematic occupational exposure risk assessment, we have built a full-process risk prevention and control system at the source. By continuously optimizing and improving the working environment, equipping professional protective equipment such as biological safety cabinets and isolators, and strictly regulating the provision and use of personal protective equipment, we steadily enhance safety standards in our laboratories and production settings. In 2025, the Company achieved zero occupational exposure incidents for the year, safeguarding employee occupational health through concrete and robust measures.

In terms of organizational culture, we persist in fostering an open, respectful, and trusting workplace atmosphere by establishing and refining employee grievance and whistleblower protection mechanisms, and by upholding transparent communication and fair resolution processes. The record of zero employee grievance cases in 2025 fully demonstrates the robustness of the Company's governance and the cohesive power of a healthy corporate culture.

Empowering Talent and Building Shared-Value Community Partnerships

Talent is the Company's most valuable asset. We have implemented a dual-track promotion system, providing clear development pathways for both professional and managerial talent. Through systematic, tiered training programs (with an average of 36 training hours per person in 2025), we continuously enhance the team's professional capabilities and compliance awareness. We place particular emphasis on gender equality, with women comprising 52.26% of our workforce and holding significant representation on our Board of Directors and within our senior management team.

We firmly believe that a company's sustainable development is inseparable from the support and enrichment provided by the community. As a responsible corporate citizen, we actively integrate into and give back to the community, fulfilling our social responsibilities through concrete actions. Rooted in Luodian Town, Baoshan District, Shanghai, we have established partnerships with local community Party branches, engaging in public welfare activities such as caring for elderly individuals living alone and participating in community environmental maintenance, thereby addressing the genuine needs of community livelihoods. In response to the fire disaster in Hong Kong, we promptly donated aid to affected residents, demonstrating our corporate compassion through rapid response. We consistently adhere to a long-term philosophy in fulfilling our social responsibilities; our philanthropic initiatives extend beyond short-term assistance, are grounded in the authentic needs of the community, and are dedicated to building a harmonious and synergistic ecosystem where the enterprise and the community can develop collaboratively, transmitting positive social energy through our commitment to responsibility.

Looking ahead, we will continue to integrate ESG principles more deeply into the fabric of our business through pragmatic approaches and meticulous management. We are convinced that only by doing so can we create health value for patients and economic value for shareholders, while simultaneously generating lasting shared value for society and the environment.

Shanghai Bao Pharmaceuticals Co., Ltd.

刘彦君 Co-founder & Chairman of the Board

王征 Co-founder, Executive Director & Chief Executive Officer

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

III. ABOUT BAO PHARMA

(a) Company Profile

We are a biotechnology company founded in 2019 that strategically focuses on four areas: (i) large-volume subcutaneous drug delivery, (ii) antibody-mediated autoimmune diseases, (iii) assisted reproduction, and (iv) recombinant production of protein drugs to replace extraction methods. Our pipeline primarily comprises twelve self-developed investigational products, including three core products (KJ017, KJ103 and SJ02), five other clinical-stage drug candidates (KJ101, KJ015, BJ007, BJ009, and SJ04), and four pre-clinical assets (BJ044, BJ045, BJ047 and BJ008). Our core products include: (i) SJ02, a long-acting recombinant human FSH-CTP used for controlled ovarian stimulation, promoting multifollicular development, and inducing ovulation during assisted reproductive treatment, which received marketing approval from the National Medical Products Administration (NMPA) in August 2025 under the approved drug name Corifollitropin alfa N01 Injection (Slonva® (晟諾娃®)); (ii) KJ017, a recombinant human hyaluronidase at NDA stage intended for large-volume SC delivery (as combination therapy), treatment of body fluid loss due to various causes (as monotherapy), and facilitation of SC fluid administration (as combination therapy); and (iii) KJ103, an innovative recombinant immunoglobulin G (IgG)-degrading enzyme of Class 1, used for desensitization before kidney transplantation and for treating pathological IgG-mediated autoimmune diseases, which has completed a Phase III clinical trial for its most progressed indication.

(b) Development History

December 2019: Shanghai Bao Pharmaceuticals Co., Ltd. was established.

September 2020: The Company restructured Suzhou Kangju Biotechnology Co., Ltd. (hereinafter "Suzhou Kangju") and Suzhou Centergene Pharmaceuticals Co., Ltd. (hereinafter "Suzhou Centergene"), integrating projects from Suzhou Kangju (recombinant enzyme drugs and antibody drugs) and Suzhou Centergene (glycoprotein drugs) to accelerate the clinical development and industrialization of its pipeline projects.

October 2021: The Company acquired land (94 mu) and factory premises (25,000 square meters) at No. 50 Luoxin Road, equipping itself with the capability for industrial-scale production of biological products.

May 2022: The Investigational New Drug (IND) application for KJ103 was approved by the U.S. Food and Drug Administration (FDA), and a Phase I clinical trial was initiated in New Zealand.

August 2022: The IND for desensitization treatment with KJ103 prior to highly sensitized kidney transplantation was approved by the NMPA.

December 2022: The Company obtained its first Drug Production License from the Shanghai Medical Products Administration. The license code was As, with the manufacturing scope covering therapeutic biological products (Recombinant Human Hyaluronidase for Injection).

May 2023: The license code on the Company's Drug Production License was updated to include Cs, expanding the manufacturing scope to include contract manufacturing.

May 2024: The IND for SJ04 was approved by the NMPA.

November 2024: KJ103 received Breakthrough Therapy designation from the NMPA for the indication "applicable for desensitization treatment in highly sensitized kidney transplant patients, effectively clearing pre-existing HLA antibodies to prevent hyperacute rejection" (hereinafter "desensitization in kidney transplantation").

December 2024: The IND for KJ015 was approved by the NMPA.

February 2025: The INDs for BJ007 and KJ101 were approved by the NMPA.

April 2025: The IND for KJ103 for the treatment of Guillain-Barré Syndrome (GBS) was approved by the NMPA.

July 2025: KJ103 received Breakthrough Therapy Designation from the NMPA for the indication of anti-glomerular basement membrane (anti-GBM) disease (hereinafter "anti-GBM disease").

August 2025: SJ02 (Corifollitropin alfa N01 Injection (Slonva® (晟諾娃®))) was approved for marketing by the NMPA, becoming the first long-acting recombinant human FSH-CTP approved in China. In the same month, the first patient was dosed in the Phase III clinical trial of KJ103 for desensitization before kidney transplantation.

September 2025: The IND for BJ009 was approved by the NMPA; SJ04 completed its Phase I clinical trial in China.

October 2025: KJ103 completed its Phase II clinical trial for anti-GBM disease.

November 2025: KJ103 initiated its Phase II clinical trial for GBS.

December 2025: The Company successfully listed on the Hong Kong Stock Exchange (Stock Code: 2659.HK). In the same month, Bao Pharma, Suzhou Kangju, and Suzhou Centergene passed the renewal of their High-Tech Enterprise recognition.

January 2026: The Investigator Meeting for the Phase III clinical trial of KJ103 for anti-GBM disease was successfully held.

March 2026: The IND for KJ101 was approved by the NMPA for the treatment of dissolution and removal of gastric mucus during gastroscopy, and KJ103 completed its phase III clinical trial for desensitization before kidney transplantation. The Company also obtained the Environmental Management System Certification (ISO14001:2015).

(c) Corporate Culture

Mission

- To respond to urgent patient needs.

Vision

- To provide patients with safer, more effective, and more convenient therapeutic solutions.

Values

- Courage
- Conviction
- Professionalism
- Focus.

(d) Board Statement

1. *The Board Oversight of Environmental, Social and Governance (ESG) Matters*

   The Board confirms that it assumes the ultimate oversight responsibility for the Company's Environmental, Social and Governance (ESG) matters. We ensure that ESG strategies, risk management, and performance indicators are integrated into overall business decision-making. Through regular reviews of progress on material topics, along with risk assessments and key performance data, we exercise ongoing supervision over the management system.

2. *The Board's ESG Management Approach, Strategies, and Processes*

   Based on the identification and assessment of stakeholder expectations, the Board has approved and promoted the following ESG management approach and strategies: In environmental aspects, leveraging technological innovation to drive energy conservation and environmental protection, reducing pollution and resource consumption through a green manufacturing system; In social aspects, focusing on unmet clinical needs, ensuring patient drug safety and accessibility, and retaining R&D talent through equity incentives and systematic training; In governance aspects, adhering strictly to the compliance baseline, managing business risks through a specialized committee mechanism, and ensuring transparency in information disclosure. The Board provides guidance on the assessment, prioritization, and development of management measures for material ESG issues.

3. The Board's Progress Review and Connection to the Business

The Board regularly reviews the progress of ESG-related goals, including key indicators such as process efficiency and energy consumption, product quality and safety, and talent development. We believe that effective ESG management is directly linked to the sustainability of the Company's R&D and innovation, the market trust in our products and brands, and the control of long-term operational risks. It constitutes a vital component of the Company's steady business development. Moving forward, the Board will continue to advance ESG practices to create long-term value for our stakeholders.

(e) Stakeholder Communication Mechanism and Materiality Analysis

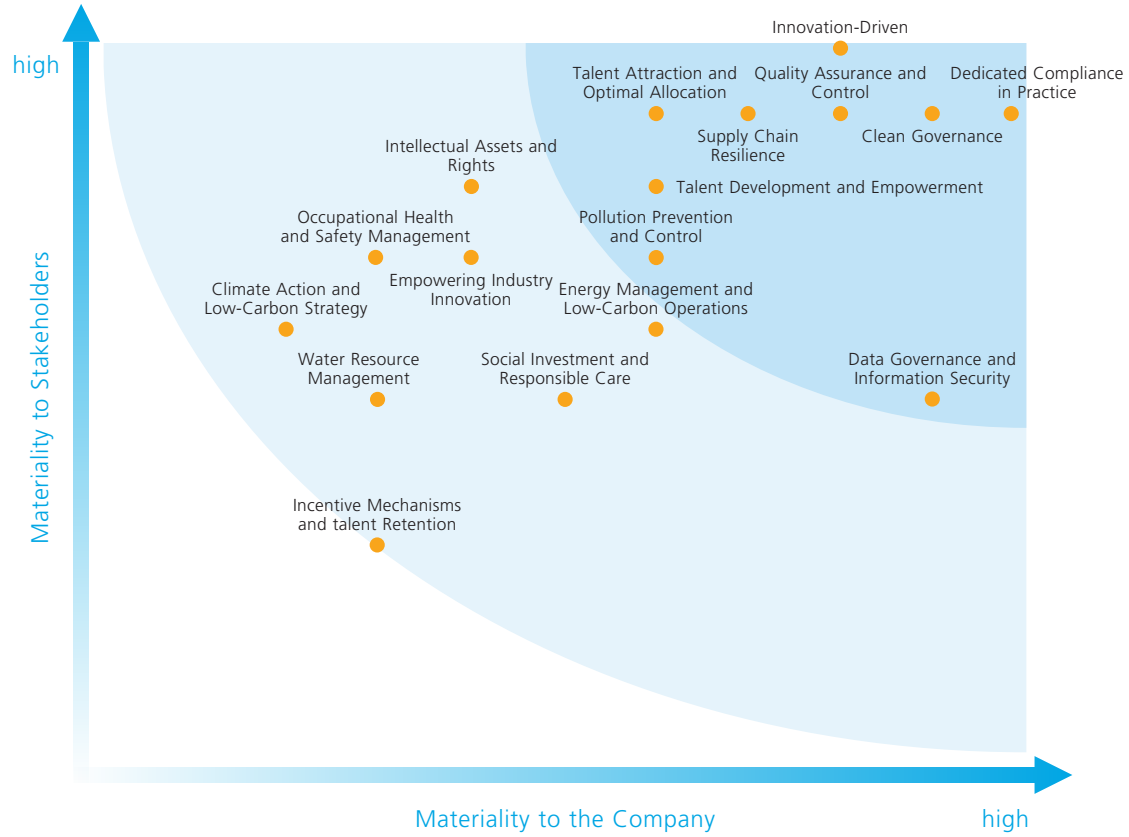
During the reporting period, we established a communication mechanism covering shareholders, consumers and clients, employees, governments, suppliers and partners, and the public.

Stakeholders	Material Topics	Stakeholder Engagement Channels and Response Mechanisms
Shareholders	• Dedicated Compliance in Practice • Innovation-Driven • Integrity in Governance • Quality Assurance and Control	• Digital and Online Engagement Mechanisms • Offline Activities • Convening General Meetings • Periodic Financial Reports and Information Disclosure • Circulars and Announcements
Consumers and Customers	• Intellectual Assets and Rights • Quality Assurance and Control • Data Governance and Information Security	• Improving the Quality Management System • Conducting Customer Satisfaction Surveys • Customer Forums • Strict Protection of Intellectual Property Rights • Implementing Responsible Marketing • Protecting Customer Privacy
Employees	• Talent Development and Empowerment • Talent Attraction and Optimal Allocation • Incentive Mechanisms and Talent Retention • Occupational Health and Safety Management	• Fostering employee diversity and sense of belonging • Enhancing employee communication mechanisms • Fair recruitment practices • Strengthening Employee Training and Talent Development • Optimizing Salary Systems, Equity Incentives, and Employee Benefits • Safeguarding Employee Health and Safety

Stakeholders	Material Topics	Stakeholder Engagement Channels and Response Mechanisms
Government	• Social Investment and Responsible Care • Dedicated Compliance in Practice • Pollution Prevention and Control • Energy Management and Low-Carbon Operations • Climate Action • Water Resource Management and Governance • Empowering Industry Innovation • Clean Governance	• Government Forums • Government-Business Correspondence • implement the relevant policies and directives • onsite inspections and work reports • Periodic Information Disclosure • Public Affairs Liaison
Suppliers and Partners	• Supply Chain Resilience • Quality Assurance and Control • Dedicated Compliance in Practice • Clean Governance	• Supplier Assessment • Supplier Training and Support • Corporate Exchange Meetings • Hospital-Enterprise Collaboration Meetings
Society and the Public	• Social Investment and Responsible Care • Quality Assurance and Control • Innovation-Driven • Pollution Prevention and Control • Climate Action • Protection of Trial Participants • Water Resource Management and Governance	• Strengthening University-Industry Collaboration • Carrying out Social Welfare and Volunteer Activities • Community Environmental Initiatives

1. *Materiality Matrix*

During the reporting period, we identified topics relevant to both our stakeholders and Bao Pharma, and analyzed the materiality of their respective impacts. The following matrix illustrates the materiality of each identified topic during the reporting period.



(f) Key Performance During the Reporting Period

1. *Compliance Governance*

① 100% completion rate for business ethics and anti-corruption training for employees and Board members.

② The production base passed GMP compliance inspections, maintaining a 100% ex-factory product qualification rate.

③ Three on-site inspections were conducted by drug regulatory authorities during the year, with no product recalls or regulatory warnings issued.

④ 100% pass rate for information system security compliance inspections.

2. *Upholding Integrity and Driving Innovation*

① New Drug Development: SJ02 (Corifollitropin alfa N01 Injection (Slonva® (晟諾娃®))), the first domestic long-acting recombinant human follicle-stimulating hormone, was approved for marketing in August 2025; KJ017, the first recombinant human hyaluronidase product in China to enter the NDA stage, is expected to be launched in 2026; for KJ103, the indication with the most advanced clinical development has completed Phase III clinical trials and has received Breakthrough Therapy Designations for two indications.

② R&D Outcomes: As of the reporting period, a cumulative total of 104 patent applications have been filed, and multiple papers have been published in international journals.

③ Quality Management: 100% coverage rate for quality management training, with no complaints arising from product quality issues throughout the year.

④ Pharmacovigilance: 100% coverage rate for pharmacovigilance training, and a 100% timely handling rate for adverse drug reaction reports during the year.

3. *Emission Control and Resource Consumption Reduction*

① Environmental Management System: In December 2025, the facility located at 28 Luoxin Road, Baoshan District, Shanghai, obtained the Environmental Management System Certification (ISO14001:2015).

② Energy Conservation and Consumption Reduction: Implemented photovoltaic power generation (estimated annual reduction of 177 tons of carbon dioxide equivalent); optimized the steam system (saving 500 tons annually, equivalent to an annual reduction of approximately 70 tons of carbon dioxide equivalent); achieved annual water savings of approximately 9,000 tons.

③ Energy Substitution: The rooftop photovoltaic project generates approximately 365,000 kWh of electricity annually.

4. *Putting People First*

① Health and Safety: Achieved zero work-related safety incidents throughout the year; 100% coverage rate for annual occupational health check-ups for employees.

② Talent Structure: Female employees account for 52.26%.

③ Training System: 100% coverage rate for employee training, with an average of 36 training hours per person; cumulatively held over 1,000 training sessions, reaching approximately 10,000 participants.

④ Mechanism Improvement: 100% completion rate for training programs targeting new employees as well as junior and mid-level management; recorded zero employee grievance cases throughout the year.

(g) Awards and Honors

As of the end of the reporting period, the Company had accumulated a total of 61 qualifications, awards, and honors, and had received 17 government grant projects. These include 20 qualifications, awards, and honors, as well as 4 government grant projects, obtained in 2025.

2025 List of Honors and Accreditations

Recipient	Name of Honor	Issuing Authority
Shanghai Bao Pharmaceuticals Co., Ltd.	High-Tech Enterprise	Shanghai Science and Technology Commission, Shanghai Municipal Finance Bureau, and Shanghai Tax Service, State Administration of Taxation
Suzhou Kangju BIOTECHNOLOGY Co., Ltd	High-Tech Enterprise	Jiangsu Provincial Department of Science and Technology, Jiangsu Provincial Department of Finance, and Jiangsu Provincial Tax Service, State Administration of Taxation
Suzhou Shengji Pharmaceutical Co Ltd	High-Tech Enterprise	Jiangsu Provincial Department of Science and Technology, Jiangsu Provincial Department of Finance, and Jiangsu Provincial Tax Service, State Administration of Taxation
Shanghai Bao Pharmaceuticals Co., Ltd.	Shanghai "Specialized, Refined, Distinctive, and Innovative" Small and Medium-sized Enterprise	Shanghai Municipal Commission of Economy and Informatization
Shanghai Bao Pharmaceuticals Co., Ltd.	Shanghai Enterprise Technology Center	Shanghai Municipal Commission of Economy and Informatization
Shanghai Bao Pharmaceuticals Co., Ltd.	Shanghai Foreign-funded R&D Center	Shanghai Municipal Commission of Commerce

Recipient	Name of Honor	Issuing Authority
Shanghai Bao Pharmaceuticals Co., Ltd.	2025 Baoshan District Annual Outstanding Scientific and Technological Contribution Enterprise	Shanghai Baoshan District Committee of the Communist Party of China Shanghai Baoshan District People's Government
Shanghai Bao Pharmaceuticals Co., Ltd.	2025 Quality Innovation Award	Shanghai Baoshan District Quality Association
Shanghai Bao Pharmaceuticals Co., Ltd.	Baoshan District Advanced Collective	Shanghai Baoshan District Committee of the Communist Party of China
Bulk Drug Substance (Protein) Workshop 3		Shanghai Baoshan District People's Government
Shanghai Bao Pharmaceuticals Co., Ltd.	President Unit and Founding Unit of Shanghai Baoshan District Biomedical Industry Association	Shanghai Baoshan District Biomedical Industry Association
Shanghai Bao Pharmaceuticals Co., Ltd.	Vice President Unit and Founding Unit of Shanghai Federation of Industry and Commerce Biomedical Chamber of Commerce	Shanghai Federation of Industry and Commerce Biomedical Chamber of Commerce
Shanghai Bao Pharmaceuticals Co., Ltd.	Synthetic Biology (Recombinant Drug) Innovation Consortium	Shanghai Baoshan District Science and Technology Commission
Shanghai Bao Pharmaceuticals Co., Ltd.	Shanghai Water-Saving Enterprise	Shanghai Water Authority Shanghai Municipal Commission of Economy and Informatization
Shanghai Bao Pharmaceuticals Co., Ltd.	Intellectual Property Compliance Management System Certification	Zhongzhi (Beijing) Certification Co., Ltd.

Recipient	Name of Honor	Issuing Authority
Shanghai Bao Pharmaceuticals Co., Ltd.	Environmental Management System Certification (ISO 14001)	Beijing United Zhiye Certification Co., Ltd.
Shanghai Bao Pharmaceuticals Co., Ltd.	2025 Shanghai Commercial Secret Protection Innovation Pilot Unit	Shanghai Municipal Administration for Market Regulation
Suzhou Kangju BIOTECHNOLOGY Co., Ltd	Level 3 Safety Standardization	Suzhou Industrial Park Emergency Management Bureau
Suzhou Shengji Pharmaceutical Co Ltd	Level 3 Safety Standardization	Suzhou Industrial Park Emergency Management Bureau
Suzhou Kangju BIOTECHNOLOGY Co., Ltd	Jiangsu Private Technology Enterprise	Jiangsu Private Technology Enterprises Association
Suzhou Shengji Pharmaceutical Co Ltd	Jiangsu Private Technology Enterprise	Jiangsu Private Technology Enterprises Association

2025 List of Government Grant Projects

Government-Subsidized Projects	Name	Responsible Government Department
2025 Technical Transformation Investment Subsidy Project	Bao Pharma's Recombinant Protein Drug Industrialization Project Phase II — Synthetic Biology Biomedical Cell and Yeast Scale Industrialization Construction	Shanghai Municipal Commission of Economy and Informatization
Zhangjiang National Innovation Demonstration Zone Special Development Fund Key Project	Supporting High-Growth Technology Enterprise Project	Shanghai Science and Technology Commission
National Science and Technology Major Project for Research on the Prevention and Treatment of Cancer, Cardiovascular and Cerebrovascular Diseases, Respiratory and Metabolic Diseases	The Mechanisms, Manifestations, Prevention and Treatment of AMR, TCMR, and TMA in Xenogeneic Kidney Transplantation	Medical Science and Technology Development Research Center, National Health Commission
Biomedical Innovative Product Breakthrough Project	KJ103 for Injection (Phase II Innovative Drug)	Shanghai Science and Technology Commission

Note: The list above represents a non-exhaustive list of government grant projects. Certain other projects are omitted from disclosure due to confidentiality agreements.

IV. COMPLIANCE GOVERNANCE: LAYING THE FOUNDATION OF TRUST

(a) Commitment to Compliance and Integrity

The Company adheres to the principles of legal compliance and integrity in our operations. We deeply embed business ethics and anti-corruption governance into our corporate management, business operations, and value chain management, establishing a comprehensive compliance management system covering all employees, all processes, and the entire value chain. This commitment aims to protect shareholder interests, ensure market fairness and order, and foster a culture of integrity and compliance.

1. *Establishing a Robust Compliance System to Solidify the Foundation of Integrity Governance*
The Company strictly adheres to provisions concerning anti-commercial bribery and anti-unfair competition as stipulated in laws and regulations, including the Criminal Law of the People's Republic of China, the Company Law of the People's Republic of China, the Anti-Unfair Competition Law of the People's Republic of China, and the Accounting Law of the People's Republic of China. Aligning with Article 183 of the Company Law of the People's Republic of China, we reinforce the duties of loyalty and diligence for directors, supervisors, and senior management, advancing compliance building through a legal framework.

   At the systemic level, we have established a control system centered on the "Anti-Corruption, Anti-Bribery and Whistleblowing Management System" and the "Conflict of Interest Management System." This framework clearly defines the integrity baseline for each position, standardizes procedures for conflict of interest declarations, as well as whistleblowing and accountability for violations, forming a system with clear authority and responsibilities and closed-loop management. Concurrently, integrity and compliance requirements are embedded into high-risk processes such as procurement and bidding, establishing implementation standards like the recusal of interested parties and process transparency. This transforms compliance requirements into binding business rules, ensuring effective implementation.

   The Company promotes the deep integration of compliance requirements into its governance culture and daily operations through company-wide compliance training, an independent whistleblowing investigation mechanism, and the inclusion of compliance performance in executive performance assessments.

2. *Enhancing Internal Governance and Extending Compliance Control Across the Value Chain*
Guided by a clear business ethics and anti-corruption strategy, the Company fosters a culture of integrity and compliance throughout its entire business system. During the reporting period, two key achievements were realized:

   (1) Achieved 100% coverage of business ethics and anti-corruption training for all employees (including executive and non-executive directors), unifying compliance awareness and responsibility commitments across the workforce.

(2) Required suppliers and business partners to sign Integrity Agreements and Confidentiality Agreements, thereby extending compliance standards to the external value chain.

Through internal governance and external collaboration, we have constructed a compliance line of defense that is both internally and externally coordinated and controllable throughout the entire process.

3. Systematic Tiered Training to Enhance Company-wide Compliance Capabilities

The Company has established a systematic, tiered, and closed-loop compliance training system, implemented jointly by the Internal Control Department and the Human Resources Department, operating under the supervision of the Board of Directors and the Audit Committee.

Targeted Compliance Training

Differentiated training is implemented based on position-specific risks:
Board members, supervisors, senior executives, and all employees: 100% completion of foundational compliance courses on topics such as anti-corruption and information security, along with signing integrity agreements. High-risk positions (e.g., R&D, Clinical, Marketing, Procurement): Enhanced specialized training is provided, including GCP compliance, compliance in pharmaceutical promotion, and procurement and bidding regulations.

The Company employs a combination of online learning and offline case study discussions, supplemented by post-training assessments, behavioral evaluations, and electronic record-keeping. This forms a closed-loop management system of "Training – Assessment – Application – Improvement," continuously enhancing the organization's compliance capabilities.

Comprehensive Business Ethics Education

Business ethics and integrity compliance are treated as core elements of corporate governance, with mandatory training implemented for all employees. For Directors, supervisors, senior executives, and management, the focus is on strengthening anti-corruption oversight responsibilities and risk control capabilities. For all employees, education covers industry-specific risks, process controls, behavioral red lines, and whistleblowing mechanisms, thereby solidifying a company-wide awareness of integrity and self-discipline.

4. *Full Lifecycle Partner Management to Build a Collaborative and Ethical Business Ecosystem*

The Company has established a full lifecycle compliance control system for partners, covering the "Accession – Collaboration – Exit" phases:

Accession Phase:

Conducts mandatory compliance due diligence on key partners, requiring the signing of Integrity Agreements that include clauses on anti-corruption and data protection.

Collaboration Phase

Implements dynamic monitoring through periodic compliance declarations, retained audit rights, and the provision of compliance guidance. Ethical and compliance performance is integrated into collaboration evaluations.

Exit Mechanism

An independent whistleblowing and investigation mechanism is in place. Violations are addressed through graduated measures, including corrective actions, termination of collaboration, and blacklisting, depending on the severity of the circumstances.

This system is implemented collaboratively by the Internal Control and business departments, under the supervision of the Audit Committee. It ensures that business ethics standards are implemented throughout the entire value chain, working jointly with partners to build a clean, fair, and sustainable business ecosystem.

(b) Integrity Governance

1. *Building a Strong Defense Line Against Corruption*

The Company has established an anti-corruption governance system covering the internal and external value chain, achieving front-end prevention, in-process supervision, and closed-loop improvement.

Front-end Prevention: Externally, Anti-Corruption and Integrity Agreements are signed with key suppliers, and dedicated whistleblowing channels are opened, creating a collaborative ecosystem of mutual supervision. Internally, an integrated whistleblowing system is formed by consolidating channels such as the official website, internal communications, and direct access to senior management. Integrity commitments are incorporated into the mandatory onboarding process for all employees. Simultaneously, specialized integrity training is conducted regularly for high-risk departments, including Procurement, Supply Chain, Production, and Clinical Research.

Establishing Three Core Mechanisms in Process Supervision

Routine special audits by the Internal Audit Department, an independent whistleblowing investigation mechanism under the supervision of the Audit Committee, and an accountability system linking compliance performance to the performance assessments of departments and executives.

Promoting Layered Integrity Training in Training Implementation

For Directors, supervisors, senior executives, and management, we emphasize the ability for honest performance of duties and the ability to manage decision-making risks. For all employees, key topics focused on anti-commercial bribery in the pharmaceutical industry, trade secret protection, and compliance in registration and application. We clearly define business risk red lines, consequences of violations, and whistleblowing channels. This fosters a company-wide culture of integrity that resists fraud and encourages active oversight.

2. *Protecting Whistleblower Rights and Establishing a Standardized Accountability Closed Loop*
The Company strictly maintains the confidentiality of information regarding the identity of good faith whistleblowers, and ensures closed-loop process of all reports, strictly prohibits and penalizes retaliatory actions, and provides channels for appeal and review as well as psychological support. Report investigations are conducted independently by the Compliance Supervision Department. After preliminary verification of a violation lead, an independent investigation team is formed under the leadership of the Audit Committee to conduct an inquiry. Based on the findings, corresponding actions are taken in accordance with laws, regulations, and company policies, which may include warnings, demerits, termination of labor contracts, or referral to judicial authorities if criminal activity is suspected. The Company will hold violators accountable according to regulations, recover any improperly obtained benefits, and remedy losses incurred by the Company. During the reporting period, neither Bao Pharma nor its employees were involved in any litigation cases related to corruption.

(c) Intellectual Assets and Rights

1. *Improving the Intellectual Property Compliance System to Build a Strong Innovation Safety Barrier*
Bao Pharma strictly complies with domestic laws and regulations, including the Patent Law of the People's Republic of China and the Trademark Law of the People's Republic of China, as well as international treaties and initiatives such as the Patent Cooperation Treaty (PCT), the Madrid Agreement Concerning the International Registration of Marks, the WIPO Copyright Treaty (WCT), the Paris Convention for the Protection of Industrial Property, and the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement).

Bao Pharma has established an Intellectual Property Department to comprehensively coordinate the Company's IP management, including tracking IP risk monitoring throughout the R&D project lifecycle, strategic planning, and identifying and evaluating technological innovations. At the systemic level, the Company continuously improves its enterprise IP and trade secret compliance management system, using national standards as its core framework. The Company first obtained certification under the "Enterprise Intellectual Property Management Standard" (GB/T 29490-2013) in 2023. In response to business development and regulatory requirements, it continuously upgraded the system in subsequent years and successfully passed annual certification assessments. Following the update of the standard system, the Company smoothly obtained certification under the "Enterprise Intellectual Property Compliance Management System Requirements" (GB/T 29490-2023) in November 2025, marking an upgrade in its IP management from "standardization construction" to "balancing compliance operation with risk prevention and control."

Building on this foundation, the Company simultaneously established and implemented the "Shanghai Bao Group Trade Secret Management Regulations." These regulations clearly define the scope of trade secret identification, management of knowledge holders, control of carriers, and approval procedures for external disclosure. Trade secret protection requirements are integrated into R&D management, external collaborations, and employee conduct codes. Furthermore, the Company has an emergency response system for trade secret leakage incidents, clearly defining reporting pathways for leakage risks, emergency response procedures, investigation and remedial measures, and accountability tracing mechanisms. This ensures the ability to quickly mitigate losses and respond effectively when a leakage risk occurs or is suspected. Additionally, the Company was selected as a "2025 Shanghai Pilot Unit for Trade Secret Protection Innovation" by the Shanghai Municipal Administration for Market Regulation.

2. *Strengthening Intellectual Property Protections to Secure Innovation Achievements*

Intellectual property is the core asset and strategic foundation of an innovative pharmaceutical company. To ensure the secure realization of R&D value and protect the long-term interests of shareholders, Bao Pharma has established a closed-loop IP risk prevention and control system that runs throughout the entire process of contract management and project evaluation.

Standardization and Dynamic Management of Contract Clauses

In managing IP clauses in contracts, Bao Pharma employs a dual-track mechanism of "real-time review + project customization" for clauses involving IP rights. Agreements covering R&D collaboration, technology licensing, material supply, and entrusted services all incorporate clear IP clauses defining the ownership, usage rights, and benefit distribution mechanisms for background IP and foreground IP. Confidentiality obligations, data rights, and infringement liability are included as core essential clauses. All contracts clearly stipulate the ownership, scope of use, and income distribution for both background and foreground IP. The Legal, IP, and R&D departments collaborate to conduct dynamic reviews and customized adjustments based on the nature and strategic importance of the collaboration. This ensures that the contract text both safeguards the Company's core rights and meets the flexibility requirements of commercial cooperation, thereby building a solid risk defense line from the legal source.

Establishing Pre-Output Review and Disclosure Control Mechanisms

For activities involving the external dissemination of technical information, such as patent applications, paper publications, external technical exchanges, and product promotions, a long-standing internal approval and compliance review mechanism is implemented. This ensures that external disclosure occurs only after necessary patent filings or confidentiality measures are completed, preventing the premature public disclosure of core technologies.

Forward-Looking Intellectual Property Portfolio Layout

For core inventions with patenting potential, Bao Pharma initiates an integrated "patent + trademark" layout strategy at key milestones such as project initiation, process development, clinical trials, and pre-launch stages. For example, core technologies are filed for international patent protection through the PCT pathway, entering major markets such as China, the US, Europe, and Japan. Simultaneously, a perimeter patent layout is developed around formulations, uses, processes, and equipment to extend the protection period. Brand names undergo trademark searches and registration in advance to ensure maximum global protection for innovation outcomes and support future commercialization value.

3. *Strengthening IP Awareness and Empowering All Employees and Innovation*

To continuously enhance employees' awareness of IP protection and improve their IP protection capabilities, the Company regularly conducts specialized IP training for our staff.

In 2025, the Company organized three training sessions focused on IP compliance management and protection of innovation outcomes. These included: a trade secret awareness training session delivered by an external lawyer for department heads to strengthen policy implementation and risk control capabilities; and training sessions delivered by the IP Department to R&D teams on patent search, database utilization, and patent fundamentals, aimed at improving R&D personnel's patent awareness and information retrieval skills. These efforts continuously enhance the professionalism and standardization of the Company's IP management system. Additionally, the IP Department pushes the latest global IP developments in the Company's key R&D areas to the R&D teams and management on a weekly basis, proactively empowering the Company's R&D and management efforts.

Patent Portfolio:

As of the end of the reporting period, Bao Pharma and its affiliated companies have filed a total of 104 patent applications, comprising 101 invention patents and 3 design patents.

Patent List Total **104**

PCT	Domestic	Korea	USA	Europe	Japan	Taiwan	Hong Kong
16	56	3	11	8	8	1	1

(d) Data Governance and Information Security

1. *Company Information Security Policies and Training*

The Company has established a systematic information security governance and company-wide training system. We have formulated the "Information Security Management System," creating a three-tier responsibility structure involving coordination by the IT Department, collaboration across departments, and compliance by all employees. Training content is delivered in a tiered manner, covering foundational cybersecurity for all employees, specialized skills for key positions, and mandatory compliance training for new hires. This systematic approach aims to enhance employee security awareness and operational capabilities. This system represents a core initiative for the Company to fulfill compliance commitments, including those under the Personal Information Protection Law of the People's Republic of China, and to strengthen operational resilience.

2. *Protection of Clinical Trial Participant Data and Privacy*

The Company has established a data protection system for clinical trial participants that covers the entire clinical trial lifecycle. Strictly adhering to regulations such as GCP and relevant regulations, we have established the principle of "No Direct collection, Full-Process Anonymization," with the research institution serving as the primary entity for data collection. All data transmitted to the Company undergoes rigorous anonymization, retaining only the study number, with all personally identifiable information completely removed. By developing project-level data management plans, we standardize the entire process of data collection, storage, use, and compliant deletion. We enforce least-privilege access controls, and original data is permanently retained by the research institution, achieving high-standard privacy protection under a closed-loop management system.

3. *Protection of Core Data and Technology*

The Company has deployed multiple core technical protection measures to safeguard its critical assets. State-authorized cryptographic algorithms are used for transparent encryption of sensitive documents, ensuring data is usable only within authorized environments and preventing unauthorized leakage. Concurrently, we have established a local data backup and critical system recovery system. Through scheduled automatic and offline backups, utilizing both full and incremental methods, we ensure the ability to rapidly restore critical business data in the event of system failures, cyberattacks, or human error, effectively guaranteeing business continuity and data security.

V. UPHOLDING INTEGRITY AND DRIVING INNOVATION TO PROTECT LIFE AND HEALTH

(a) Innovation-Driven Growth

1. *Focusing on Major Disease Areas to Drive Social Value Through Scientific Innovation*

Bao Pharma focuses on areas with significant unmet clinical needs, such as large-volume subcutaneous delivery, assisted reproduction, antibody-mediated autoimmune conditions, and recombinant protein drugs produced as alternatives to extraction-based methods. We deeply integrate innovative R&D with quality safety and environmental protection, committing to fulfilling our social responsibility of safeguarding public health by improving medical accessibility. We continuously strive to grow into a biopharmaceutical company possessing both innovative strength and a strong sense of responsibility.

Alignment of R&D Strategy with Social Value

Bao Pharma's early-stage R&D strategy is closely centered on addressing significant unmet clinical needs. We are dedicated to providing patient populations with breakthrough treatment options through source innovation, using this as a core principle to create long-term social value and sustainable commercial returns. This strategy fully aligns with Bao Pharma's core commitment to the "Social" dimension of Environmental, Social, and Governance (ESG) principles.

Bao Pharma's R&D pipeline strategically focuses on four disease areas of substantial social value:

Antibody-mediated Autoimmune Diseases

This area targets a category of acute autoimmune diseases driven by pathogenic immunoglobulin G (IgG) antibodies, which have long been overlooked. While the patient populations for these conditions are relatively limited, the diseases are critical and progress rapidly. Traditional therapies have slow onsets, leading to persistently high mortality rates. Particularly for critical conditions like anti-GBM disease, which rapidly leads to kidney failure, Bao Pharma aims to improve patient prognoses and reduce long-term disease burden and societal healthcare costs through more effective and safer therapies.

Furthermore, there is currently a lack of standardized and effective desensitization treatments in China, with no approved desensitization drugs available. Highly sensitized patients have virtually no chance of effective desensitization. Bao Pharma is dedicated to developing desensitization drugs for end-stage renal disease patients undergoing kidney transplantation. KJ103 can efficiently, rapidly, and safely clear pre-existing HLA antibodies in highly sensitized kidney transplant patients, offering a novel treatment option for these patients with rare conditions lacking standard desensitization therapies. It effectively prevents severe, life-threatening hyperacute antibody-mediated rejection following kidney transplantation. Providing these patients with a valuable opportunity for transplantation significantly extends their lives and improves their quality of life, carrying profound humanitarian and social significance.

Large-Volume Subcutaneous Drug Delivery Technology Platform

Although limited in application due to challenges in absorption efficiency, the unique clinical and health economic value of large-volume subcutaneous drug delivery is increasingly recognized. Compared to traditional intravenous infusion, subcutaneous injection effectively avoids infusion-related reactions and risks of intolerance, significantly expanding the applicable population and enhancing safety. Simultaneously, this administration method greatly expands treatment settings, making it possible to administer therapy in county-level hospitals, community clinics, and even patients' homes. This substantially improves patient convenience, comfort, and long-term adherence. From a health economic perspective, subcutaneous administration also demonstrates significant advantages: it not only reduces direct overall administration costs but also lessens the burden on individuals and the healthcare system by decreasing indirect expenses such as patient travel and accommodation for medical care elsewhere.

Assisted Reproduction

Slonva® effectively fills the gap in the domestic market for long-acting formulations by optimizing and upgrading existing therapies. Its application can significantly alleviate patients' physical and mental burden, markedly improve treatment adherence, simplify physicians' operational procedures, and contribute to enhanced overall medical efficiency. Additionally, this therapy shows positive potential in reducing side effects or overcoming drug resistance.

Recombinant Protein Drug Production Replacing Extraction methods

The Company's independently established advanced biomanufacturing technology platform enables the targeted modification and construction of high-performance chassis cells for producing complex protein drugs traditionally manufactured using biochemical extraction processes. This technological innovation not only overcomes technical bottlenecks but also generates profound ESG value:

In terms of safety and social value (S): Green biomanufacturing processes inherently avoid the risks associated with traditional biochemical extraction methods-such as potential viral contamination from animal-derived materials and allergenic reactions caused by miscellaneous proteins-providing patients with purer and safer medication options.

From an environmental and resource perspective (E): We break free from dependence on natural raw materials, achieving green biomanufacturing through cellular factories. This not only simplifies production processes and enhances supply chain stability and resilience but also significantly reduces the resource consumption and environmental burden potentially caused by traditional extraction processes.

Bao Pharma deeply understands that early-stage R&D is the wellspring of innovative value. By precisely allocating resources to these critical areas concerning life and health, Bao Pharma is not only practicing its "patient-centric" R&D philosophy but also fulfilling the most fundamental social responsibility of a biopharmaceutical company: alleviating human suffering and improving public health through scientific innovation. This constitutes the solid core of creating social value within the Company's ESG strategy.

Innovation Practices and Product Progress

SJ02 (Corifollitropin alfa N01 Injection (Slonva® (晟諾娃®))) was approved for marketing in August 2025. Two indications for KJ103 (Recombinant Immunoglobulin G-Degrading Enzyme) – desensitization before kidney transplantation and anti-GBM disease – have received Breakthrough Therapy Designations from the NMPA, and a Phase III clinical trial was completed for its most progressed indication. Multiple other pipeline projects are progressing steadily according to plan.

Respecting Life and Safeguarding R&D

Throughout the drug research and development process, the Company places high importance on the ethical care of laboratory animals and actively fulfills its responsibility for animal welfare. The Company does not operate its own animal laboratory facilities; all necessary preclinical animal studies are strictly entrusted to Contract Research Organizations (CROs) that possess the appropriate qualifications and professional capabilities.

To ensure the consistent implementation of animal welfare principles across the R&D value chain, Bao Pharma has established a systematic supplier management mechanism, with specific measures as follows:

Rigorous Supplier Admission and Audit Mechanisms

When selecting CRO partners, Bao Pharma evaluates their animal welfare assurance systems, facility conditions, professional qualifications of operating personnel, and historical compliance records as core assessment indicators. This ensures that partners strictly adhere to Chinese and internationally accepted guidelines for the care and use of laboratory animals, building a line of defense for animal welfare from the outset.

Clear Contractual Obligations and Standard Transmission

Through explicit contractual terms, Bao Pharma mandates that CRO partners comply with all applicable animal welfare regulations and adopt industry best practices. Concurrently, the Company translates its own higher internal ethical standards into mandatory requirements, effectively communicating these to all parties and ensuring welfare standards are implemented without compromise.

Bao Pharma deeply recognizes that respecting life to the highest standard and minimizing animal suffering while pursuing scientific progress is an indispensable ethical cornerstone of modern biomedical R&D. Through the systematic outsourcing management described above, the Company is committed to ensuring that its R&D activities are both scientifically rigorous and ethically sound. This constitutes an important component of the Company's overall ESG governance and social responsibility commitments.

2. Clinical Achievements and Patient Well-being

Bao Pharma is consistently committed to its mission of responding to urgent patient needs, bringing hope for life and improved quality of life to patients through source innovation. During the reporting period, the Company's R&D pipeline achieved several major advancements, profoundly reflecting its core contribution to the "Social" dimension of ESG.

In the field of antibody-mediated autoimmune diseases

The Company's kidney transplant desensitization drug, KJ103, successfully completed Phase II clinical trials in September 2024. All enrolled patients underwent successful transplantation with favorable post-operative conditions. The project has completed Phase III clinical trials in March 2026, aiming to overcome the clinical challenge of transplantation for highly sensitized patients. Meanwhile, for anti-GBM disease, which can rapidly lead to renal failure, KJ103 has held the Phase III clinical study initiation meeting, and has initiated a Phase II clinical study for GBS.

In the field of assisted reproduction

The Company successfully developed and launched China's first long-acting recombinant human FSH-CTP SJ02 (Corifollitropin alfa N01 Injection (Slonva® (晟諾娃®))). Its innovative "one-injection-per-week" regimen significantly alleviates the treatment burden and psychological stress for women patients. Additionally, the recombinant human chorionic gonadotropin (SJ04), used in assisted reproduction, completed its Phase I clinical trial in September 2025.

In the field of large-volume subcutaneous drug

The Company's important platform drug, recombinant human hyaluronidase KJ017 has completed Phase III clinical trials and is currently in the New Drug Application (NDA) stage, with market launch expected in 2026. For SC formulations of widely used antibiotics, the Company conducted a phase I clinical trial of BJ007 in August 2025 and completed the trial in January 2026. The Company also commenced a Phase I clinical trial of BJ009 in December 2025.

In the field of recombinant Protein Drug Production Replacing Extraction methods

Based on an innovative production platform for protein drugs using recombinant technology instead of extraction methods, the Company has developed recombinant human chymotrypsin (KJ101), which addresses the safety concerns and efficiency bottlenecks associated with traditional biochemical extraction processes. For the wound-healing indications of burns, trauma, surgical incisions, pressure ulcers, and diabetic foot ulcers, the Company initiated its Phase II clinical trial in July 2025, and for the indication expansion of KJ101 for the dissolution and removal of gastric mucus during gastroscopy, the Company received IND approval by the NMPA in March 2026, while research into additional clinical indications is ongoing.

Collectively, these advancements delineate the value map of Bao Pharma's innovative R&D: the Company focuses not only on disease treatment but is also dedicated to bringing patients opportunities for survival, leaps in quality of life, and profound humanistic care, thereby concretely fulfilling its fundamental responsibility to society.

3. *Addressing Clinical Gaps, Reshaping Hope Through Innovation*

Bao Pharma's clinical research pipeline covers four key areas: large-volume subcutaneous drug delivery, antibody-mediated autoimmune diseases and assisted reproduction to replace extraction methods. In product development and commercialization, the Company consistently prioritizes addressing significant unmet medical needs and improving patient quality of life, using this as the fundamental yardstick for evaluating long-term social value and commercial sustainability.

Strategic Focus: Prioritizing "Timely Assistance"

The Company avoids homogeneous competition in "hot" therapeutic areas and strategically concentrates resources on critically severe disease areas in China that have long been neglected but face urgent needs, such as specific acute autoimmune diseases and desensitization treatment for organ transplantation. These conditions are life-threatening with limited traditional treatment options, leaving patients in a predicament with no effective therapies. Based on insights into genuine patient needs, Bao Pharma is dedicated to bringing new hope for survival to these "forgotten" populations and filling critical medical gaps.

Tangible Impact: From Saving Lives to Improving Existence

The Company's efforts have translated into verifiable patient benefits

○ ***Saving Lives, Changing Destinies***

In clinical trials, KJ103 has already successfully enabled several patients who were unable to undergo transplantation due to high sensitization to receive transplants. For critical patients on the verge of requiring lifelong dialysis due to acute autoimmune diseases, the Company's drugs have effectively preserved renal function, fundamentally altering their life trajectories.

○ ***Revolutionizing Experience, Enhancing Well-being***

The innovative delivery system developed by the Company has dramatically reduced administration time from several hours of intravenous infusion to just 3-5 minutes via subcutaneous injection. This not only alleviates the burden of back and forth to hospital visits and long waits for patients, improving treatment adherence and dignity, but also holds long-term potential to shift treatment settings down to community clinics or even homes. This provides a key solution for achieving more accessible and humane healthcare models.

Bao Pharma not only creates long-term value for its shareholders but also, through differentiated innovative therapies, delivers irreplaceable life value and improved quality of life to the patient populations most in need. This constitutes the core social contribution and brand foundation of the Company's ESG strategy.

4. Process Innovation

Optimization of the E. coli Expression Platform

Developed a production process using non-toxic inducers to replace traditional toxic compounds for inducing expression. This maintains high yield levels while significantly enhancing the safety of both the process and the final product.

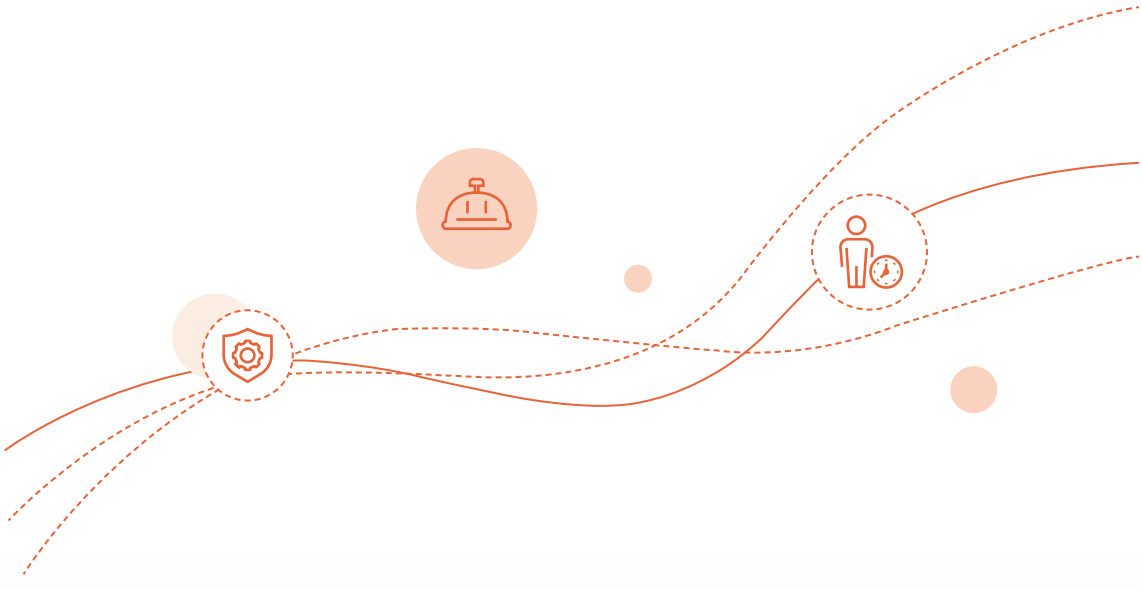
Optimization of the Pichia pastoris Expression Platform

By improving the fermentation and feed medium formulations, successfully reduced the traditional yeast fermentation cycle by half without impacting yield. This significantly enhances production efficiency and effectively lowers the carbon footprint per unit of product, demonstrating process sustainability.

Optimization of the CHO Cell Expression Platform

Employed genetic engineering to construct modified host cells and expression vector systems, significantly enhancing the expression capability of cell lines. This increases yield and production efficiency from the source while simultaneously reducing the carbon footprint per unit of product, thereby promoting green manufacturing.

Across all process development stages, the use of organic solvents is minimized to the greatest extent possible, reducing hazardous waste emissions.



5. Deepening R&D and Clinical Professional Capabilities

In 2025, the Company built a tiered and categorized professional talent development system centered on the core competency requirements of R&D innovation and clinical operations. Through targeted and systematic training empowerment, we reinforced the technical foundation across the entire product lifecycle:

① **Foundational Experimental Operations and Process Technology**
For production and process development positions, specialized training combining theory and practice was organized, focusing on key operational standards and technical principles. This strengthened frontline personnel's operational standardization and depth of process understanding.

② **Enhanced Pharmaceutical Research Compliance and Design Capabilities:**
Organize specialized training focused on the compliance and scientific rigor of early drug research and development to enhance the understanding and application capabilities of regulatory guidelines among R&D and quality teams.

③ **Targeted Strengthening in Pharmacokinetics and Toxicology Evaluation:**
Focusing on key technologies and compliance aspects of pre-clinical research, specialized training was organized to reinforce professional staff's scientific understanding and data analysis capabilities in the areas of pharmacokinetics and toxicity evaluation.

④ **Practical Empowerment Across the Clinical Operations Lifecycle: Systematic**
Internal training initiatives were implemented for the clinical department. Themed sessions covering disease area knowledge, clinical operations, and regulatory inspections were organized to continuously enhance quality awareness and professional competence in clinical trial execution.

(b) Quality Assurance and Capacity Assurance

1. *Full Lifecycle Quality Management System*

Bao Pharma has established a comprehensive quality management system covering the entire process of R&D, production, and sales. This system permeates every link from materials to products, with core policies encompassing personnel and organizational management, facility and equipment management, material control, environmental control, production management, quality control, and product release, ensuring that all key factors affecting product quality are controlled. On this foundation, Bao Pharma comprehensively ensures the safety, efficacy, and quality controllability of its drugs through a series of measures, including systematic qualification and validation, continuous quality assurance (encompassing quality monitoring, change control, deviation handling, corrective and preventive actions (CAPA), self-inspections, quality reviews, customer complaint and recall management, audit management, data integrity, etc.), and dynamic quality risk management, thereby providing reliable products to patients. In 2025, to adapt to the Company's business needs, new management policies concerning outsourced drug manufacturing were added, and 30 policies, including the Outsourced Manufacturing Management Procedures, were updated and optimized, further enhancing the scientific rigor and effectiveness of the quality management system.

2. *R&D Translation and Capacity Assurance*

In product development and the translation of achievements

The Company consistently upholds the core principle of advancing innovation with the highest quality standards, ensuring a seamless transition from laboratory R&D to industrial implementation through a full-chain quality control system. During the year, the KJ017 project successfully completed the pre-marketing "Two-in-One" inspection (i.e., the simultaneous completion of on-site drug registration inspection and GMP compliance inspection), laying a solid foundation for subsequent large-scale production of this new drug. The KJ103 and KJ017 projects successfully completed process validation, further ensuring the robustness and reliability of the production process through systematic optimization of production parameters and quality control points. Three projects, BJ044, BJ045, and BJ047, all successfully achieved technology transfer from R&D to the production workshop, marking that the relevant innovative technologies have reached maturity for large-scale production. This series of milestone achievements systematically demonstrates the Company's quality control capabilities across the entire chain from R&D innovation to industrial implementation. Meanwhile, Slonva® successfully obtained marketing authorization in 2025, serving a broader patient population and injecting new momentum into the advancement of reproductive health in China. These accomplishments are a vivid illustration of Bao Pharma's exceptional execution capabilities in both R&D and production. Looking ahead, Bao Pharmaceuticals will continue to promote the launch of more high-quality innovative drugs with a rigorous scientific attitude and compliant, stable operations, contributing to the advancement of global health.

In terms of production systems and capacity assurance

The Company is committed to building a safe, reliable, efficient, and sustainable core for the global supply chain. By pursuing intelligent upgrades and green manufacturing practices, we aim to establish an industry-leading production benchmark. Simultaneously, to proactively respond to future market demand fluctuations and enhance strategic resilience, Bao Pharma has undertaken a strategic expansion of its core production units to bolster overall capacity flexibility. The Company pays particular attention to resource utilization efficiency during production. Through measures such as recycling, energy optimization, and waste reduction, we strive to achieve higher output with lower energy and material consumption, directly supporting Bao Pharma's commitment to reducing its environmental footprint and practicing green manufacturing for sustainable development.

3. *Process Optimization and Capacity Construction*

During its 2025 production operations, Bao Pharma continuously optimized its raw solution production processes by deepening process control and equipment management. Through more efficient and stable processes, we improved resource utilization efficiency and reduced material and energy consumption during production. Simultaneously, a robust quality management system ensured the reliability and safety of product supply, fulfilling our responsibility to patients and customers. In the future, Bao Pharma will continue to implement its sustainable development philosophy. Through technological innovation and process optimization, we aim to further reduce our environmental impact while enhancing operational efficiency, ensuring supply chain resilience and product quality.

Bao Pharma initiated the construction of a new production line project in 2025, scheduled for completion in 2026. The project involves the construction of a microbial raw solution production line equipped with reactors of varying scales, alongside dedicated lines for powder for injection and liquid injection. Upon completion, the project will significantly increase the Company's total reactor working volume and annual drug product capacity.

4. *Customer Complaint and Recall Management*

Bao Pharma has established a systematic and efficient complaint handling mechanism to ensure every customer opinion receives a timely and rigorous response. The Company initiates internal procedures within 24 hours of receiving a complaint. Led by the Quality Assurance Department, complaints are categorized based on their nature and severity, and cross-departmental teams are organized to conduct in-depth investigation and analysis. Through root cause analysis, the potential impact on product quality is comprehensively assessed, including the scope involved, severity, affected batches, and possibly implicated links, enabling the formulation and implementation of corresponding corrective and preventive actions. During the reporting period, the Company received zero customer complaints. This achievement reflects both the quality stability of Bao Pharma's products and services and the Company's continuous efforts in full-process quality management and customer communication. Moving forward, Bao Pharma will maintain highly open feedback channels, adhere to a customer-centric approach, and continuously improve product quality and user experience.

Bao Pharma strictly follows requirements of relevant regulations, including the "Measures for the Administration of Drug Recalls," and has established "Product Recall Management Procedures" covering both active recalls and recalls ordered by authorities, ensuring timely response and compliant handling. The Quality Assurance Department continuously monitors information such as customer complaints, production process deviations, stability data, and drug regulatory developments to proactively identify potential risks. The Company has formulated detailed recall emergency plans and regularly organizes simulated recall drills involving production, sales, supply chain, and other departments to verify process effectiveness and enhance team emergency coordination capabilities. Upon identifying a recall risk, the Quality Assurance Department immediately initiates a root cause investigation, conducts a scientific assessment based on the potential impact on patient health, and proposes corresponding handling recommendations. During recall execution, the Quality Assurance Department tracks progress throughout, verifies the quantity of recalled products, and calculates the recall completion rate until the recall action concludes. Upon completion of the recall, a detailed "Product Recall Summary Report" is prepared, submitted to regulatory authorities after approval by the Quality Head, and reported to Company management. During the reporting period, the Company successfully conducted one simulated recall drill, experienced no actual recall events, and received no warnings or alerts from drug regulatory authorities throughout the year. This reflects the sustained effectiveness of Bao Pharma's proactive risk management and quality control efforts.

5. *Quality Culture and Talent Development*

Within the framework of the quality system, the Company has designed progressive and systematic training pathways for employees in R&D, production, quality, and other relevant positions. Training content covers core areas ranging from fundamental drug regulations, critical control points in production, document and record management, change control and deviation processes, to data integrity. During the reporting period, a series of specialized training initiatives were conducted to continuously reinforce the quality culture. Notably, the Quality Department led a special campaign on "Enhancing Data Reliability Management." This initiative involved organizing all employees to sign a Data Integrity Commitment Letter, conducting specialized training, and performing focused inspections, further consolidating the Company's quality culture that prioritizes data authenticity, accuracy, and completeness.

Bao Pharma adheres to the quality policy of "Quality First, Total Employee Involvement, Customer Focus, and Continuous Improvement," regarding systematic quality risk management as the core of ensuring patient safety and the Company's sustainable development. Based on a risk management system covering the entire drug lifecycle, Bao Pharma implements precise controls at each stage:

(1) *R&D Stage:*

Implements the "Quality by Design" (QbD) philosophy, proactively identifying and managing risks during product development.

(2) *Production Stage:*

Relies on real-time process analysis technology, rigorous deviation and change control procedures, and a pre-assignment training matrix for personnel to ensure operations consistently comply with process and position specifications. The Quality Assurance Department conducts end-to-end monitoring, ensuring the production system remains under control at all times.

(3) *Supply Chain Management:*

Conducts tiered assessments of materials based on factors such as usage volume, impact on product quality, and potential risks, implementing differentiated management of suppliers to control quality risks at the source. Annual material quality reviews are conducted, serving as the basis for developing the supplier audit plan for the following year.

(4) *Post-Marketing Management:*

In accordance with regulations such as the "Drug Administration Law of the People's Republic of China" and the "Measures for the Administration of Drug Production Supervision," the Company has established "Quality Risk Management Procedures." Systematic risk management plans are implemented in response to changes in production, storage, transportation, clinical use, and the regulatory environment.

In 2025, Bao Pharma conducted multiple rounds of internal audits of its quality management system, covering areas such as system operation, laboratory management, premises and facilities, validation, and data integrity. All identified issues have been addressed with corresponding corrective and preventive actions (CAPA), and no critical deficiencies were found.

Looking ahead, Bao Pharma will continue to deepen its quality culture, leverage digital tools to enhance risk warning and decision-making effectiveness, and remain dedicated to providing safe, effective, and reliable medicines to patients worldwide.

6. *Quality Assurance and Compliance Oversight in Clinical Research*

The Clinical Department at Bao Pharma has established a dedicated quality assurance function responsible for comprehensively overseeing and coordinating the compliant execution of all clinical trials. This team continuously refines relevant management policies, Standard Operating Procedures (SOP), trial protocols, and overall project plans, while providing specialized technical support for critical areas such as data security and privacy protection. In 2025, to further strengthen the quality management system, an internal audit of the department's Management Procedures (SMP) and SOP was organized. Guided by current laws, regulations, and guidelines, and adhering to the quality policy of "Quality First, Compliance as Foundation, Patient Safety Paramount," a systematic revision of the departmental SMP and SOP was conducted. Additionally, led by the quality assurance personnel, regular quality review meetings were held to systematically assess quality risks and implement continuous improvement measures.

At the project execution level

Quality assurance personnel oversee the compliance of clinical operations and data management comprehensively, ensuring all clinical trials strictly adhere to the national "Good Clinical Practice" (GCP) for pharmaceutical products and relevant international regulatory requirements. This safeguards the standardization, transparency, and credibility of the clinical research process.

Regarding legal and ethical compliance

The Company strictly follows GCP and other relevant laws, regulations, and ethical review requirements. A comprehensive series of internal quality control policies and management procedures have been established and refined, clearly defining the conduct of clinical research personnel and the operational procedures throughout the entire clinical trial process. This effectively protects the rights, interests, and safety of trial participants, ensures data integrity, and continuously enhances the quality level and credibility of clinical research.

(c) Pharmacovigilance and Patient Safety

Bao Pharma has established a systematic and efficient pharmacovigilance system, comprehensively covering adverse reaction monitoring, risk identification, assessment and control, and continuous system optimization, thereby fulfilling its responsibility for drug safety throughout the entire lifecycle.

Multi-Channel Adverse Reaction Monitoring

A comprehensive information collection network has been established through various channels, including the pharmacovigilance 400 hotline, the "Adverse Event Reporting" section on the official website, regular searches of academic and regulatory data, reporting mechanisms from partner companies, and information provided in drug package inserts. To ensure data completeness and reliability, Bao Pharma regularly conducts consistency checks on adverse reaction information with partners to prevent any omission of information.

Systematic Assurance and Continuous Improvement

The Company continuously tracks domestic and international pharmacovigilance regulatory developments, promptly updating internal processes to maintain compliance. Through the implementation of an annual training plan, a total of 13 specialized training sessions were conducted in 2025, achieving a 100% participation rate for pharmacovigilance department personnel. Annual internal audits of the system are conducted, and a digital pharmacovigilance management system has been introduced, significantly improving the efficiency of data integration and risk warning. By establishing departmental quality objectives and continuously monitoring them, all quality goals for 2025 were achieved. Furthermore, the Company has developed a Business Continuity Management Plan to ensure the stable operation of pharmacovigilance activities even under unexpected circumstances.

Scientific Risk Identification and Assessment

Signal detection and analysis are conducted on an ongoing basis, combining intelligent data mining from the PV safety database with professional manual review. Periodic safety update reports for products are prepared and submitted annually, systematically assessing the product's safety profile.

Closed-Loop Risk Control and Communication

A Drug Safety Committee has been established, responsible for organizing signal assessments and deciding on risk control measures. The Company has defined clear recall procedures and risk communication mechanisms and regularly conducts emergency response drills for drug safety incidents to ensure a rapid and orderly response in the event of significant risks.

(d) Supply Chain Management

1. *Institutional Safeguards: Building a Transparent Supply Chain to Support Compliant Corporate Operations*

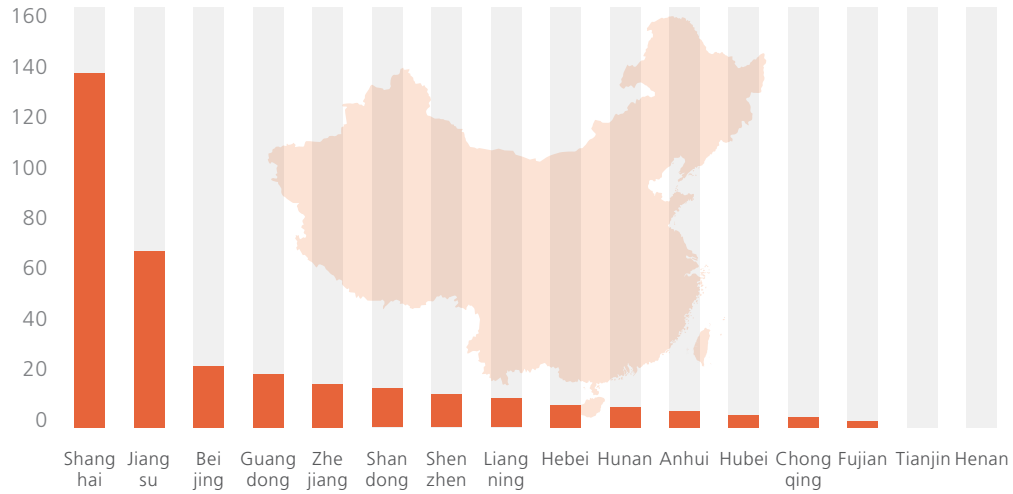
   Bao Pharma strictly adheres to laws and regulations such as the "Anti-Unfair Competition Law of the People's Republic of China" and the "Tendering and Bidding Law of the People's Republic of China," as well as the requirements of the HKEX ESG reporting code. With compliance as its cornerstone, the Company has established a series of standardized management policies covering the entire supply chain, including "Supplier Management System," "Procurement Management System," and "Tendering and Bidding Management System." These policies cover key stages such as supplier admission, price negotiation, and contract signing. Coupled with effective oversight mechanisms and the signing of "Integrity Agreements" and "Confidentiality Agreements" with key suppliers, the Company ensures that procurement activities are legal, compliant, fair, and transparent, while also safeguarding the Company's trade secrets and protecting its commercial interests.

2. *Supply Diversification: Reducing Supply Risks and Enhancing Supply Chain Resilience*

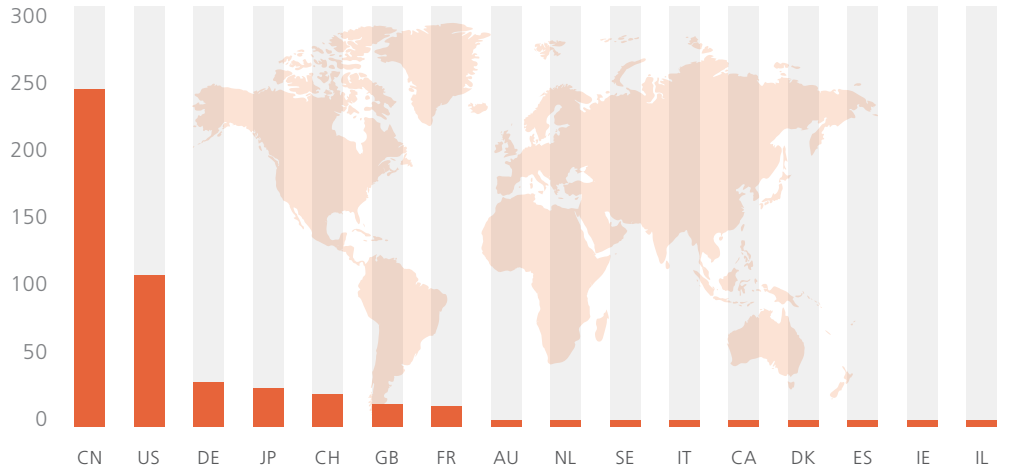
   To mitigate supply chain risks, the Company is committed to optimizing the geographic and pipeline layout of its suppliers, focusing on diversifying supply sources and implementing global management. A dual-sourcing or multi-sourcing strategy is implemented for critical materials to reduce dependence on any single supplier or region and mitigate the risk of supply disruption. The Company has currently established a comprehensive supplier base, including approximately 400 suppliers for raw materials, excipients, reagents, consumables, etc., covering 16 provinces and cities across China and 16 countries globally. By adopting diversified and globally managed supply sources, combined with safety stock management for critical materials, the Company effectively reduces supply risks and promotes a sustainable supply chain.

Distribution of Partner Suppliers (2023-2025)

Distribution of Domestic Suppliers



Global Supplier Distribution



3. Specific Supply Chain Management Measures

Supplier Admission

The Company's Procurement Department strictly controls the supplier admission threshold, screening and selecting suppliers that match business needs. Suppliers must be legitimate enterprises registered with relevant national authorities, possessing corresponding operational approval documents, and holding all necessary qualifications and licenses. They must comply with national safety and environmental requirements and have no record of violations of national laws, regulations, or industry-specific rules in their business history. After initial review and qualification of supplier credentials by the requesting department's personnel, admission is granted only upon approval through successive reviews by the head of the requesting department, Legal Affairs, the supervising leader of the requesting department, and the Quality Management department.

Supplier Classification

The Company's Procurement Department establishes a supplier database based on the types of products and services provided by suppliers. For the same category of goods or services, 2-3 suppliers are typically selected and classified as either critical or non-critical suppliers.

Supplier Performance Evaluation

Critical suppliers undergo evaluation and assessment at least once annually. The Quality Assurance Department organizes participation from Procurement, Quality, User, Finance, and other departments to conduct a comprehensive evaluation of suppliers. This evaluation is based on assessment data including qualifications and licenses, product quality, risk of supply interruption, service, contract fulfillment rate, price, and cost reasonableness. The evaluation results are communicated to suppliers, who are required to implement improvements. Suppliers that still fail to meet the standards after implementing improvements based on the evaluation are subject to removal from the supplier base.

(e) Empowering Industry Innovation

1. *Innovative Drug Clinical Development and Regulatory Recognition*

The Company has achieved significant progress in clinical development and registration. As of the reporting period, one drug has been granted marketing authorization, and INDs for four drugs have been approved by the NMPA, and two Breakthrough Therapy designations have been obtained, reflecting regulatory recognition of its innovative potential and clinical value. Core products such as KJ103 and KJ017 have entered pivotal clinical trials or marketing application stages in China, laying a solid foundation for concurrent or sequential launches in Chinese and international markets in the future. Concurrently, through intellectual property portfolio planning in major markets including China and the United States, the Company provides crucial support for overseas clinical research and commercialization.

2. *Key Technological Breakthroughs and Leadership in Therapeutic Areas*

Leveraging its proprietary core technology platforms, the Company holds a leading position across four therapeutic areas.

Within the product pipeline, KJ017, as the first recombinant human hyaluronidase to enter the NDA stage in China, enables large-volume subcutaneous drug delivery, enhancing treatment convenience and safety. KJ103, the world's first second-generation, low-immunogenicity IgG-degrading enzyme, offers new treatment options for areas such as autoimmune diseases and organ transplant desensitization through structural optimization. Clinical trials are being expanded for several severe autoimmune diseases, with two indications having received Breakthrough Therapy Designations.

3. *Progress of Key Products and Patient-Centered Care*

The Company integrates technological innovation with patient care in the development of its key products.

SJ02 (Corifollitropin alfa N01 Injection (Slonva®(晟諾娃®))), as the first long-acting recombinant human follicle-stimulating hormone approved for marketing in China, replaces seven consecutive days of injections with a single dose, significantly reducing the treatment burden on patients. KJ017, a project supported by China's National Major New Drug Development Program and expected to launch in 2026, can enhance patient compliance through large-volume subcutaneous administration. KJ103 is expected to file for production approval in the first half of 2026, bringing hope of life to numerous patients worldwide suffering from life-threatening diseases.

4. *Independent Innovation and Social Value Creation*

Relying on an R&D system built on fully independent intellectual property, the Company continuously advances on two fronts: technological breakthroughs and molecular

On one hand, by overcoming several critical bottleneck technologies, it has successfully developed high-value-added drugs, promoting import substitution of high-quality pharmaceuticals. This effectively safeguards drug safety and alleviates pressure on drug pricing control. On the other hand, it is dedicated to the independent R&D of novel molecules, providing breakthrough treatment options for patients in disease areas where no effective medication exists or current therapies are inadequate.

These innovations not only enhance the international competitiveness of China's biopharmaceutical industry through the integrated development of platform technologies but also deeply align with the Company's core ESG strategy of driving development through innovation and fulfilling corporate social responsibility. They are expected to have a profound impact on improving the treatment level of major diseases and reducing the long-term societal medical burden, achieving a dual contribution of technological autonomy and clinical value.

5. *Scientific Research and Academic Contributions*

In terms of scientific research output, during the reporting period, the Company's R&D team published papers in internationally renowned journals such as mAbs, Scientific Reports, and Gene Therapy (a Nature series journal). The content covers key stages of core pipeline products, including mechanisms of action, preclinical research, and clinical studies. The publication of these high-quality academic papers not only effectively promotes international academic exchange but also demonstrates the Company's profound expertise in the foundational science underlying innovative drug R&D, providing a solid scientific basis and forward-looking insights for the development of similar drugs in the global biopharmaceutical industry.

VI. CONTROLLING EMISSIONS AND REDUCING CONSUMPTION TO SAFEGUARD A HARMONIOUS ECOSYSTEM

The Company deeply integrates full-chain environmental governance into its development strategy and decision-making system. The Board provides strategic oversight over environmental governance, pollution prevention, energy conservation, and carbon reduction, ensuring high alignment between environmental goals and the Company's long-term development objectives. At the strategic level, the Company adheres to the environmental governance philosophy of source prevention and whole-process control, incorporating environmental compliance, energy conservation, emission reduction, and low-carbon development into its operational plans. This establishes a lifecycle environmental management mechanism covering R&D, production, and the supply chain. At the operational level, the Company strictly follows the environmental requirements of the biopharmaceutical industry, continuously strengthening the standardized treatment and risk control of wastewater, exhaust gas, and solid waste. Through risk assessments, process optimization, equipment upgrades, and intelligent monitoring, we persistently enhance pollution control efficiency and resource utilization levels.

(a) Pollution Prevention and Control

The Company has established an environmental management system that is driven by compliance requirements, deeply integrated into business processes, and subject to continuous dynamic optimization. Strictly adhering to the Plan-Do-Check-Act (PDCA) cycle, the system meets the requirements of international standards such as ISO14001:2015.

1. *Compliance Standards and Target Planning*

   The Company adheres to the principles of environmental compliance and sustainable development. Taking laws, regulations, and industry standards as our baseline. We have established clear environmental policies and medium-to-long-term environmental goals. Core requirements such as pollution prevention, energy conservation and emission reduction, resource circulation, and low-carbon development are embedded into business decisions and operational planning, ensuring that the Company's environmental management and sustainable development strategy are planned, implemented, and evaluated in unison.

2. *Operational Execution and Control*

   The Company has established an environmental compliance and risk control system integrated with our business processes. It legally obtains and strictly adheres to environmental permits, including the Pollutant Discharge Permit, Wastewater Discharge Permit, and the Shanghai Pathogenic Microbiology Laboratory Record (BSL-2). Third-party organizations are commissioned for regular environmental monitoring and information reporting. Environmental emergency plans are developed, and routine drills are organized. Emergency facilities and equipment are in place to ensure the stable operation of end-of-pipe treatment facilities for wastewater and exhaust gas, guaranteeing that pollutants are discharged in compliance with standards.

   The Company implements segregated storage management for all waste, with 100% of waste disposed of compliantly by qualified entities. For hazardous waste, a closed-loop management system covering the entire lifecycle from generation, collection, storage, and transportation to disposal is established. Adhering to the principle that "compliance is the baseline, reduction is the goal," source reduction is actively promoted during the R&D and design phase. Internal control standards are developed based on national standards, and end to end monitoring is achieved through the "Shanghai Hazardous Waste Management Information System" platform.

3. *Monitoring and Continuous Improvement*

   Through online monitoring systems and Internet of Things (IoT) sensor technology, the Company conducts 24-hour real-time data collection and monitoring at its wastewater discharge outlets, ensuring monitoring data is real-time, complete, and traceable. Simultaneously, regular comparison calibration and comprehensive maintenance of the online monitoring system are performed, promptly identifying equipment faults and calibrating monitoring accuracy to prevent data distortion.

Furthermore, the Company regularly commissions qualified third-party institutions to conduct on-site sampling, focusing on testing and analyzing indicators for wastewater, exhaust gas, and boundary noise. Strictly benchmarking against the Pollutant Discharge Permit and relevant industry standards, it confirms that all discharge indicators meet regulatory requirements. This forms a complete closed loop of "online monitoring, maintenance, and comparative verification," solidifying the environmental compliance defense line.

We leverage internal and external audits or inspections, including the annual ISO14001 management system audit and client audits, to continuously optimize and enhance our environmental management level and achieve environmental management objectives.

(b) Energy Management and Low-Carbon Operations

1. *Resource Usage*

The Company places high importance on resource conservation and fully understands the significance of resource management. We actively work to improve resource utilization efficiency, minimizing the environmental impact of corporate activities.

2025

During its production and operations, the Company primarily consumes tap water, electricity, natural gas, and steam. In 2025, the Company's total consumption amounted to 104,800 tons of tap water, 9,229,100 kWh of electricity, 14,200 cubic meters of natural gas, and 15,000 tons of steam.

2. *Emissions Management*

(1) Noise Management

The Company prioritizes the selection of low-noise processes and equipment. Where necessary, noise control measures such as silencing, insulation, and absorption are implemented to keep noise from on-site equipment within the limits prescribed by national standards. In accordance with environmental impact assessment requirements, routine boundary noise monitoring is periodically conducted by commissioned qualified third-party institutions. All monitoring results in 2025 were compliant.

(2) Exhaust Gas Emission Management

Exhaust gas generated by the Company primarily originates from drug R&D, quality analysis, and production activities. Exhaust gas emissions comply with standards such as the "Emission Standard of Air Pollutants for Pharmaceutical Industry" and the "Integrated Emission Standard of Air Pollutants." Using equipment and facilities such as fume hoods, directional exhaust canopies, negative pressure weighing booths, and biological safety cabinets, the exhaust gas is collected, treated through activated carbon adsorption units, and then discharged via 15-meter-high exhaust stacks upon meeting standards.

The Company's EHS department has established an exhaust gas management system, conducting regular inspections and maintenance of exhaust gas treatment facilities and periodically replacing activated carbon. All exhaust gas discharge points are monitored by commissioned third-party testing institutions. During the reporting period, indicators such as non-methane total hydrocarbons and odor concentration all met emission standards.

(3) Wastewater Emission Management

Wastewater generated during the Company's production and operations primarily includes separation and purification wastewater, equipment cleaning wastewater, laboratory wastewater, water treatment system reject water, steam condensate, and workshop cleaning wastewater. Specifically, separation and purification wastewater undergoes high-temperature inactivation; canteen oily wastewater is treated through a grease trap. Subsequently, these streams, along with other production wastewater and domestic sewage, enter the wastewater treatment station. After treatment to meet standards, the water is discharged into the municipal sewage pipeline network.

The Company implements strict source control for production wastewater containing active substances (e.g., cells, strains, active pharmaceutical ingredients) generated from its business activities. Active wastewater undergoes inactivation treatment to completely eliminate its biological activity and potential environmental risks. After inactivation, this wastewater, together with other wastewater streams, enters the wastewater treatment station for systematic treatment before discharge.

To ensure discharge compliance, the Company has installed an online monitoring system at the main wastewater outlet, providing 24-hour real-time monitoring of key indicators such as pH, COD, and ammonia nitrogen. Data is simultaneously transmitted to the municipal ecological environment bureau's monitoring platform. During the reporting period, a total of 78,844 tons of treated compliant wastewater was discharged. Both online monitoring and third-party testing confirmed that all indicators met the discharge standards for access to the municipal network, with no instances of exceedance.

(4) Solid Waste Disposal Management

In accordance with relevant laws and regulations such as the "Biosecurity Law of the People's Republic of China," the Company's QC laboratory has obtained the Shanghai Pathogenic Microbiology Laboratory Record (BSL-2). This ensures standardized management of processes involving pathogenic microorganisms. Medical waste generated is entrusted to qualified third-party entities for compliant disposal.

In 2025, the Company's total hazardous waste amounted to 23 tons. In waste management, the Company strictly adheres to the principle of compliant disposal, implementing segregated and closed-loop management for both hazardous and non-hazardous waste. For hazardous waste (e.g., chemical waste liquids, medical waste), we commission qualified third-party entities for compliant disposal, executing full-chain compliance control from qualification review and electronic manifest tracking to obtaining final disposal certificates.

3. Energy Conservation and Emission Reduction

As the Company's workshops have gradually commenced commercial operations, we consider energy efficiency goals and explore multi-faceted, systematic pathways for emission reduction. At the operational level, we aim to build an energy ecosystem focused on "cost reduction, efficiency enhancement, green and low-carbon" principles. This involves improving energy metering coverage and introducing an Energy Steward Platform to strengthen real-time energy consumption monitoring.

• During operational management

We analyze energy usage promptly and actively implement energy-saving measures. Examples include optimizing steam pipelines to reduce energy loss, implementing automatic control system retrofits for chillers to improve energy efficiency through variable frequency control, and upgrading traditional constant air volume HVAC systems to intelligent systems with Variable Frequency Drives (VFD) and dynamic pressure control. This enables real-time, precise adjustment of air supply based on production load and room pressure differential requirements, significantly reducing constant energy consumption in clean areas during non-production periods.

Simultaneously, the Company replaces older equipment with high-efficiency, energy-saving motors and conducts comprehensive insulation maintenance on transmission pipelines for utility media such as steam and chilled water. These measures directly reduce Scope 2 (purchased electricity) greenhouse gas emissions.

For non-hazardous waste, the Company follows waste sorting principles, refining classification standards and standardizing recycling processes to achieve "segregated collection, segregated storage, segregated disposal, quality improvement and efficiency enhancement." For example, recyclable materials (such as waste packaging, scrap metal, waste glass) are collected separately and then processed by qualified entities, indirectly reducing carbon emissions.

• At the supply chain level

Through data collection and collaboration, the Company encourages key suppliers to set and implement their own emission reduction targets.

The Company actively promotes refined energy management, reduces resource consumption, and directly lowers carbon emissions. It has implemented rooftop photovoltaic power generation, substituting green electricity for a portion of coal-fired power. It vigorously promotes water and energy conservation, reduces paper consumption, and encourages employees to use public transportation. Concurrently, it actively and continuously promotes source reduction, including:

① Adhering to sustainable development principles, promoting green raw materials in production and process R&D to reduce waste generation at the source;

② Choosing recyclable packaging solutions;

③ Optimizing process design in waste-generating steps to effectively reduce waste volume, thereby indirectly further lowering carbon emissions.

4. *Energy Conservation Publicity Week Activities*

During the reporting period, the Company successfully held its annual "Energy Conservation Publicity Week" themed event. Centered around the theme "Little Stories of Energy Conservation Around Me," the event employed a combination of online and offline formats. Activities included energy conservation knowledge training, sharing of best practice cases, visualization of energy consumption data, and a company-wide energy conservation pledge signing. This ensured coverage of management, technical personnel, and frontline employees.

Over 200 employees directly participated in the activities, significantly enhancing staff awareness of energy conservation requirements in daily operations. More importantly, the event effectively stimulated proactiveness across various business units, strengthened internal governance and cultural cohesion, and demonstrated the Company's commitment to embedding the philosophy of sustainable development into the daily actions of every employee.

(c) Water Resource Management and Stewardship

The Company consistently regards water resources as a core element for maintaining ecological balance and human well-being, and places high importance on the potential impact of its operations on local water resources. The Company has formulated the "Energy Management System" to systematically manage energy and water resources, with continuous, long-term attention to and control over their consumption. On the energy front, the Company persistently pursues energy-saving production retrofits, dynamic monitoring, and data analysis. On the water resource front, the focus is on implementing process water conservation, area-specific control, and identifying and repairing leaks, spills, and drips. The Company regularly tracks energy consumption, conducts monthly analyses of energy usage, and manages it digitally through an energy management platform.

The Company has been recognized as a Water-Saving Enterprise in Shanghai and actively promotes water conservation measures across all aspects of production and operation. These measures include recycling and reusing steam condensate and cooling water, conducting regular water balance tests and leak repairs in the pipeline network, optimizing water-intensive processes, and implementing water conservation publicity campaigns and inspections to enhance employee awareness of water saving.

In 2025, the entire plant added 18 new water meters to strengthen data monitoring for building units and production facilities. Steam pipeline networks were optimized and repaired, reducing energy loss and saving approximately 500 tons of steam. A water balance analysis of the plant area revealed leaks in the pipeline network; advanced techniques were used to pinpoint the leak locations, enabling efficient repairs that save approximately 9,000 tons of water annually. The Company also implemented an automatic control retrofit for the chillers in its main production facilities. By installing Variable Frequency Drives (VFDs) on the chiller units and integrating them into the Building Management System (BMS), the operating power of the units can be dynamically and precisely adjusted based on actual cooling load requirements. This fundamentally changed the previous high-energy operation mode of constant speed and constant load, resulting in significant electricity savings.

(d) Climate Action

1. *Measures to Address Environmental Changes*

The Company continuously focuses on the impacts of climate change on the biopharmaceutical industry and its own business operations. The potential extreme weather events it may face primarily include typhoons, thunderstorms, and high temperatures. To address potential issues such as production halts, asset damage, and personal injury that may result from extreme weather, the Company has established an emergency response organization system and developed emergency response plans. It also strengthens training and drills for these emergency plans to ensure the ability to mobilize internal and external resources and carry out relevant rescue operations under emergency conditions.

2. *Greenhouse Gas Emissions and Emission Reduction Measures*

2025 Greenhouse Gas Emissions Overview

Indicator	Unit	2025 Data
Scope 1: Direct Greenhouse Gas Emissions	tCO_2e (Metric tons of carbon dioxide equivalent)	30.88
Scope 2: Indirect Greenhouse Gas Emissions	tCO_2e (Metric tons of carbon dioxide equivalent)	6,999.78

The Company optimized its energy structure by completing the construction of its first distributed photovoltaic power generation project during the reporting period. Photovoltaic panel arrays covering a total area of approximately 3,000 square meters were installed on the roofs of the main buildings at No. 28 Luoxin Road facility. The estimated average annual power generation is 365,000 kWh, which can directly reduce Scope 2 greenhouse gas emissions associated with purchased electricity by approximately 177 tons of carbon dioxide equivalent. The Company also implemented a steam pipeline network optimization and retrofit project, saving approximately 500 tons of steam annually, which can reduce emissions by about 70 tons of carbon dioxide equivalent.

In section "3. Energy Conservation and Emission Reduction" under the chapter "Energy Management and Low-Carbon Operations," the Company detailed its proactive interventions in resource consumption, directly lowering indirect greenhouse gas emissions.

The Company has a clear sustainable development policy, continuously promoting energy conservation and emission reduction, while increasing the use of green electricity and green materials, thereby fulfilling its corporate social responsibility.

VII. PUTTING PEOPLE FIRST: CO-CREATING A BETTER FUTURE

At Bao Pharma, we firmly believe that talent is the core driving force for the Company's sustainable development and the fundamental enabler of our mission to "respond to urgent patient needs." We are committed to building a compliant, fair, diverse, and inclusive workplace. Through systematic mechanisms for talent attraction, empowerment, and retention, we aim to stimulate employee potential, safeguard employee rights and interests, and promote the shared growth of our employees and the Company.

(a) Talent Attraction: Building a Diverse and Inclusive Employer Brand

We are committed to positioning Bao Pharma as the employer of choice for outstanding talent in the industry. Through a clear employer value proposition, we aim to attract and select diverse talent that highly aligns with the Company's mission.

1. *A Compliant, Fair, and Diverse Recruitment System*

   We strictly adhere to national laws and regulations, and guided by the "Bao Pharma Group Employee Handbook (First Edition)," we have established standardized and transparent recruitment and hiring procedures. We uphold equal opportunity, reject any form of employment discrimination, and ensure that talent selection is based purely on position requirements and individual capabilities. During the reporting period, there were no recruitment violations within the Company.

2. *Fulfilling the Commitment to Equality: Building a Workplace System that Supports Women's Development*

   We place high importance on safeguarding the rights and interests of women employees and supporting their career development, dedicated to fostering a respectful and inclusive workplace environment.

   Optimizing "Three Periods" Protection Policies: We strictly implement and optimize protection policies for pregnancy, childbirth, and breastfeeding periods, offering work adjustments and flexible arrangements for women employees in these critical stages. Policy coverage exceeded 95% during the reporting period.

   Strengthening Occupational Safety and Health Protection: Workplace safety standards fully consider women's physiological characteristics, providing personalized protective equipment. The Company includes specialized gynecological and breast health checkups as mandatory options in the annual employee physical examination, covering all costs for eligible women employees. Participation in this program exceeded 95% in 2025, effectively raising awareness of early screening and prevention for major diseases.

Improving Management Systems for Female Employees' Rights: We revised and widely promoted the "Management Regulations for the Protection of Female Employees' Rights and Interests," clearly defining reporting procedures and confidential investigation mechanisms for sexual harassment incidents. Mandatory training covering all employees was organized to ensure everyone understands their rights and responsibilities.

Women in Leadership Development: Women comprise 52.26% of the Company's workforce, hold 36% of Board seats, and occupy 36% of Director-level and above management positions. Women play a significant role in the Company's strategic decision-making and daily management.

3. Employer Brand Building Centered on the Scientific Mission

Mission-Driven Talent Attraction

Leveraging the founding team's deep industry insights and scientific background, we focus on cutting-edge fields such as recombinant proteins and antibody drugs. We strategically attract research talent who strongly identify with the Company's vision of "addressing unmet clinical needs" and possess innovative potential.

Deepening Academic Circle Engagement

By supporting top-tier academic conferences in specialized sub-fields and engaging in project collaborations with Key Opinion Leaders (KOLs), the Company has established a positive professional brand image within its target talent community, laying the groundwork for precise talent acquisition.

4. *Building an Industry-Academia-Research Integration Ecosystem*

The Company has established long-term, stable strategic partnerships with universities. Annually, we provide a practical platform covering R&D, production, and quality for students in relevant disciplines. This collaboration is both a key initiative for the Company to fulfill its social responsibility and support local education, and an effective channel for identifying and cultivating potential talent in advance.

During the reporting period, a campus recruitment plan was formulated:

Filling Echelon Gaps and Ensuring Future Backbone Supply

To address potential gaps in the existing team's age, knowledge structure or skill set, we strategically recruit high-potential graduates. This creates a reasonable talent echelon of "experienced backbone + promising newcomers," ensuring sustained talent supply for key positions.

Proactively Addressing Talent Needs for New Product Lines

Closely aligning with new product launch plans, we proactively forecast new positions and competency requirements in areas such as R&D, technology, quality, and production. Targeted talent reserves and development are conducted through campus recruitment.

During the reporting period

New employees	Total workforce	Company annual recruitment plan completion rate	Post-listing (strategic) positions recruitment plan completion rate
29	354	82%	75%

5. *Comprehensive Employee Benefits and Care Guarantee System*

To enhance employees' sense of fulfillment and belonging, we have built a compensation system that balances external competitiveness with internal equity, consistently adhering to the principle of equal pay for equal work. On this foundation, the Company provides multi-faceted living support and humanistic care:

Basic Security:

Full payment of the "Five Insurances and One Housing Fund" (social insurance and housing fund) for all employees in accordance with the law.

Health Protection:

Regular organization of company-wide health checkups; provision of employee dormitories for non-local staff; and a company cafeteria offering nutritious and balanced work meals.

Employee Care:

Regular events such as birthday celebrations, team-building activities, and holiday festivities, fostering a positive and warm working atmosphere.

(b) Talent Development: Building a Tiered Empowerment Engine for Growth

We regard the development of employee capabilities as the core of organizational capacity building. We have established systematic, tiered training and development mechanisms to continuously empower talent at all levels.

1. *Tiered Training System*

   We design targeted training content based on the different roles and responsibilities of employees, ensuring precise delivery of training resources:

   Senior Management: Focuses on cutting-edge industry trends, corporate governance, and strategic risk management.

   Middle Management: Centers on daily management, cross-departmental collaboration, and team leadership, utilizing case studies and action learning to drive management practice and process optimization.

   Frontline Supervisors and Key Personnel: Emphasizes strengthening on-site management, safety production, quality awareness, and standard operating procedures, building a solid defense for business execution and compliance.

   Mandatory for All Employees: Covers compliance baselines, information security, anti-fraud, and business ethics.

2. *Systematic New Employee Integration and Development Program ("Mentorship")*

   To systematically cultivate talent, the Company has designed a phased, differentiated integration program for new employees – "Mentorship." This helps recent graduates, experienced hires, and newly appointed senior executives' transition smoothly from cultural assimilation to value creation during their critical onboarding period.

   Systematic Growth Path

   The program plans targeted development paths based on employee role and responsibility differences. For new employees, through online courses, offline hands-on learning, and one-on-one mentor guidance, it systematically covers corporate culture, policies and regulations, safety compliance, and core business processes within six months, aiming to help them quickly establish a sense of belonging and master job skills.

Implementation and Professional Empowerment

Through centralized instruction and on-the-job practice, new employees receive comprehensive training on company introduction, rules and regulations, pharmaceutical knowledge, occupational safety, quality systems, document management, and deviation procedures. Both training completion and pass rates reached 100%, ensuring every new employee is competent for their position.

Governance and Continuous Improvement

This system is planned and coordinated by the Human Resources Department, with regular reports to management. Its design closely aligns with business needs and company strategy, and it is continuously evaluated and optimized through satisfaction surveys and performance tracking, ensuring it plays a key role in attracting, integrating, and developing talent, thereby reserving core human capital for the Company's long-term innovation and sustainable development.

3. Launching Digital Upgrade for Training

To enhance the systematization, efficiency, accuracy, and compliance of training management, the Company initiated a pilot launch of a digital training management system during the reporting period. Based on actual usage feedback and fully considering employee suggestions, the Company will gradually improve system functions and continuously optimize more modules such as online learning, assessments, and effectiveness tracking, persistently enhancing the employee learning experience and training management efficiency.

4. *Annual Training Effectiveness*

In 2025, the Company's training system operated efficiently, effectively supporting the enhancement of employees' comprehensive qualities.

Deepening Training Investment, Ensuring Learning Effectiveness	In 2025, based on the annual plan, the Company ensured precise delivery of learning resources to employees at all levels. Full-year data shows the Company built a solid training coverage foundation: front line employees received an average of 36 training hours, focusing on strengthening operational specifications and professional skills; middle management averaged 32 hours, focusing on enhancing business management and team collaboration abilities; senior management averaged 9 hours of training, focusing on strategic vision and regulatory frontiers.
Promoting Inclusive Growth, Full Coverage of Key Positions	The Company pays attention to balanced allocation of training resources, Male and female employees received an average of 38 and 31 training hours respectively, remaining largely equitable. All employees in key positions, including the Company Head, Head of Production, Qualified Person, and Qualified Person for Pharmacovigilance, actively participated in training. The training participation rate for employees at all levels across the company reached 100%, effectively supporting the improvement or employees' comprehensive qualities and contributing to the achievement of the Company's strategic goals.
Effectiveness of Key Programs	The middle and front line management training program deeply involved 44 participants across 11 topics, such as efficient meetings and cross-departmental collaboration, accumulating over 480 learning hours. It produced 16 innovations and improvements in business processes directly applicable to work, fully reflecting the training philosophy of "learning for application, combining training with practice."
Ensuring Key Positions	Training frequency for all key positions, including the Company Head, Head of Production, Qualified Person, and Qualified Person for Pharmacovigilance, was strictly ensured, continuously enhancing professional capabilities and compliance awareness.

Through systematic, high-coverage training investment, the Company not only enhanced employees' key professional skills but also, by unifying strategic language and strengthening compliance baselines, provided a solid talent guarantee for business growth and risk prevention.

2025 Employee Training Overview

Indicator		Unit	2025 Data
By Gender	Female	Hours	31
	Male	Hours	38
By Employee Category	Senior Management	Hours	9
	Middle Management	Hours	32
	Junior Management	Hours	36
By Gender	Female	%	100
	Male	%	100
By Employee Category	Senior Management	%	100
	Middle Management	%	100
	Junior Management	%	100

(c) Incentive Mechanisms and Talent Retention: Co-Creating Long-Term Value

We are committed to providing employees with clear, diverse development paths and competitive incentives, establishing a long-term, mutually beneficial partnership with them.

1. *Building a Fair, Performance-Linked Compensation and Incentive System*

Bao Pharma's compensation management system strictly adheres to the core principles of "position-based grading, grade-based pay, person-position fit, and pay adjustment with position change." It aims to systematically construct a compensation framework with market competitiveness and internal equity to support corporate strategy implementation and talent team building, achieving unity between incentive orientation and compliance management.

The system uses "base salary + performance pay + allowances and subsidies" as its general compensation structure. Simultaneously, based on job category, responsibility characteristics, and management level, it implements differentiated compensation models such as annual salary and monthly salary to suit the incentive needs of different business units and functional modules.

Bao Pharma consistently adheres to the legal principle of equal pay for equal work and opposes any form of compensation discrimination. In compensation execution, the Company strictly follows relevant national and local laws and regulations, standardizing the entire process of payroll calculation, distribution, individual income tax withholding and remittance, and full payment of social insurance and housing provident fund, ensuring full legal and regulatory compliance.

2. *Fairly Linked Performance Management and Incentive Mechanisms*

Based on a scientific compensation system, we have established performance-linked evaluation and incentive mechanisms:

Performance Evaluation	Long-Term Incentives
We use a management approach combining "monthly assessment + quarterly recognition + annual summary," providing feedback to employees through "one-on-one meetings." Evaluation results serve as the core basis for promotions, awards, year-end bonuses, and annual salary adjustments, ensuring the fairness and effectiveness of incentives.	To attract and retain core talent, the Company has implemented a systematic equity incentive plan. By granting restricted shares to Directors, senior management, and key technical personnel, their personal interests are deeply aligned with the Company's long-term sustainable development, jointly driving innovation and value creation.

3. *Clear Dual-Track Career Development Paths*

We have released and implemented the "Position Grade Management System," systematically establishing a dual-track promotion system with parallel "Professional Track" and "Management Track" paths. This system defines competency standards and promotion processes for each grade, providing equal and diverse development options for technical experts, functional key personnel, and management talent. Employees can choose to deepen their expertise in a professional field or develop towards management positions based on their strengths and career plans.

4. *Open and Transparent Employee Grievance and Communication Mechanism*

The Company values employee opinions and has established feedback and problem-solving mechanisms to ensure timely responses to employee concerns. Clear channels for objections and feedback are set for key personnel processes such as performance management, position competition, and internal transfers. Employees can raise questions through channels including their direct supervisor or the Human Resources Department. Upon receipt, the Company conducts real-time verification and provides feedback and closed-loop resolution within 5 working days. Concurrently, through regular one-on-one communication, we proactively listen to employee suggestions, nipping potential problems in the bud. During the reporting period, there were no formal employee grievances, reflecting a harmonious and trusting workplace atmosphere.

5. *Responsible Labor Practices: Safeguarding Basic Rights and Upholding Employment Baseline*

The Company strictly complies with relevant laws and regulations such as the "Labor Law" and the "Labor Contract Law." During recruitment and hiring, we strictly enforce minimum age requirements and voluntary employment provisions. We rigorously implement identity verification procedures during recruitment to prohibit the use of child labor. Simultaneously, the Company explicitly prohibits any form of recruitment fees or deposits, safeguarding workers' rights and interests.

6. Employee Composition and Retention

2025 Employee Information Overview

Indicator		Unit	2025 Data
Employees		Persons	354
Total Full-time Employees		Persons	349
Total Rehired Employees		Persons	5
Number of Employees by Gender	Female	Persons	185
	Male	Persons	169
Number of Employees by Employee Category	Senior Management	Persons	5
	Middle Management	Persons	75
	Junior Management	Persons	35
	General Staff	Persons	239
Number of Employees by Age Group	Under 30	Persons	83
	30-50	Persons	253
	Over 50	Persons	18
Number of Employees by Region	Shanghai	Persons	247
	Suzhou	Persons	107

2025 Employee Turnover Overview

Indicator		Unit	2025 Data
Employee Turnover Rate		%	22.89
Employee Turnover Rate by Gender	Female	%	17.90
	Male	%	27.78
Employee Turnover Rate by Age Group	Under 30	%	19.63
	30-50	%	23.95(Note 1)
	Over 50	%	25.00
Employee Turnover Rate by Region	Shanghai	%	25.75
	Suzhou	%	15.50
By Employee Category	Senior Management	%	0.00
	Middle and Junior Management	%	32.58

Note 1: During the reporting period, employees aged 30-50 constituted the Company's core strength. Their stability is a key focus of the Company's talent retention efforts. For this group, the Company has initiated a dedicated retention plan. By optimizing key talent incentive schemes and providing more challenging development projects, we continuously enhance the stability of our core talent team.

(d) Occupational Health and Safety Management

1. *Establishing a Long-Term Mechanism for Occupational Health and Safety Centered on Employees*

The Company prioritizes the protection of employees' occupational health and safety in its operations. It strictly complies with relevant laws and regulations such as the "Work Safety Law of the People's Republic of China" and the "Law of the People's Republic of China on the Prevention and Control of Occupational Diseases," and has established a systematic management system with reference to international guidelines. The Company has formulated a comprehensive "Occupational Health and Safety Management Manual." By clearly defining the responsibilities of the Company's Work Safety Committee and managers at all levels, and incorporating safety performance into key assessment indicators, it ensures accountability is implemented at every level. This system encompasses comprehensive risk assessments, strict operating procedures, regular facility inspections and emergency drills, and provides ongoing mandatory safety training for all employees to enhance their risk identification and prevention capabilities. The Company is committed to continuously investing resources, striving to eliminate hazards and prevent occupational injuries through technological and managerial optimization, and regularly reviews and updates safety policies. This fulfills legal obligations, safeguards employee well-being, and serves as a crucial foundation for enhancing operational resilience, fulfilling social responsibility, and achieving sustainable development.

2. *Engineering Technology Strategy Centered on "Inherent Safety"*

The Company prioritizes employee safety in its operations and firmly believes that achieving "inherent safety" through engineering technology is the highest level of risk control strategy. Therefore, the Company's investment in equipment safety protection and production automation is a vital part of its core safety culture and control system, included within the Company's annual budget.

The EHS Department generates a prioritized corporate risk control list based on the "Hazard Identification and Evaluation Form" and implements safety control measures item by item. For example, on the equipment side, the Company has installed interlock protection devices on all high-risk components (such as high temperature, high pressure), upgrading from "behavioral control" reliant on employee compliance to "engineering control" that cannot be bypassed, fundamentally preventing mechanical injuries. The Company prioritizes the procurement of highly automated equipment and specialized equipment (such as biological safety cabinets, fume hoods) to reduce employee contact with materials posing potential risks. This achieves "man-machine separation," keeping employees completely away from health hazards such as chemical exposure.

3. *Risk Prevention, Control, and Safeguard Measures*

In core operational areas such as R&D and production, the Company implements strict source prevention and control for chemical, biological, and physical hazards. Measures include engineering controls such as negative pressure operations, environmental monitoring alarms, and local exhaust ventilation to minimize employee exposure to occupational hazards.

Based on job characteristics, the Company has developed a PPE (Personal Protective Equipment) allocation matrix, providing employees with personal protective equipment. On this basis, the Company has established a systematic health monitoring system, creating health records for employees. Annual routine health checkups are organized for all employees, and statutory specialized occupational disease checkups are provided for employees in positions exposed to specific hazardous factors. In 2025, the coverage rate of employee occupational health checkups was 100%, enabling continuous tracking and early intervention regarding employee occupational health status.

The Company implements a mandatory safety training system for all employees, considering it the cornerstone of its safety culture. In 2025, the Company conducted systematic training on core themes including fire safety, chemical safety management, laboratory safety, and occupational disease prevention and control. Special activities covering all employees were organized, particularly during the national "Work Safety Month."

Through the "trinity" of integrated measures – engineering technology, health management, and education and training – the Company not only fulfills its statutory employer responsibilities but also more substantively reduces the incidence of occupational safety accidents and health risks, creating a safe and healthy working environment for employees. Over the past three years (including 2025), the Company recorded zero work-related fatalities. In 2025, the number of lost workdays due to work-related injuries was zero.

	2025	
Employee Health Coverage	**Number of Work-related Fatalities**	**Days Lost due to Work-related Injuries**
100%	**0**	**0**

(e) Protection of Clinical Trial Participants

1. *Safety Management and Risk Control in Clinical Trials*

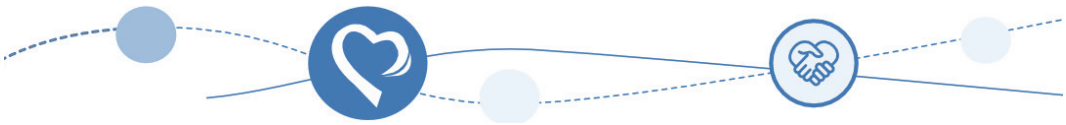
Bao Pharma has established a risk management and quality control system throughout the entire process of clinical trials. The Company has defined a clear governance structure and policy framework for clinical development activities and established a dedicated Clinical Trial QA (Quality Assurance) function responsible for independent oversight and systematic management of clinical trials and personnel, ensuring strict compliance with regulatory and ethical requirements such as Good Clinical Practice (GCP). Based on this, the Company has formulated and implemented a series of internal policies and procedures to standardize the conduct of clinical research staff and the entire research process.

Regarding the research workflow

The Company follows a science-driven path: starting with insights into unmet clinical needs, proceeding through systematic verification via early-stage cell and animal experiments, and upon obtaining clinical trial approval, the project is transferred to the Clinical Department to oversee subsequent clinical trials. All key processes involving human subjects, such as ethics review, strictly adhere to the standardized guidance of the Clinical Department.

During trial execution

All clinical protocols have completed regulatory and ethical approvals. The Company continuously identifies and controls potential risks through dynamic risk monitoring, regular data reviews, and a Data Safety Monitoring Board (DSMB) mechanism. A closed-loop management process of "identification-reporting-investigation-resolution" has been established to ensure compliance and reliability throughout the trial. Thus, while pursuing scientific efficiency, the Company upholds its highest commitment to regulations, ethics, and the safety of trial participants.



2. *Protection of Trial Participant Rights and Informed Consent*

The Company consistently prioritizes the protection of trial participant rights, strictly implementing informed consent procedures. It ensures participants fully understand the trial content and risks through clear and understandable communication. When protocol amendments occur, the Company promptly submits them for ethical review and proactively informs trial participants, safeguarding their ongoing right to know.

3. *Protective Measures for Vulnerable Groups*

For special participant groups such as children, pregnant women, the elderly, and individuals with cognitive impairments, the Company has formulated and implemented a series of specific protective measures to further enhance the safeguard of their rights and safety. Specific initiatives include:

- Optimizing the informed consent process by introducing an independent witness mechanism for participants with reading or comprehension difficulties;
- Establishing stricter inclusion and exclusion criteria;
- Strengthening the medical monitoring and support system throughout the clinical trial; and
- conducting specialized ethical reviews for trial projects involving vulnerable groups. These measures comprehensively ensure their safety, dignity, and rights are fully protected.

4. *Safety Monitoring and Communication Mechanism*

The Company has established a pharmacovigilance system covering the entire clinical trial process, implementing active monitoring and rapid reporting of Serious Adverse Events (SAEs), and conducting regular risk assessments. To fully safeguard participant rights, the Company has established diversified feedback channels. Trial participants can promptly communicate their concerns through the Ethics Committee, investigators, the pharmacovigilance hotline, and the official website. During the reporting period, there were no grievances or complaints arising from issues related to trial participant rights.

(f) Social Investment and Responsible Care

The Company actively engages in public welfare activities, cares for vulnerable groups, and demonstrates concern and respect for clinical trial participants. It earnestly fulfills its social responsibilities, striving wholeheartedly to promote the progress and harmonious development of the community, the enterprise, and the regional economy.

1. *Community Co-building and Volunteer Services*

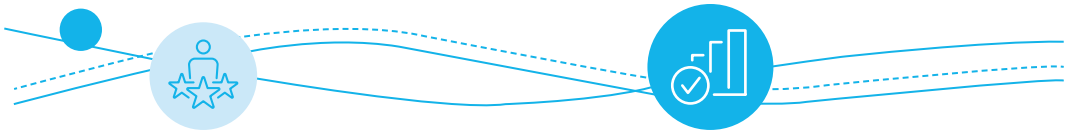
Rooted in Luodian Town, the Company has established a partnership with the Party Branch of the Second Residential Community, Luolan Jiayuan. Employee volunteers organized by the Company's trade union actively participate in public welfare activities such as caring for elderly individuals living alone and participating in community environmental maintenance, thereby addressing the genuine needs of community livelihoods.

2. *Disaster Relief and Emergency Response*

Upon learning of a major fire incident in Hong Kong, the Company responded swiftly, donating HKD1,000,000 to the Tai Po Fook Yuen Wai Relief Fund. This donation is designated for emergency rescue, supply of living necessities, medical assistance, and subsequent reconstruction efforts for affected residents. This contribution directly embodies the Company's core value of "giving back to society" and its commitment to sustainable development, demonstrating Bao Pharma's sense of social responsibility in standing with the community through difficulties.

3. *Practicing Social Responsibility with a Long-Term Perspective*

We consistently adhere to a long-term philosophy in fulfilling our social responsibilities. Our philanthropic initiatives extend beyond short-term assistance; they are grounded in the authentic needs of the community, and we are dedicated to transmitting positive social energy through our commitment to responsibility. In the future, the Company will continue to create lasting shared value for the community and society while generating economic value.



VIII. FUTURE OUTLOOK

As Shanghai Bao Pharmaceuticals Co., Ltd. advances the commercialization of its core products and expands globally, it has begun to demonstrate its commitment to ESG considerations. In the future, the Company is poised to actively fulfill its responsibilities to the environment, society, and shareholders while achieving business growth through continued technological innovation, a win-win business model, and a robust governance system.

IX. APPENDIX

Hong Kong Exchanges and Clearing Limited (HKEX) Disclosure Content Index

This report has been prepared in accordance with the requirements of The Stock Exchange of Hong Kong Limited (the "HKEX"), particularly pursuant to Appendix C2, the Environmental, Social and Governance Reporting Guide, to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The index below details where relevant data can be found within this report. Additionally, we have included supplementary data in the index on certain issues that may be of interest to stakeholders. Unless otherwise specified, all data pertains to the year ended December 31, 2025. To the best knowledge of the Board, during 2025, the Company has complied in all material respects with the relevant laws and regulations that have a significant impact on the Company relating to emissions, employment, health and safety, labor standards, product responsibility, and anti-corruption.

Part B: Mandatory Disclosure Requirements

			Requirement	Response/Reference
Governance Structure	(i)		Disclosure of the Board's oversight of environmental, social and governance matters;	See details in section "**III. About Bao Pharma (d) Board Statement**"
	(ii)		The Board's ESG management approach and strategy, including the process for assessing, prioritizing, and managing material ESG-related issues (including risks to the issuer's business); and	
	(iii)		How the Board reviews progress against ESG-related goals and an explanation of how they relate to the issuer's business.	
Reporting Principles		Materiality	The ESG report should disclose: (i) the process for identifying material ESG factors and the criteria for selecting these factors; (ii) if stakeholder engagement has been conducted, a description of the key stakeholders identified and the process and results of the issuer's stakeholder engagement.	See details in section "**III. About Bao Pharma (e) Stakeholder Communication Mechanism and Materiality Analysis**"
		Quantitative	Information on the standards, methodologies, assumptions, and/or calculation tools used for reporting emissions and energy consumption (where applicable), and the source of conversion factors used should be disclosed.	The calculation of data related to energy consumption and greenhouse gas emissions follows the mandatory disclosure requirements of the HKEX ESG Guide. Total energy consumption is compiled based on actual energy consumption settlement data from each operational site. The calculation of greenhouse gas emissions uses emission factors published by recognized authoritative bodies for conversion. Specific standards and methodologies comply with regulatory requirements.
		Consistency	The issuer should disclose any changes to the statistical methods or Key Performance Indicators (KPIs) used, or any other relevant factors affecting a meaningful comparison, in the ESG report.	This report represents Bao Pharma's first ESG report. The statistical methods used for the environmental and social KPIs contained herein form the baseline adopted for the current year. In the future, the Company will continuously improve the relevant methodology and disclose it in accordance with regulatory requirements and operational changes.
Reporting Scope	Explain the reporting scope of the ESG report and describe the process for selecting which entities or businesses are included in the ESG report. If the reporting scope has changed, the issuer should explain the difference and the reason for the change			See details in section "**I. Report Overview**"

Part C: Comply or Explain

		Requirement		Response/Reference
A. Environment	A1. Emissions	General Disclosure A1	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to exhaust gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	See details in section "VI. Emission Control and Consumption Reduction: Protecting a Harmonious Ecosystem (a) Pollution Prevention and Control"
		A1.1 KPI A1.1	The types of emissions and respective emissions data.	See details in section "VI. Emission Control and Consumption Reduction: Supporting a Harmonious Ecosystem (b) Energy Management and Low-Carbon Operations"
		A1.2 KPI A1.2	[Deleted with effect from 1 January 2025]	/
		KPI A1.3	Total hazardous waste produced (in tonnes) where appropriate, intensity (e.g. per unit of production volume, per facility).	See details in section "VI. Emission Control and Consumption Reduction: Supporting a Harmonious Ecosystem (b) Energy Management and Low-Carbon Operations"
		KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	
		KPI A1.5	Description of emission targets set and steps taken to achieve them.	
		KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of waste reduction targets set and steps taken to achieve them.	
	A2. Use of Resources	General Disclosure A2	Policies on the efficient use of resources, including energy, water and other raw materials.	
		KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	
		KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	
		KPI A2.3	Description of energy use efficiency targets set and steps taken to achieve them.	
		KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency targets set and steps taken to achieve them.	
		KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	The Company is committed to promoting green packaging and sustainable development, continuously optimizing the structure of packaging materials used, actively exploring reduction, recyclable, and reusable packaging solutions, and continuously improving resource efficiency. However, considering the Company's actual situation, disclosure will be considered in the future.

			Requirement	Response/Reference
	A3. Environment and Natural Resources	General Disclosure A3	Policies on minimizing the issuer's significant impact on the environment and natural resources.	See details in section "VI. Emission Control and Consumption Reduction: Protecting a Harmonious Ecosystem (d) Climate Action"
		A3.1 KPI A3.1	Description of the significant impacts of business activities on the environment and natural resources and the actions taken to manage them.	
	A4. Climate Change	General Disclosure A4	[Deleted with effect from 1 January 2025]	/
		KPI A4.1	[Deleted with effect from 1 January 2025]	/
B. Social	B1. Employment and Labour Practices	General Disclosure B1	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	See details in section "VII. Putting People First: Co-Creating a Better Future (a) Talent Attraction: Building a Diverse and Inclusive Employer Brand, (c) Incentive Mechanisms and Talent Retention: Co-Creating Long-Term Value"
		KPI B1.1	Total workforce by gender, employment type (e.g. full-time or part-time), age group and geographical region.	
		KPI B1.2	Employee turnover rate by gender, age group and geographical region.	
	B2. Health and Safety	General Disclosure B2	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	See details in section "VII. Putting People First: Co-Creating a Better Future (d) Occupational Health and Safety Management"
		KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	
		KPI B2.2	Lost days due to work-related injury.	
		KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	
	B3. Development and Training	General Disclosure B3	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	See details in section "VII. Putting People First: Co-Creating a Better Future (b) Talent Development: Building a Tiered Empowerment Engine for Growth"
		KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	
		KPI B3.2	The average training hours completed per employee by gender and employee category.	

		Requirement		Response/Reference
B4.	Labour Standards	General Disclosure B4	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	See details in section "VII. Putting People First: Co-Creating a Better Future (c) Incentive Mechanisms and Talent Retention: Co-Creating Long-Term Value"
		KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	
		KPI B4.2	Description of steps taken to eliminate such practices when discovered.	
B5.	Supply Chain Management	General Disclosure B5	Policies on managing environmental and social risks of the supply chain.	See details in section "V. Upholding Integrity and Driving Innovation to Protect Life and Health (d) Supply Chain Management"
		KPI B5.1	Number of suppliers by geographical region.	
		B5.2 KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	
		B5.3 KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	
		KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	
B6.	Product Responsibility	B6 General Disclosure B6	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labeling and privacy matters relating to products and services provided and methods of redress.	See details in section "V. Upholding Integrity and Driving Innovation to Protect Life and Health (b) Quality Assurance and Capacity Assurance, IV. Compliance Governance: Laying the Foundation of Trust (c) Intellectual Assets and Rights"
		KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	
		KPI B6.2	Number of products and service-related complaints received and how they are dealt with.	
		KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	
		KPI B6.4	Description of quality assurance process and recall procedures.	
		KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	See details in section "IV. Compliance Governance: Laying the Foundation of Trust (d) Data Governance and Information Security"

		Requirement		Response/Reference
B7.	Anti-corruption	General Disclosure B7	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	See details in section "IV. Compliance Governance: Laying the Foundation of Trust (b) Integrity Governance"
		KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	
		KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	
		KPI B7.3	Description of anti-corruption training provided to directors and employees.	
B8.	Community Investment	General Disclosure B8	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	See details in section "VII. Putting People First: Co-Creating a Better Future (f) Social Investment and Responsible Care"
		KPI B8.1	Focus areas of contribution (e.g. education, environmental matters, labor needs, health, culture, sport).	
		KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	

Part D: Climate-related Disclosures

Matter		Response/Reference
Disclosure Obligation	Subject to paragraph 17, an issuer must disclose the climate-related information set out in this part in its ESG report on a "comply or explain" basis. If an issuer fails to disclose any information required by any provision, it must provide carefully considered reasons. If an issuer fails to disclose information required by any provision listed in this part, regardless of whether it chooses (a) to "explain" why it has not made a specific disclosure according to the "comply or explain" principle, or (b) to use any applicable exemption according to the notes to the relevant provisions (whether it is subject to mandatory disclosure or disclosure on a "comply or explain" basis), the Exchange encourages the issuer to also provide information regarding its work plan, progress, and timeline involved in making the required disclosure.	We strictly adhere to the "comply or explain" principle in disclosing the provisions of this part within the ESG report. For any failure to disclose information required by any provision, carefully considered reasons will be provided.
	An issuer must mandatorily disclose its Scope 1 greenhouse gas emissions and Scope 2 greenhouse gas emissions according to the provisions of paragraphs 28(a), 28(b) and 29.	See details in section "VII. Emission Control and Consumption Reduction: Protecting a Harmonious Ecosystem (d) Climate Action"
	If the issuer is a constituent of the Hang Seng Composite LargeCap Index (HSCLI), it must mandatorily disclose the information required by this part for financial years commencing on or after January 1, 2026.	Not Applicable
	The Exchange encourages (but does not mandate) issuers to disclose industry metrics according to paragraph 36.	In the future, more detailed climate-related management measures will be introduced, and industry-specific indicators will be disclosed at the appropriate time.

Matter			Response/Reference
(I) Governance	Information about the governance body(s) (which may include the board, committee, or other equivalent governance body) or individual(s) responsible for overseeing climate-related risks and opportunities. Specifically, the issuer must identify that body(s) or individual(s) and disclose:	A: (i) How the body(s) or individual(s) determines whether appropriate skills and competencies are or will be available to oversee the strategies designed to respond to climate-related risks and opportunities; (ii) The manner and frequency with which the body(s) or individual(s) is informed about climate-related risks and opportunities; (iii) How the body(s) or individual(s) considers climate-related risks and opportunities when overseeing the issuer's strategy, decisions on major transactions, and risk management policies and related policies, including whether the body(s) or individual(s) considered trade-offs associated with those climate-related risks and opportunities; (iv) How the body(s) or individual(s) oversees the setting of targets related to climate-related risks and opportunities and monitors progress towards achievement (see paragraphs 37 to 40), including whether and how related performance metrics are incorporated into remuneration policies (see paragraph 35); and B: The role of management in the governance processes, controls, and procedures used to monitor, manage, and oversee climate-related risks and opportunities, including information about: (i) Whether the role is delegated to specific management-level personnel or a management-level committee and how oversight is exercised over that personnel or committee; and (ii) Whether management uses controls and procedures to assist in overseeing climate-related risks and opportunities and, if so, how these controls and procedures are integrated with other internal functions.	The Company places high importance on climate-related management and deeply integrates it into its long-term strategy. The Board is responsible for the overall identification of climate-related risks and has established an ESG Committee to lead the preliminary assessment and response. Currently, the Company is focusing on systematically integrating climate factors into strategic planning, investment decisions, and core operational processes. This work covers multiple dimensions, including governance structure establishment, strategic integration, risk management, operational execution, and performance management. Initiatives include beginning to formulate a comprehensive climate strategy and transition plan, exploring the inclusion of climate performance in management assessments, and evaluating the impact of climate risks on business and finance. The aforementioned systematic management system is currently under comprehensive construction and deepening implementation. Future efforts will further refine climate-related management measures.
(II) Strategy	Climate-related Risks and Opportunities	The issuer must disclose information to enable an understanding of the climate-related risks and opportunities that could reasonably be expected to affect its cash flows, access to finance, or cost of capital over the short, medium, or long term. Specifically, the issuer must: (a) Describe the climate-related risks and opportunities that could reasonably be expected to affect the issuer's cash flows, access to finance, or cost of capital over the short, medium, or long term; (b) For each climate-related risk identified, explain whether the issuer considers the risk to be a climate-related physical risk or a climate-related transition risk; (c) For each climate-related risk and opportunity identified, specify the time horizon (short, medium, or long term) over which it could reasonably be expected to affect the issuer; and (d) Explain how the issuer defines short, medium, and long term, and how these definitions are linked to its strategic decision planning horizons.	

Matter		Response/Reference
Business Model and Value Chain	The issuer must disclose information to enable an understanding of the current and expected effects of climate-related risks and opportunities on its business model and value chain. Specifically, the issuer must disclose: (a) A description of the current and expected effects of climate-related risks and opportunities on the issuer's business model and value chain; and (b) A description of where in the issuer's business model and value chain climate-related risks and opportunities are concentrated (e.g., geographical areas, facilities, and asset types).	
Strategy and Decision-making	(a) Information about the issuer's past and planned responses to climate-related risks and opportunities in its strategy and decision-making, including how the issuer plans to achieve any climate-related targets it has set and any targets it is required to meet by law or regulation. Specifically, the issuer must disclose: (i) Current and anticipated changes to the issuer's business model (including resource allocation) in response to climate-related risks and opportunities; (ii) Any adaptation or mitigation efforts that have been or are expected to be undertaken (directly or indirectly); (iii) Any climate-related transition plan(s) of the issuer (including information about key assumptions used in developing the transition plan(s) and factors on which the plan(s) depend(s)), or an appropriate negative statement if the issuer does not have such a plan; (iv) How the issuer plans to achieve any climate-related targets described in paragraphs 37 to 40 (including any greenhouse gas emission targets (if any)); and Information about how the issuer plans to resource the actions disclosed according to paragraph 22(a), currently and in the future.	

Matter		Response/Reference
Financial Position, Financial Performance, and Cash Flows	The issuer must disclose the following qualitative and quantitative information: (a) How climate-related risks and opportunities have affected the issuer's financial position, financial performance, and cash flows for the reporting period; and (b) Information about the climate-related risks and opportunities identified in paragraph 24(a) for which there is a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities reported in the relevant financial statements for the next reporting year. The issuer must disclose the following qualitative and quantitative information: (a) How the issuer expects its financial position to change over the short, medium, and long term, given its strategy for managing climate-related risks and opportunities, taking into account: (i) Its investment and disposal plans; and (ii) Its planned sources of funding to implement its strategy; and (b) How the issuer expects its financial performance and cash flows to change over the short, medium, and long term, based on its strategy for managing climate-related risks and opportunities.	

Matter		Response/Reference
	Climate Resilience	After considering the climate-related risks and opportunities identified by the issuer, the issuer must disclose information to enable an understanding of the resilience of the issuer's strategy and business model to climate-related changes, developments, or uncertainties. The issuer must use climate-related scenario analysis to assess its climate resilience in a manner proportionate to its circumstances. When providing quantitative information, the issuer may disclose a single amount or a range. Specifically, the issuer must disclose: (a) The issuer's assessment of its climate resilience as of the reporting date, which helps to understand: (i) The implications, if any, of the results of its analysis for its strategy and business model, including how the issuer would need to respond to the effects identified in the climate-related scenario analysis; (ii) The areas of significant uncertainty considered in the issuer's assessment of climate resilience; and (iii) The issuer's ability to adjust its strategy and business model to climate developments over the short, medium, and long term; (b) How and when the climate-related scenario analysis was conducted, including: (i) The inputs used, including: (1) The climate-related scenarios used in the analysis and their sources; (2) Whether the analysis covers multiple diverse climate-related scenarios; (3) Whether the climate-related scenarios used in the analysis relate to climate-related transition risks or climate-related physical risks; (4) Whether the issuer used scenarios consistent with the latest international agreement on climate change in its analysis; (5) Why the issuer considers the chosen climate-related scenarios relevant to assessing its resilience to climate-related changes, developments, or uncertainties; (6) The time horizons used in the analysis; and (7) The scope of operations covered by the analysis (e.g., operating locations and business units covered); (ii) The key assumptions made in the analysis; and (iii) The reporting period in which the climate-related scenario analysis was conducted.

Matter			Response/Reference
(III) Risk Management		The issuer must disclose: (a) The processes and related policies the issuer uses to identify, assess, prioritize, and monitor climate-related risks, including information about: (i) The inputs and parameters used (e.g., data sources and the scope of operations covered by the processes); (ii) Whether and how the issuer uses climate-related scenario analysis to identify climate-related risks; (iii) How the issuer assesses the nature, likelihood, and magnitude of the effects of those risks (e.g., whether the issuer considers qualitative factors, quantitative thresholds, or other criteria used); (iv) Whether and how the issuer prioritizes climate-related risks relative to other types of risks; (v) How the issuer monitors climate-related risks; and (vi) Whether and how the issuer has changed the processes it uses compared to the previous reporting period; The processes the issuer uses to identify, assess, prioritize, and monitor climate-related opportunities (including information about whether and how the issuer uses climate-related scenario analysis to identify climate-related opportunities). How and the extent to which the processes for identifying, assessing, prioritizing, and monitoring climate-related risks and opportunities are integrated into the issuer's overall risk management process.	
(IV) Metrics and Targets	Green house gas emissions	The issuer must disclose its absolute gross greenhouse gas emissions for the reporting period, expressed in metric tons of CO_2 equivalent, disaggregated into: (a) Scope 1 greenhouse gas emissions; (b) Scope 2 greenhouse gas emissions. Unless otherwise required by the governing jurisdiction or another exchange on which the issuer is listed, the issuer must measure its greenhouse gas emissions according to the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition 2004). Disclose the methodology used to measure its greenhouse gas emissions, including: (i) The measurement approach, inputs, and assumptions used by the issuer to measure its greenhouse gas emissions; (ii) Why the issuer chose that measurement approach, inputs, and assumptions to measure greenhouse gas emissions; and (iii) Any changes the issuer made to the measurement approach, inputs, and assumptions during the reporting period and the reasons for the changes.	See details in section "VII. Emission Control and Consumption Reduction: Protecting a Harmonious Ecosystem (d) Climate Action"

Matter			Response/Reference
		For Scope 2 greenhouse gas emissions disclosed according to paragraph 28(b), disclose its location-based Scope 2 greenhouse gas emissions and provide information about any contractual instruments necessary to understand that emission.	
		The issuer must disclose its absolute gross greenhouse gas emissions for the reporting period, expressed in metric tons of CO2 equivalent: (c) Scope 3 greenhouse gas emissions. For Scope 3 greenhouse gas emissions disclosed according to paragraph 28(c), disclose the categories included in the issuer's measurement of Scope 3 greenhouse gas emissions according to the Scope 3 categories described in the Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011).	The Company places high importance on climate-related management and deeply integrates it into its long-term strategy. The Board is responsible for the overall identification of climate-related risks and has established an ESG Committee to lead the preliminary assessment and response. Currently, the Company is focusing on systematically integrating climate factors into strategic planning, investment decisions, and core operational processes. This work covers multiple dimensions, including governance structure establishment, strategic integration, risk management, operational execution, and performance management. Initiatives include beginning to formulate a comprehensive climate strategy and transition plan, exploring the inclusion of climate performance in management assessments, and evaluating the impact of climate risks on business and finance. The aforementioned systematic management system is currently under comprehensive construction and deepening implementation. Future efforts will further refine climate-related management measures.
	Climate-related Transition Risks	The issuer must disclose the amount and percentage of assets or business activities vulnerable to climate-related transition risks.	
	Climate-related Physical Risks	The issuer must disclose the amount and percentage of assets or business activities vulnerable to climate-related physical risks.	
	Climate-related Opportunities	The issuer must disclose the amount and percentage of assets or business activities aligned with climate-related opportunities.	
	Capital Deployment	The issuer must disclose the amount of capital expenditure, financing, or investment deployed for climate-related risks and opportunities.	
	Internal Carbon Pricing	Explain whether and how the issuer applies carbon pricing in decision-making (e.g., investment decisions, transfer pricing, and scenario analysis). The price per metric ton of greenhouse gas emissions used by the issuer to assess the cost of its greenhouse gas emissions, or an appropriate negative statement confirming that the issuer does not apply carbon pricing in decision-making.	
	Remuneration	The issuer must disclose whether and how climate-related considerations are factored into remuneration policies, or provide an appropriate negative statement.	
	Industry Metrics	The Exchange encourages issuers to disclose industry metrics related to one or more specific business models and activities, or related to common features of participation in the relevant industry. In deciding which industry metrics to disclose, the Exchange encourages issuers to refer to the industry metrics related to the disclosure topic described in the *[IFRS] S2 Industry-based Guidance on Implementing Climate-related Disclosures* and the industry disclosure requirements set out in other international environmental, social, and governance reporting frameworks, and consider their applicability.	

Matter			Response/Reference
Climate-related Targets	The issuer must disclose (a) the qualitative and quantitative climate-related targets it has set to monitor progress towards achieving its strategic goals, and (b) any targets the issuer is required to meet by law or regulation, including any greenhouse gas emission targets. The issuer must disclose for each target:	The metric used to set the target.	
		The purpose of the target (e.g., mitigation, adaptation, or science-based initiative).	
		The scope of the target (e.g., whether the target applies to the entire issuer group or a part (such as only a specific business unit or geographical region)).	
		The period over which the target applies.	
		The base period against which progress is measured.	
		Any milestones or interim targets (if any).	
		If it is a quantitative target, whether it is an absolute target or an intensity target.	
		How the latest international agreement on climate change (including jurisdictional commitments arising from that agreement) has informed the issuer's target setting.	
	The issuer must disclose its approach to setting and reviewing each target and how it monitors progress towards achievement, including:	Whether the target itself and the method of setting the target have been verified by a third party.	
		The issuer's process for reviewing the target.	
		The metrics used to monitor progress towards achievement.	
		Any revisions to the target and the reasons for them.	
	The issuer must disclose information about its performance against each climate-related target and an analysis of trends or changes in the issuer's performance.		

Matter			Response/Reference
	For each greenhouse gas emission target disclosed according to paragraphs 37 to 39, the issuer must disclose:	Which greenhouse gases are covered by the target. Whether the target covers Scope 1, Scope 2, or Scope 3 greenhouse gas emissions. Whether the target is a gross greenhouse gas emissions target or a net greenhouse gas emissions target. If it is a net greenhouse gas emissions target, the issuer must additionally disclose the related gross greenhouse gas emissions target. Whether the target was derived using a sectoral decarbonization approach. Whether the issuer plans to use carbon credits to offset greenhouse gas emissions to achieve any net greenhouse gas emissions target. The extent to which and the manner in which the achievement of any net greenhouse gas emissions target relies on the use of carbon credits. Which third-party scheme will verify or certify the carbon credits. The type of carbon credit, including whether the underlying offset is nature-based or technology-based carbon removal, and whether the underlying offset is achieved through emission reduction or carbon removal. Any other significant factors necessary to understand the credibility and integrity of the carbon credits the issuer plans to use (e.g., assumptions regarding the permanence of the carbon offset).	

INDEPENDENT AUDITOR'S REPORT

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To the shareholders of Shanghai Bao Pharmaceuticals Co., Ltd.
(Incorporated in the People's Republic of China with limited liability)

OPINION

We have audited the consolidated financial statements of Shanghai Bao Pharmaceuticals Co., Ltd. (the "Company") and its subsidiaries (the "Group") set out on pages 173 to 251, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

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

Key audit matter	**How our audit addressed the key audit matter**
Cut-off of research and development costs The Group incurred research and development ("R&D") expenses of RMB248,243,000 in the consolidated financial statements for the year ended 31 December 2025. The Group's R&D costs of RMB67,541,000 represent service fees paid to contract research organisations ("CROs") and contract development manufacture organisations ("CDMOs") (collectively referred to as the "Outsourced Service Providers"). The R&D activities with these Outsourced Service Providers are documented in detailed agreements and are typically performed over an extended period. These expenses are charged to profit or loss based on the milestone of the R&D projects. We identified the cut-off of R&D costs as a key audit matter due to the significant amount and risk of not accurately recognising R&D costs in the appropriate reporting period. Related disclosures are included in notes 2.4 and 3 to the financial statements.	Our audit procedures to assess the cut-off of R&D costs included the following: We obtained an understanding of management's controls in relation to the process of expensing R&D costs, and we evaluated the design of the controls and tested their implementation effectiveness. We, on a sampling basis, reviewed the key terms set out in the agreements with the Outsourced Service Providers and evaluated the completion status of R&D projects based on inquiry with project managers, inspection of supporting documents and by obtaining external confirmations from the Outsourced Service Providers. We tested the R&D costs, on a sampling basis, by examining relevant supporting documents including subsequent milestone billings and payments with the accrued R&D costs.

INDEPENDENT AUDITOR'S REPORT

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

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

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

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

The engagement partner on the audit resulting in this independent auditor's report is HO Siu Fung, Terence (practising certificate number: P04202).

Ernst & Young
Certified Public Accountants

Hong Kong
26 March 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
Revenue	5	**49,156**	6,160
Cost of sales		**(5,405)**	(1,140)
Gross profit		**43,751**	5,020
Other income and gains	5	**16,976**	7,604
Research and development expenses		**(248,243)**	(250,727)
Business development expenses		**(6,621)**	(7,908)
Administrative expenses		**(104,615)**	(107,636)
Listing expenses		**(25,193)**	(5,566)
Finance costs	7	**(5,974)**	(4,556)
Other expenses	8	**(65,145)**	(78)
Share of loss of an associate		**(238)**	(609)
LOSS BEFORE TAX	6	**(395,302)**	(364,456)
Income tax credit	11	**–**	23
LOSS FOR THE YEAR		**(395,302)**	(364,433)
Attributable to:			
Owners of the parent		**(395,302)**	(364,433)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	13		
Basic and diluted (RMB)		**(1.36)**	(1.36)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2025

	2025 RMB'000	2024 RMB'000
LOSS FOR THE YEAR	**(395,302)**	(364,433)
OTHER COMPREHENSIVE LOSS		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(98)**	–
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	**(98)**	–
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**(395,400)**	(364,433)
Attributable to:		
Owners of the parent	**(395,400)**	(364,433)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	*14*	**680,696**	621,681
Right-of-use assets	*15*	**53,561**	55,451
Other intangible assets	*16*	**11,690**	12,317
Investment in an associate	*17*	**10,814**	7,828
Prepayments, other receivables and other assets	*20*	**97,062**	410
Total non-current assets		**853,823**	697,687
CURRENT ASSETS			
Inventories	*18*	**6,248**	4,715
Trade receivables	*19*	**98**	141
Prepayments, other receivables and other assets	*20*	**27,587**	51,366
Restricted deposits	*21*	**87,614**	85,200
Cash and cash equivalents	*21*	**1,241,609**	524,158
Total current assets		**1,363,156**	665,580
CURRENT LIABILITIES			
Trade payables	*22*	**8**	–
Other payables and accruals	*23*	**210,492**	125,102
Interest-bearing bank borrowings	*24*	**113,958**	69,565
Deferred income	*26*	**4,587**	–
Lease liabilities	*15*	**1,607**	1,564
Total current liabilities		**330,652**	196,231
NET CURRENT ASSETS		**1,032,504**	469,349
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,886,327**	1,167,036
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	*24*	**198,451**	132,290
Lease liabilities	*15*	**979**	1,840
Deferred income	*26*	**94,923**	37,030
Total non-current liabilities		**294,353**	171,160
Net assets		**1,591,974**	995,876
EQUITY			
Equity attributable to owners of the parent			
Share capital	*27*	**65,196**	57,259
Reserves	*28*	**1,526,778**	938,617
Total equity		**1,591,974**	995,876

Dr. Liu Yanjun
Director

Ms. Li Cui
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2025

		Attributable to owners of the parent					
	Notes	Share capital RMB'000	Share premium* RMB'000	Exchange fluctuation reserve* RMB'000	Share-based payment reserve* RMB'000	Accumulated losses* RMB'000	Total RMB'000
At 1 January 2025		**57,259**	**1,453,129**	**–**	**153,152**	**(667,664)**	**995,876**
Loss for the year		**–**	**–**	**–**	**–**	**(395,302)**	**(395,302)**
Exchange differences on translation of foreign operations		**–**	**–**	**(98)**	**–**	**–**	**(98)**
Total comprehensive loss for the year		**–**	**–**	**(98)**	**–**	**(395,302)**	**(395,400)**
Issue of shares from initial public offering ("IPO")	*27, 28*	**7,582**	**901,799**	**–**	**–**	**–**	**909,381**
Share issue expenses		**–**	**(44,769)**	**–**	**–**	**–**	**(44,769)**
Capital injection	*27, 28*	**355**	**29,645**	**–**	**–**	**–**	**30,000**
Exercise of restricted share units	*30*	**–**	**199,110**	**–**	**(199,110)**	**–**	**–**
Equity-settled share-based payment expense	*30*	**–**	**–**	**–**	**96,886**	**–**	**96,886**
At 31 December 2025		**65,196**	**2,538,914**	**(98)**	**50,928**	**(1,062,966)**	**1,591,974**

		Attributable to owners of the parent				
	Notes	Share capital RMB'000	Share premium* RMB'000	Share-based payment reserve* RMB'000	Accumulated losses* RMB'000	Total RMB'000
At 1 January 2024		52,046	1,000,311	–	(303,231)	749,126
Loss and total comprehensive loss for the year		–	–	–	(364,433)	(364,433)
Capital injection	*27, 28*	5,213	452,818	–	–	458,031
Equity-settled share-based payment expense	*30*	–	–	153,152	–	153,152
At 31 December 2024		57,259	1,453,129	153,152	(667,664)	995,876

* These reserve accounts comprise the consolidated reserves of RMB1,526,778,000 (2024: RMB938,617,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
CASH FLOWS USED IN OPERATING ACTIVITIES			
Loss before tax		**(395,302)**	(364,456)
Adjustments for:			
Interest income	*5*	**(6,140)**	(4,646)
Finance costs	*7*	**5,974**	4,556
Equity-settled share-based payment expense	*30*	**96,886**	153,152
Foreign exchange differences, net		**7,474**	(1,192)
Depreciation of property, plant and equipment	*14*	**32,939**	28,265
Depreciation of right-of-use assets	*15*	**2,025**	1,638
Amortisation of other intangible assets	*16*	**2,184**	2,233
Changes due to passive dilution of investment in an associate	*5*	**(3,224)**	–
(Gain)/loss on disposal of items of property, plant and equipment		**(8)**	78
Share of loss of an associate	*17*	**238**	609
		(256,954)	(179,763)
Decrease in trade receivables		**43**	1,859
Decrease/(increase) in prepayments, other receivables and other assets		**23,464**	(16,984)
(Increase)/decrease in inventories		**(1,533)**	3,357
Increase in deferred income		**199**	3,200
Increase in trade payables		**8**	–
Increase in other payables and accruals		**48,698**	44,104
Increase in restricted deposits	*21*	**(114)**	(80,200)
Cash used in operations		**(186,189)**	(224,427)
Interest received		**6,140**	4,646
Net cash flows used in operating activities		**(180,049)**	(219,781)

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
CASH FLOWS USED IN INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		**(153,364)**	(118,274)
Placement of restricted deposits		**(2,300)**	(5,000)
Proceeds from disposal of items of property, plant and equipment		**425**	154
Receipt of government grants for property, plant and equipment		**62,281**	1,000
Net cash flows used in investing activities		**(92,958)**	(122,120)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		**939,381**	460,104
New interest-bearing bank borrowings		**183,060**	161,660
Repayment of interest-bearing bank borrowings		**(72,596)**	(69,957)
Principal portion of lease payment	*15*	**(1,807)**	(1,639)
Interest paid		**(7,874)**	(5,512)
Payment for listing expenses		**(42,134)**	(1,460)
Net cash flows generated from financing activities		**998,030**	543,196
NET INCREASE IN CASH AND CASH EQUIVALENTS		**725,023**	201,295
Cash and cash equivalents at beginning of year	*21*	**524,158**	321,671
Effect of foreign exchange rate changes, net		**(7,572)**	1,192
CASH AND CASH EQUIVALENTS AT END OF YEAR	*21*	**1,241,609**	524,158

1. CORPORATE AND GROUP INFORMATION

The Company was established in the People's Republic of China (the ''PRC'') on 16 December 2019, as a limited liability company under the Companies Law of the PRC. The registered office of the Company is located at No. 28 Luoxin Road, Baoshan District, Shanghai. The Company was converted into a joint stock company on 26 July 2023.

During the year, the Company and its subsidiaries were involved in the research, development and commercialisation of pharmaceutical products.

The shares of the Company have been listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") effective from 10 December 2025.

Information about subsidiaries

Particulars of the Company's subsidiaries, all of which are limited liability companies, are as follows:

Name	Place and date of incorporation/ registration and operations	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Suzhou Centergene Pharmaceuticals Co., Ltd. * (蘇州晟濟藥業有限公司)	PRC/Chinese mainland 24 July 2014	RMB64,575,476	66.18%	33.82%	Research, development and commercialisation of pharmaceutical products
Suzhou Kangju Biotechnology Co., Ltd.* (蘇州康聚生物科技有限公司)	PRC/Chinese mainland 15 August 2011	RMB10,000,000	100.00%	–	Research and development of pharmaceutical products
Hainan Baoji Biotechnology Co., Ltd.* (海南寶濟生物科技有限公司)	PRC/Chinese mainland 8 February 2022	RMB1,000,000	100.00%	–	Research and development of pharmaceutical products
Bao Pharmaceuticals Hong Kong Limited	Hong Kong 17 April 2025	HKD10,000	100.00%	–	Research and development of pharmaceutical products

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

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with IFRS Accounting Standards (which include all International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations) as issued by the International Accounting Standards Board (the "IASB") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for certain financial instruments which have been measured at fair value. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand ("RMB'000") except when otherwise indicated.

Basis of consolidation

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

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

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

(b) rights arising from other contractual arrangements; and

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

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

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

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

2. ACCOUNTING POLICIES (CONTINUED)

2.1 BASIS OF PREPARATION (Continued)

Basis of consolidation (Continued)

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

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

2.3 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

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

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

1 Effective for annual periods beginning on or after 1 January 2026
2 Effective for annual/reporting periods beginning on or after 1 January 2027
3 No mandatory effective date yet determined but available for adoption

2. ACCOUNTING POLICIES (CONTINUED)

2.3 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS (Continued)

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

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

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

2. ACCOUNTING POLICIES (CONTINUED)

2.3 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS (Continued)

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

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

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

2. ACCOUNTING POLICIES (CONTINUED)

2.3 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS (Continued)

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

- IFRS 7 *Financial Instruments: Disclosures:* The amendments have updated certain wording in paragraph B38 of IFRS 7 and paragraphs IG1, IG14 and IG20B of the *Guidance on implementing IFRS 7* for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the *Guidance on implementing IFRS 7* does not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- IFRS 9 *Financial Instruments:* The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to apply paragraph 3.3.3 of IFRS 9 and recognise any resulting gain or loss in profit or loss. However, the amendments do not address how a lessee distinguishes between a lease modification as defined in IFRS 16 and an extinguishment of a lease liability in accordance with IFRS 9. In addition, the amendments have updated certain wording in paragraph 5.1.3 of IFRS 9 and Appendix A of IFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- IFRS 10 *Consolidated Financial Statements:* The amendments clarify that the relationship described in paragraph B74 of IFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of IFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- IAS 7 *Statement of Cash Flows:* The amendments replace the term "cost method" with "at cost" in paragraph 37 of IAS 7 following the prior deletion of the definition of "cost method". Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial statements.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES

Investments in associates

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

The Group's investments in associates are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

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

Fair value measurement

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

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

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

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Fair value measurement (Continued)

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

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

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

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

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

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories and deferred tax assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

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

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Impairment of non-financial assets (Continued)

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

Related parties

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

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

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

(ii) has significant influence over the Group; or

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

or

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

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

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

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

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

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

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

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

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

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Property, plant and equipment and depreciation

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

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

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

Category	Principal annual rate
Decoration	20.00%-33.33%
Buildings	2.12%-2.79%
Office equipment	9.50%-31.67%
Electronic equipment	9.50%-31.67%
Machinery	9.50%-31.67%
Others	19.00%

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

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

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

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Intangible assets (other than goodwill)

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

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

Software

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

Patents and licences

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

Research and development costs

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

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

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Leases

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

Group as a lessee

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

(a) Right-of-use assets

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

Leasehold land	50 years
Properties and office premises	2 to 4 years

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

(b) Lease liabilities

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

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

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Leases (Continued)

Group as a lessee (Continued)

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

The Group applies the short-term lease recognition exemption to its short-term leases of office premises (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option).

When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis.

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

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income is accounted for on a straight-line basis over the lease term and is included in revenue in profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost.

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

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

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Investments and other financial assets (Continued)

Initial recognition and measurement (Continued)

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

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

Subsequent measurement

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

Financial assets at amortised cost (debt instruments)

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

Derecognition of financial assets

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

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

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

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Derecognition of financial assets (Continued)

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

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

Impairment of financial assets

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

General approach

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

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

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Impairment of financial assets (Continued)

General approach (Continued)

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

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

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

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

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

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

Simplified approach

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

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings, or as payables, as appropriate.

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

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Financial liabilities (Continued)

Initial recognition and measurement (Continued)

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

Subsequent measurement

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

Financial liabilities at amortised cost (other payables and borrowings)

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

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

Derecognition of financial liabilities

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

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

Offsetting of financial instruments

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

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in and first-out basis. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Cash and cash equivalents

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

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

Provisions

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

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

Income tax

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

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

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

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Income tax (Continued)

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

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

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

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

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

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

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

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

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

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Government grants

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

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

Revenue recognition

Revenue from contracts with customers

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

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

(a) Sale of pharmaceutical products

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

(b) Sale of materials

Revenue from the sale of materials is recognised at the point in time when control of the products is transferred to the customer upon receipt of the goods.

(c) Technical services

The Group provides technical support to the consumers for the joint development of subcutaneous formulations in combination with the Group's drugs. The Group recognises revenue from technical services at the point in time when the customer obtains technical support, limited to the consideration that is not constrained, as the Group does not perform any activities that significantly affect the technology to which the customer has rights. Non-refundable payments received before all of the relevant criteria for revenue recognition are satisfied are recorded as contract liabilities.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

Revenue from contracts with customers (Continued)

(d) Licensing revenue

The Group's licensing revenue may contain more than one performance obligation, including grants of licences of the intellectual property rights and other deliverables. As part of the accounting for these arrangements, the Group must develop assumptions that require judgement to determine the stand-alone selling price for each performance obligation identified in the contract. In developing the stand-alone selling price for a performance obligation, the Group considers competitor pricing for a similar or identical product, market awareness of and perception of the product, expected product life and current market trends. In general, the consideration allocated to each performance obligation is recognised when the respective obligation is satisfied on acceptance of a good or a service, limited to the consideration that is not constrained. Payments received before all of the relevant criteria for revenue recognition are satisfied are recorded as contract liabilities.

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

Milestone payments: Regulatory milestones are fully constrained until the period in which those regulatory approvals are achieved due to the inherent uncertainty of the approval process. Regulatory milestones are included in the transaction price in the period in which regulatory approval is obtained.

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

Other income

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

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Contract liabilities

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

Contract costs

Other than the costs which are capitalised as inventories, property, plant and equipment and intangible assets, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

(a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify;

(b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and

(c) The costs are expected to be recovered.

The capitalised contract costs are amortised and charged to the statement of profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Other contract costs are expensed as incurred.

Share-based payments

The Company operates a restricted share unit scheme ("RSU"). Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value of equity-settled share-based payments granted was estimated as at the date of grant using recent transaction price, taking into account the terms and conditions upon which the RSUs were granted.

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

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Share-based payments (Continued)

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

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

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

Other employee benefits

Pension scheme

The employees of the Group which operates in the Chinese mainland are required to participate in a central pension scheme operated by the local municipal government. The subsidiaries operating in the Chinese mainland are required to contribute a certain percentage of its payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

Borrowing costs

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

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Events after the reporting period

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

Foreign currencies

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

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

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

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

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Foreign currencies (Continued)

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in profit or loss.

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgements

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

Research and development costs

All research costs are charged to profit or loss as incurred. Expenses incurred on each pipeline to develop new products are capitalised and deferred in accordance with the accounting policy for research and development expenses in note 2.4 to the financial statements. Determining the amounts to be capitalised requires management to make judgements on the technical feasibility of existing pipelines to be successfully commercialised and bring economic benefits to the Company.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The amount of unrecognised tax losses at 31 December 2025 was RMB1,567,591,000 (2024: RMB1,168,193,000). Further details are contained in note 25 to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Estimation uncertainty

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

Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

Impairment of non-financial assets (other than goodwill)

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

Estimation of provision for potential litigation claim

The Group considered the current process of the legal cases and the legal opinion of lawyers and exercises considerable judgement in measuring and recognising provisions and contingent liabilities related to potential or outstanding legal claims. Judgement is necessary in assessing the likelihood that a liability will arise, and to quantify the possible range of the final settlement. Provisions are recognised when the Group has a present obligation, the loss is considered probable and can be reliably estimated. Because of the inherent uncertainties in this evaluation process, actual losses may be different from the originally estimated provision. These estimates are subject to change as new information becomes available, primarily with the support of in-house or external legal counsels.

4. OPERATING SEGMENT INFORMATION

Operating segment information

For management purposes, the Group has only one reportable operating segment, which is the research, development and commercialisation of pharmaceutical products. Since this is the only reportable operating segment of the Group, no further operating segment analysis thereof is presented.

Geographical information

During the reporting period, nearly all of the Group's revenue was derived from customers located in the Chinese mainland and all of the Group's non-current assets were located in the Chinese mainland, and therefore no geographical segment information is presented in accordance with IFRS 8 *Operating Segments*.

Information about major customers

Revenue from each major customer, which accounted for 10% or more of the Group's revenue during the reporting period, is as follows:

	2025	2024
	RMB'000	RMB'000
Customer A	**40,002**	*
Customer B	**	2,830
Customer C	**	1,279
Customer D	**	1,204

* Revenue from transactions with these customers did not account for 10% or more of the Group's revenue.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2025	2024
	RMB'000	RMB'000
Revenue from contracts with customers	**49,156**	6,160

5. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

Revenue from contracts with customers

(a) Disaggregated revenue information

	2025 RMB'000	2024 RMB'000
Types of goods and services		
Sales of materials	**3,787**	3,138
Technical services	**1,726**	3,022
Licensing revenue	**40,002**	–
Sales of pharmaceutical products	**3,641**	–
Total	**49,156**	6,160
Timing of revenue recognition		
Goods transferred at a point in time	**7,428**	3,138
Services transferred at a point in time	**41,728**	3,022
Total	**49,156**	6,160

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

	2025 RMB'000	2024 RMB'000
Revenue from contracts with customers		
Sales of materials	**4**	–
Technical services	**5**	–
Licensing revenue	**40,002**	–
Total	**40,011**	–

5. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

Revenue from contracts with customers (Continued)

(b) Performance obligations

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

Sale of pharmaceutical products

The performance obligation is satisfied upon delivery of the pharmaceutical products and payment in advance is normally required.

Sale of materials

The performance obligation is satisfied upon delivery of the materials and payment is generally due within 30 days from the date of billing.

Technical services

The performance obligation is satisfied when the services are rendered, and payment is generally due within 30 days upon completion of the services and customers' acceptance. During the reporting period, the Group entered into collaboration agreements with pharmaceutical companies so as to jointly develop the subcutaneous formulations in combination with the Group's drugs. In general, the consideration allocated to each performance obligation is recognised when the respective obligation is satisfied on acceptance of a service.

Licensing revenue

During the reporting period, the Group entered into a licence agreement with pharmaceutical companies (the "Licensee") so as to develop, manufacture and commercialise certain biologic drugs developed by the Group in certain territories. In general, the consideration allocated to each performance obligation is recognised when the respective obligation is satisfied on acceptance of a good or a service. The licence agreement was terminated on 28 July 2025 as specified in the termination notice provided by the Licensee on 29 April 2025. Following this termination, the Group was not obliged to return any payments received (including the first tranche of upfront payments received in 2024) and recognised the upfront payment as licensing revenue upon receipt of the termination notice in accordance with the licence agreement.

5. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

Revenue from contracts with customers (Continued)

(b) Performance obligations (Continued)

Under the practical expedient allowed by IFRS 15, the Group does not disclose the value of unsatisfied performance obligations.

	2025 RMB'000	2024 RMB'000
Other income		
Government grants*	**7,205**	1,766
Bank interest income	**6,140**	4,646
Others	**399**	–
Total other income	**13,744**	6,412
Gains		
Foreign exchange gains, net	**–**	1,192
Gain on disposal of items of property, plant and equipment	**8**	–
Changes due to passive dilution of investment in an associate	**3,224**	–
Total gains	**3,232**	1,192
Total other income and gains	**16,976**	7,604

* The government grants have been received from the PRC local government authorities for supporting the Group's research and development and other operating activities. There are no unfulfilled conditions relating to these government grants.

6. LOSS BEFORE TAX

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

	Notes	2025 RMB'000	2024 RMB'000
Cost of sales*		**5,405**	1,140
Depreciation of property, plant and equipment	*14*	**32,939**	28,265
Depreciation of right-of-use assets	*15*	**2,025**	1,638
Amortisation of other intangible assets	*16*	**2,184**	2,233
Auditor's remuneration		**2,367**	550
Listing expenses		**25,193**	5,566
Lease payments not included in the measurement of lease liabilities	*15*	**80**	166
Employee benefit expense (excluding directors' and chief executive's remuneration *(note 9)*):			
Wages and salaries		**70,583**	62,583
Pension scheme contributions (defined contribution scheme)		**18,220**	17,547
Equity-settled share-based payment expense		**29,735**	56,524
Total		**118,538**	136,654
Foreign exchange differences, net		**7,474**	(1,192)
Changes due to passive dilution of investment in an associate		**(3,224)**	–
(Gain)/loss on disposal of items of property, plant and equipment		**(8)**	78
Share of loss of an associate		**238**	609
Provision for losses on litigation		**56,760**	–

* Cost of sales includes expenses relating to depreciation of property, plant and equipment and staff costs, which are also included in the respective total amounts disclosed separately above for each of these types of expenses.

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2025 RMB'000	2024 RMB'000
Interest on bank borrowings	**7,872**	5,502
Interest on lease liabilities	**92**	68
Total interest expense	**7,964**	5,570
Less: Interest capitalised	**(1,990)**	(1,014)
Total	**5,974**	4,556

8. OTHER EXPENSES

An analysis of other expenses is as follows:

	Note	2025 RMB'000	2024 RMB'000
Foreign exchange losses, net		**7,474**	–
Provision for losses on litigation	*23*	**56,760**	–
Loss on disposal of items of property, plant and equipment		**–**	78
Donation		**911**	–
Total		**65,145**	78

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

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

	2025 RMB'000	2024 RMB'000
Fees	**600**	322
Other emoluments:		
Salaries, allowances and benefits in kind	**4,353**	2,942
Pension scheme contributions and social welfare	**540**	386
Performance related bonuses	**2,562**	1,583
Equity-settled share-based payment expense	**67,151**	96,628
Subtotal	**74,606**	101,539
Total	**75,206**	101,861

In prior years, certain directors were granted RSUs, in respect of their services to the Group, under the share incentive plan of the Company, further details of which are set out in note 30 to the financial statements. The fair value of such RSUs, which has been recognised in profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the reporting period is included in the above directors' and chief executive's remuneration disclosures.

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

(a) Independent non-executive directors

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

	2025 RMB'000	2024 RMB'000
Dr. Ju Dianwen *(i)*	**150**	68
Dr. Zeng Fanyi *(i)*	**150**	68
Mr. Cai Zhongxi *(i)*	**150**	68
Mr. Zhang Senquan *(ii)*	**141**	–
Mr. Cao Xiaoguang *(iii)*	**9**	68
Total	**600**	272

Notes:

(i) Dr. Ju Dianwen, Dr. Zeng Fanyi and Mr. Cai Zhongxi were appointed as independent non-executive directors of the Company on 18 July 2024.

(ii) Mr. Zhang Senquan was appointed as an independent non-executive director of the Company on 21 January 2025.

(iii) Mr. Cao Xiaoguang was appointed as an independent non-executive director of the Company on 18 July 2024 and resigned as an independent non-executive director of the Company on 21 January 2025 due to the devotion of more time in pursuing other personal commitments.

There were no other emoluments payable to the independent non-executive directors during the reporting period.

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

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

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Pension scheme contributions RMB'000	Performance related bonuses RMB'000	Share-based payment expenses RMB'000	Total RMB'000
Year ended 31 December 2025						
Executive directors:						
Dr. Liu Yanjun	–	1,726	146	1,000	51,123	53,995
Ms. Wang Zheng	–	1,091	146	660	8,234	10,131
Mr. Tan Jingwei	–	596	102	252	3,139	4,089
Ms. Li Cui *(v)*	–	940	146	650	4,655	6,391
Subtotal	–	4,353	540	2,562	67,151	74,606
Non-executive directors:						
Ms. Zheng Juan *(iv)*	–	–	–	–	–	–
Mr. Diao Juanhuan	–	–	–	–	–	–
Ms. Wang Su-Chi *(ii)*	–	–	–	–	–	–
Mr. Li Chen *(iii)*	–	–	–	–	–	–
Mr. Lin Chia-ling *(vi)*	–	–	–	–	–	–
Subtotal	–	–	–	–	–	–
Total	–	4,353	540	2,562	67,151	74,606

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

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

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Pension scheme contributions RMB'000	Performance related bonuses RMB'000	Share-based payment expenses RMB'000	Total RMB'000
Year ended 31 December 2024						
Executive directors:						
Dr. Liu Yanjun	–	1,605	145	650	77,864	80,264
Ms. Wang Zheng	–	874	145	560	12,504	14,083
Mr. Tan Jingwei	–	463	96	373	6,260	7,192
Subtotal	–	2,942	386	1,583	96,628	101,539
Non-executive directors:						
Mr. Liu Tao *(i)*	50	–	–	–	–	50
Ms. Zheng Juan *(iv)*	–	–	–	–	–	–
Mr. Diao Juanhuan	–	–	–	–	–	–
Ms. Wang Su-Chi *(ii)*	–	–	–	–	–	–
Mr. Li Chen *(iii)*	–	–	–	–	–	–
Mr. Lin Jung-Chin *(i)*	–	–	–	–	–	–
Subtotal	50	–	–	–	–	50
Total	50	2,942	386	1,583	96,628	101,589

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

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

Notes:

(i) Mr. Liu Tao and Mr. Lin Jung-Chin resigned as non-executive directors of the Company on 18 July 2024 due to the devotion of more time in pursuing other personal commitments.

(ii) Ms. Wang Su-Chi was appointed as a non-executive director of the Company on 18 July 2024 and resigned as a non-executive director of the Company on 21 January 2025 due to the devotion of more time in pursuing other personal commitments.

(iii) Mr. Li Chen was appointed as a non-executive director of the Company on 18 July 2024.

(iv) Ms. Zheng Juan resigned as a non-executive director of the Company on 21 January 2025 due to the devotion of more time in pursuing other personal commitments.

(v) Ms. Li Cui was appointed as an executive director of the Company on 21 January 2025.

(vi) Ms. Lin Chia-ling was appointed as a non-executive director of the Company on 21 January 2025.

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

10. FIVE HIGHEST PAID EMPLOYEES

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

	2025	2024
	RMB'000	RMB'000
Salaries, allowances and benefits in kind	**1,322**	1,275
Performance related bonuses	**628**	993
Pension scheme contributions	**247**	290
Equity-settled share-based payment expense	**7,620**	14,300
Total	**9,817**	16,858

10. FIVE HIGHEST PAID EMPLOYEES (CONTINUED)

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

	Number of employees	
	2025	2024
HKD4,500,001 to HKD5,000,000	**1**	–
HKD6,000,001 to HKD6,500,000	**1**	–
HKD8,500,001 to HKD9,000,000	**–**	1
HKD9,000,001 to HKD9,500,000	**–**	1
Total	**2**	2

In prior years, RSUs were granted to the non-director and non-chief executive highest paid employees in respect of their services to the Group, further details of which are included in the disclosures in note 30 to the financial statements. The fair value of such RSUs, which has been recognised in profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the reporting period is included in the above non-director and non-chief executive highest paid employees' remuneration disclosures.

11. INCOME TAX

Chinese mainland

Pursuant to the Corporate Income Tax Law of the People's Republic of China and the respective regulations (the "CIT Law"), Hainan Baoji Biotechnology Co., Ltd., which operates in the Chinese mainland, was subject to CIT at a rate of 25% on the taxable income during the reporting period.

Shanghai Bao Pharmaceuticals Co., Ltd., Suzhou Centergene Pharmaceuticals Co., Ltd. and Suzhou Kangju Biotechnology Co., Ltd. renewed their "High and New Technology Enterprise" qualifications under the relevant tax rules and regulations in 2025, and accordingly, are entitled to a reduced preferential CIT of 15% from 2025 to 2027. This qualification is subject to review by the relevant tax authority in the PRC for every three years.

Hong Kong

The subsidiary incorporated in Hong Kong and the subsidiary registered as a Hong Kong tax resident were subject to income tax at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the year. The first HKD2,000,000 of assessable profits of the subsidiary are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

11. INCOME TAX (CONTINUED)

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

	2025 RMB'000	2024 RMB'000
Current tax:		
Charge for the year	–	–
Deferred tax	–	(23)
Total tax credit for the year	–	(23)

A reconciliation of the tax credit applicable to loss before tax at the statutory tax rate for the jurisdiction where the operations of the Group are substantially based to the tax credit at the effective tax rate is as follows:

	2025 RMB'000	2024 RMB'000
Loss before tax	(395,302)	(364,456)
Tax at the statutory tax rate of 25%	(98,826)	(91,114)
Lower tax rate or enacted by local authority	39,531	36,395
Additional deductible allowance for qualified research and development expenses	(27,406)	(24,567)
Tax losses utilised from previous periods	(4)	-
Expenses not deductible for tax purposes	556	149
Tax losses and temporary differences not recognised	86,149	79,114
Tax credit at the Group's effective rate	–	(23)

12. DIVIDENDS

No dividend was paid or declared by the Company during the years ended 31 December 2025 and 2024.

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

The calculation of the basic loss per share amounts is based on the loss for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 290,236,403 (2024: 267,673,215) outstanding during the year.

13. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (CONTINUED)

The calculation of the diluted loss per share amounts is based on the loss for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares used in the calculation is the number of ordinary shares outstanding during the year, as used in the basic loss per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

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

	2025	2024
	RMB'000	RMB'000
Loss		
Loss attributable to ordinary equity holders of the parent	**(395,302)**	(364,433)

	2025	2024
Shares		
Weighted average number of ordinary shares outstanding during the year used in the basic loss per share calculation*	**290,236,403**	267,673,215

* The loss per share attributable to ordinary equity holders of the parent for 2024 has been restated to reflect the impacts of the share subdivision of the Company effective from 10 December 2025 ("Share Subdivision").

During the years ended 31 December 2024 and 2025, the potential ordinary shares were not included in the calculation of diluted loss per share as the potential ordinary shares had an anti-dilutive effect on the basic loss per share for each of those years ended 31 December 2024 and 2025. Accordingly, the diluted loss per share amounts during the reporting period are the same as the basic loss per share amounts.

14. PROPERTY, PLANT AND EQUIPMENT

	Decoration RMB'000	Buildings RMB'000	Office equipment RMB'000	Electronic equipment RMB'000	Machinery RMB'000	Others RMB'000	Construction in progress RMB'000	Total RMB'000
As at 31 December 2025								
At 1 January 2025:								
Cost	16,922	199,133	954	5,076	168,964	1,617	302,123	694,789
Accumulated depreciation	(6,488)	(17,619)	(547)	(1,790)	(45,854)	(810)	–	(73,108)
Net carrying amount	10,434	181,514	407	3,286	123,110	807	302,123	621,681
At 1 January 2025, net of accumulated depreciation	10,434	181,514	407	3,286	123,110	807	302,123	621,681
Additions	2,459	–	–	–	–	–	91,479	93,938
Transfers	3,211	356,655	3	917	20,945	–	(383,288)	(1,557)
Disposal	–	–	–	(20)	(397)	–	–	(417)
Depreciation provided during the year	(4,009)	(7,454)	(50)	(894)	(20,299)	(243)	–	(32,949)
At 31 December 2025, net of accumulated depreciation	12,095	530,715	360	3,289	123,359	564	10,314	680,696
At 31 December 2025:								
Cost	22,532	555,788	955	5,881	189,270	1,618	10,314	786,358
Accumulated depreciation	(10,437)	(25,073)	(595)	(2,592)	(65,911)	(1,054)	–	(105,662)
Net carrying amount	12,095	530,715	360	3,289	123,359	564	10,314	680,696

14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Decoration RMB'000	Buildings RMB'000	Office equipment RMB'000	Electronic equipment RMB'000	Machinery RMB'000	Others RMB'000	Construction in progress RMB'000	Total RMB'000
As at 31 December 2024								
At 1 January 2024:								
Cost	13,001	199,133	919	3,181	158,752	1,617	199,594	576,197
Accumulated depreciation	(2,991)	(12,055)	(490)	(1,108)	(27,771)	(567)	–	(44,982)
Net carrying amount	10,010	187,078	429	2,073	130,981	1,050	199,594	531,215
At 1 January 2024, net of accumulated depreciation	10,010	187,078	429	2,073	130,981	1,050	199,594	531,215
Additions	2,154	–	–	–	–	–	118,805	120,959
Transfers	1,766	–	35	1,898	10,592	–	(16,276)	(1,985)
Disposal	–	–	–	(1)	(231)	–	–	(232)
Depreciation provided during the year	(3,496)	(5,564)	(57)	(684)	(18,232)	(243)	–	(28,276)
At 31 December 2024, net of accumulated depreciation	10,434	181,514	407	3,286	123,110	807	302,123	621,681
At 31 December 2024:								
Cost	16,922	199,133	954	5,076	168,964	1,617	302,123	694,789
Accumulated depreciation	(6,488)	(17,619)	(547)	(1,790)	(45,854)	(810)	–	(73,108)
Net carrying amount	10,434	181,514	407	3,286	123,110	807	302,123	621,681

As at 31 December 2025, certain of the Group's buildings with an aggregate net carrying amount of approximately RMB530,715,000 (2024: RMB181,514,000) were pledged to secure interest-bearing bank borrowings granted to the Group (note 24).

As at 31 December 2025, certain of the Group's construction in progress with an aggregate net carrying amount of approximately RMB9,086,000 (2024: RMB288,852,000) was pledged to secure interest-bearing bank borrowings granted to the Group (note 24).

15. LEASES

The Group as a lessee

The Group has lease contracts for various items of properties and office premises used in its operations. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 50 years, and no ongoing payments will be made under the terms of these land leases. Leases of properties and office premises generally have lease terms between 2 and 4 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group. Other rental agreements generally have lease terms of 12 months or less.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Properties and office premises RMB'000	Leasehold land RMB'000	Total RMB'000
As at 1 January 2024	1,141	53,066	54,207
Additions	4,022	–	4,022
Depreciation charge	(1,638)	(1,140)	(2,778)
As at 31 December 2024	3,525	51,926	55,451
As at 31 December 2024 and 1 January 2025	3,525	51,926	55,451
Additions	989	–	989
Depreciation charge	(1,741)	(1,138)	(2,879)
As at 31 December 2025	**2,773**	**50,788**	**53,561**

As at 31 December 2025, the Group's leasehold land with an aggregate net carrying amount of approximately RMB50,788,000 (2024: RMB51,926,000) was pledged to secure interest-bearing bank borrowings granted to the Group (note 24).

15. LEASES (CONTINUED)

The Group as a lessee (Continued)

(b) Lease liabilities

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

	2025 RMB'000	2024 RMB'000
Carrying amount at 1 January	**3,404**	1,021
New leases	**989**	4,022
Accretion of interest recognised during the year	**92**	68
Payments	**(1,899)**	(1,707)
Carrying amount at 31 December	**2,586**	3,404
Analysed into:		
Current portion	**1,607**	1,564
Non-current portion	**979**	1,840

The maturity analysis of lease liabilities is disclosed in note 36 to the financial statements.

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

	2025 RMB'000	2024 RMB'000
Interest on lease liabilities	**92**	68
Depreciation charge of right-of-use assets	**2,025**	1,638
Expenses relating to short-term leases	**80**	166
Total amount recognised in profit or loss	**2,197**	1,872

(d) The total cash outflow for leases is disclosed in note 29 to the financial statements.

16. OTHER INTANGIBLE ASSETS

	Patents and licences RMB'000	Software RMB'000	Total RMB'000
31 December 2025			
Cost at 1 January 2025, net of accumulated amortisation	**8,297**	**4,020**	**12,317**
Transfers	**–**	**1,557**	**1,557**
Amortisation provided during the year	**(1,461)**	**(723)**	**(2,184)**
At 31 December 2025	**6,836**	**4,854**	**11,690**
At 31 December 2025:			
Cost	**14,608**	**6,780**	**21,388**
Accumulated amortisation	**(7,772)**	**(1,926)**	**(9,698)**
Net carrying amount	**6,836**	**4,854**	**11,690**

	Patents and licences RMB'000	Software RMB'000	Total RMB'000
31 December 2024			
Cost at 1 January 2024, net of accumulated amortisation	9,758	2,807	12,565
Transfers	–	1,985	1,985
Amortisation provided during the year	(1,461)	(772)	(2,233)
At 31 December 2024	8,297	4,020	12,317
At 31 December 2024:			
Cost	14,608	5,223	19,831
Accumulated amortisation	(6,311)	(1,203)	(7,514)
Net carrying amount	8,297	4,020	12,317

17. INVESTMENT IN AN ASSOCIATE

	2025 RMB'000	2024 RMB'000
Share of net assets	**4,822**	773
Goodwill on acquisition	**5,992**	7,055
Total	**10,814**	7,828

The particulars of the associate are as follows:

Name	Particulars of issued shares held	Place of registration and business	Percentage of ownership interest attributable to the Group	Principal activities
ABLINK Biotechnology Co., Ltd.	Ordinary shares	PRC/Chinese mainland	16.99%	Medical technology

The Group casts significant influence in the decision making of the relevant activities of the associate through its shareholdings, participation in the board or provision of technical information, which does not constitute unilateral power to direct the relevant activities of the associate and the ability to use the power over the associate to affect the amount of the Group's returns.

The following table illustrates the financial information of the Group's associate:

	2025 RMB'000	2024 RMB'000
Share of the associate's loss for the year	**(238)**	(609)
Share of the associate's total comprehensive loss	**(238)**	(609)
Carrying amount of the Group's investment in the associate	**10,814**	7,828

18. INVENTORIES

	2025 RMB'000	2024 RMB'000
Raw materials	**5,395**	4,715
Finished goods	**853**	–
Total	**6,248**	4,715

19. TRADE RECEIVABLES

	2025 RMB'000	2024 RMB'000
Trade receivables	**98**	141
Impairment	**–**	–
Net carrying amount	**98**	141

The Group's trading terms with its customers are mainly on credit. The credit period is generally 10 days to 60 days. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

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

	2025 RMB'000	2024 RMB'000
Within 1 year	**98**	141

During the years ended 31 December 2024 and 2025, the Group estimated that the expected credit loss rate for trade receivables is minimal.

20. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2025 RMB'000	2024 RMB'000
Non-current:		
Prepayment for property, plant and equipment	**97,062**	410
Current:		
Prepayments	**3,513**	4,022
Deposits and other receivables	**1,333**	1,176
Deductible value-added tax	**21,904**	43,852
Prepaid expenses	**837**	828
Deferred listing expenses	**–**	1,488
Total	**27,587**	51,366

The balances are interest-free and are not secured with collateral.

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

21. CASH AND CASH EQUIVALENTS AND RESTRICTED DEPOSITS

	2025 RMB'000	2024 RMB'000
Cash and bank balances	**1,329,223**	609,358
Less: Restricted deposits	**(87,614)**	(85,200)
Cash and cash equivalents	**1,241,609**	524,158
Denominated in RMB	**386,804**	533,600
Denominated in USD	**76,328**	75,758
Denominated in HKD	**866,091**	–
Cash and bank balances	**1,329,223**	609,358

21. CASH AND CASH EQUIVALENTS AND RESTRICTED DEPOSITS (CONTINUED)

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

Cash at banks earns interest at floating rates based on daily bank deposit rates.

Deposits of RMB80,314,000 were frozen by the bank as at 31 December 2025 (2024: RMB80,200,000), pursuant to court orders in the PRC in connection with a legal claim. Deposits of RMB7,300,000 were frozen as collateral for a letter of guarantee by the bank as at 31 December 2025 (2024: RMB5,000,000).

The bank balances are deposited with creditworthy banks with no recent history of default.

22. TRADE PAYABLES

	2025 RMB'000	2024 RMB'000
Trade payables	**8**	–

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

	2025 RMB'000	2024 RMB'000
Within 3 months	**8**	–

The trade payables are non-interest-bearing and are normally settled terms of three months.

23. OTHER PAYABLES AND ACCRUALS

	Notes	2025 RMB'000	2024 RMB'000
Payroll payables		**18,331**	17,631
Contract liabilities	*(a)*	**1,818**	58,374
Payables for purchase of property, plant and equipment		**26,430**	34,086
Other payables	*(b)*	**50,797**	10,702
Amounts due to related parties		**127**	336
Provision for losses on litigations	*(c)*	**55,080**	–
Accrual for property, plant and equipment	*(d)*	**42,028**	–
Tax payables		**3,471**	1,160
Accrued listing expenses		**12,410**	2,813
Total		**210,492**	125,102

23. OTHER PAYABLES AND ACCRUALS (CONTINUED)

Notes:

(a) Details of contract liabilities are as follows:

	2025 RMB'000	2024 RMB'000
Short-term advances received from customers		
Licence fees	–	40,002
Technical services	1,818	18,368
Sale of materials	–	4
Total	1,818	58,374

Contract liabilities include advances received for licence fees, technical services and the sale of materials.

(b) Other payables primarily consist of accrued or invoiced but unpaid fees for services from contract research organisations ("CROs") and contract development manufacture organisations ("CDMOs"). As of 31 December 2025, other payables of RMB18,360,000 were related to a legal claim as set out in note (c).

(c) As at 31 December 2025, the Group was involved in litigation associated with a technology transfer agreement with a biotechnology company.

Pursuant to the first instance judgement in May 2025 issued by the PRC District Court, the Group was ordered to (i) make payment amounting to approximately RMB55,080,000 which had been recognised in "Provision for losses on litigation" under "Other expenses" in the consolidated statement of profit or loss for the year ended 31 December 2025; and (ii) return the aforesaid balance of advances from the plaintiff, of which RMB18,360,000 was recognised in "Other payables" at 31 December 2025. The Group has filed for appeals for such judgement to the PRC District Court.

(d) As at 31 December 2025, the Group was involved in litigation associated with a pharmaceutical enterprise regarding a construction project.

Pursuant to the first and second instance judgement in August 2025 and March 2026 issued by the PRC District Court, the Group was held jointly and severally liable to pay the outstanding construction fees along with applicable interest which had been recognised in "Accrual for property, plant and equipment" under "Other payables" at 31 December 2025 amounting to approximately RMB31,789,000. The construction fees and interest paid by the Group will serve as consideration for acquisition of ownership of the construction project.

As at 31 December 2025, the Group was involved in litigation associated with a pharmaceutical enterprise regarding machinery.

Pursuant to the first instance judgement in March 2026 issued by the PRC District Court, the Group was ordered to make payment amounting to approximately RMB10,239,000 which had been recognised in "Accrual for property, plant and equipment" under "Other payables" at 31 December 2025. The amount paid by the Group will serve as consideration for acquisition of ownership over the relevant machinery.

24. INTEREST-BEARING BANK BORROWINGS

	2025			2024		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current						
Current portion of long term bank loans – secured *(a)*	2.75%-3.40%	2026	56,478	3.10%-3.75%	2025	22,850
Current portion of long term bank loans – unsecured	2.75%-3.45%	2026	57,480	3.10%-3.45%	2025	16,888
Bank loans – secured *(a)*	–	–	–	3.10%	2025	20,019
Bank loans – unsecured	–	–	–	3.10%	2025	9,808
Total current			113,958			69,565
Non-current						
Bank loans – secured *(a)*	2.75%-3.10%	2027-2035	93,781	3.10%-3.75%	2026-2034	90,710
Bank loans – unsecured	2.75%-3.10%	2027	104,670	3.10%-3.45%	2026	41,580
Total non-current			198,451			132,290
Total			312,409			201,855

	2025 RMB'000	2024 RMB'000
Analysed into:		
Bank loans repayable:		
Within one year or on demand	113,958	69,565
In the second year	129,518	93,227
In the third to fifth years, inclusive	22,640	10,190
Beyond five years	46,293	28,873
Total	312,409	201,855

Note:

(a) As at 31 December 2025, these bank loans were pledged by the Group's property, plant and equipment with a carrying amount of RMB539,801,000 (2024: RMB470,366,000), and leasehold land with a carrying amount of RMB50,788,000 as at 31 December 2025 (2024: RMB51,926,000).

25. DEFERRED TAX

The movements in deferred tax assets and liabilities during the reporting period are as follows:

Deferred tax liabilities

	2025		
	Right-of-use assets RMB'000	Non-monetary investment RMB'000	Total RMB'000
At 31 December 2024	528	–	528
Deferred tax credited to the statement of profit or loss during the year (note 11)	(112)	–	(112)
Gross deferred tax liabilities at 31 December 2025	416	–	416

Deferred tax assets

	2025		
	Lease liabilities RMB'000	Losses available for offsetting against future taxable profits RMB'000	Total RMB'000
At 31 December 2024	508	20	528
Deferred tax charged to the statement of profit or loss during the year (note 11)	(125)	13	(112)
Gross deferred tax assets at 31 December 2025	383	33	416

25. DEFERRED TAX (CONTINUED)

Deferred tax liabilities

	2024		
	Right-of-use assets RMB'000	Non-monetary investment RMB'000	Total RMB'000
At 31 December 2023	170	908	1,078
Deferred tax charged/(credited) to the statement of profit or loss during the year (note 11)	358	(908)	(550)
Gross deferred tax liabilities at 31 December 2024	528	–	528

Deferred tax assets

	2024		
	Lease liabilities RMB'000	Losses available for offsetting against future taxable profits RMB'000	Total RMB'000
At 31 December 2023	147	908	1,055
Deferred tax credited/(charged) to the statement of profit or loss during the year (note 11)	361	(888)	(527)
Gross deferred tax assets at 31 December 2024	508	20	528

25. DEFERRED TAX (CONTINUED)

Deferred tax assets (Continued)

For presentation purposes, certain deferred tax assets and liabilities have been offset in the consolidated statements of financial position as at 31 December 2024 and 2025. The following is an analysis of the deferred tax balances for financial reporting purposes:

	2025 RMB'000	2024 RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	–	–
Net deferred tax liabilities recognised in the consolidated statement of financial position	–	–

Deferred tax assets have not been recognised in respect of the following item:

	2025 RMB'000	2024 RMB'000
Tax losses	1,567,591	1,168,193

As at 31 December 2025, the Group had tax losses arising in the Chinese mainland of RMB1,567,468,000 (2024: RMB1,168,193,000), that will expire one to ten years for offsetting against its future taxable profits.

The Group also had accumulated tax losses in Hong Kong of RMB123,000 in aggregate as at 31 December 2025, that will be carried forward indefinitely for offsetting against future taxable profits of the companies in which the losses arose.

Deferred tax assets have not been recognised in respect of these losses as it is not considered probable that enough taxable profits will be available against which the tax losses can be utilised.

26. DEFERRED INCOME

	2025 RMB'000	2024 RMB'000
Income-related government grants	**8,249**	8,050
Asset-related government grants	**91,261**	28,980
Total	**99,510**	37,030

Movements of income-related government grants:

	2025 RMB'000	2024 RMB'000
At beginning of year	**8,050**	4,850
Government grants received	**199**	3,200
At end of year	**8,249**	8,050

Movements of asset-related government grants:

	2025 RMB'000	2024 RMB'000
At beginning of year	**28,980**	27,980
Government grants received	**62,281**	1,000
At end of year	**91,261**	28,980

During the year ended 31 December 2025, the Group received government grants of RMB199,000 (2024: RMB3,200,000) to compensate for the expense arising from the Group's research projects. During the year ended 31 December 2025, the Group received government grants of RMB62,281,000 (2024: RMB1,000,000) to compensate for capital expenditure incurred for property, plant and equipment. The grants related to income were recognised in profit or loss upon the compliance with the conditions attached to the grants and the government's acknowledgement of acceptance. The grants related to assets will be recognised in profit or loss over the expected useful life of the relevant asset by equal annual instalments upon the compliance with the conditions attached to the grants and the government's acknowledgement of acceptance.

27. SHARE CAPITAL

Shares

	2025		2024	
	Numbers of shares	**Amount RMB'000**	Numbers of shares	Amount RMB'000
Issued and fully paid:				
ordinary shares	**325,981,465**	**65,196**	57,259,093	57,259

A summary of movements in the Company's share capital is as follows:

	Notes	**Number of shares in issue**	**Share capital** RMB'000
At 1 January 2024		52,046,194	52,046
Capital injection	(a)	5,212,899	5,213
At 31 December 2024 and 1 January 2025		57,259,093	57,259
Capital injection	(a)	354,860	355
Share Subdivision by 1:5	(b)	230,455,812	–
Issue of shares from IPO	(c)	37,911,700	7,582
At 31 December 2025		325,981,465	65,196

27. SHARE CAPITAL (CONTINUED)

Shares (Continued)

Notes:

(a) In July 2024, the Company entered into a capital increase agreement with Series C investors. As of 31 December 2024, total capital of RMB425,700,000 was contributed by these investors with approximately RMB5,035,000 and RMB420,665,000 credited to the Company's capital and reserves, respectively. In December 2024, the Company entered into a capital increase agreement with Series C+ investors. According to the agreement, total capital of RMB45,000,000 was to be injected into the Company by the Series C+ investors for the initial subscription with approximately RMB533,000 and RMB44,467,000 credited to the Company's capital and reserves, respectively. As of 31 December 2024, total capital of RMB15,000,000 was contributed by these investors with approximately RMB178,000 and RMB14,822,000 credited to the Company's capital and reserves, respectively. The remaining balance of RMB30,000,000 was received as at 3 January 2025, with approximately RMB355,000 and RMB29,645,000 credited to the Company's capital and reserves.

(b) Pursuant to a resolution passed by the Shareholders at the general meeting held on 21 January 2025, each unlisted share with par value of RMB1.00 was subdivided into five shares with par value of RMB0.20 each. Upon completion of such Share Subdivision, the registered capital of the Company, which is RMB57,613,953, was divided into 288,069,765 shares with par value of RMB0.20 per share. The Share Subdivision became effective on 10 December 2025.

(c) On 10 December 2025, the Company successfully completed the IPO on the Stock Exchange. The Company issued 37,911,700 ordinary shares at the offering price of HKD26.38 per share.

28. RESERVES

The amounts of the Group's reserves and the movements therein are presented in the consolidated statement of changes in equity of the financial statements.

(a) Share premium

The share premium of the Group represents the difference between the par value of the shares issued and the consideration received.

(b) Share-based payment reserve

The share-based payment reserve comprises the fair value of restricted share units granted which are yet to be exercised, further details of which are included in note 30 to the financial statements.

(c) Exchange fluctuation reserve

The exchange fluctuation reserve represents the differences arising from the translation of financial statements of companies within the Group that have functional currencies other than RMB, the presentation currency of the Group, for the financial statements of the Group.

29. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB989,000 (2024: RMB4,022,000) and RMB989,000 (2024: RMB4,022,000), respectively, in respect of lease arrangements.

(b) Changes in liabilities arising from financing activities

Year ended 31 December 2025

	Interest-bearing bank borrowings RMB'000	Lease liabilities RMB'000	Accrued listing expenses RMB'000
At 1 January 2025	**201,855**	**3,404**	**2,813**
Changes from financing cash flows	**102,682**	**(1,899)**	**(42,134)**
Changes from operating cash flows	**–**	**–**	**(16,743)**
New leases	**–**	**989**	**–**
Interest expense	**7,872**	**92**	**–**
Listing expenses	**–**	**–**	**25,193**
Deferred listing expenses	**–**	**–**	**43,281**
At 31 December 2025	**312,409**	**2,586**	**12,410**

Year ended 31 December 2024

	Interest-bearing bank borrowings RMB'000	Lease liabilities RMB'000	Accrued listing expenses RMB'000
At 1 January 2024	110,094	1,021	–
Changes from financing cash flows	86,259	(1,707)	(1,460)
Changes from operating cash flows	–	–	(2,781)
New leases	–	4,022	–
Interest expense	5,502	68	–
Listing expenses	–	–	5,566
Deferred listing expenses	–	–	1,488
At 31 December 2024	201,855	3,404	2,813

29. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(c) Total cash outflow for leases

The total cash outflow for leases included in the consolidated statement of cash flows is as follows:

	2025 RMB'000	2024 RMB'000
Within operating activities	**80**	166
Within financing activities	**1,899**	1,707
Total	**1,979**	1,873

30. SHARE-BASED PAYMENT TRANSACTIONS

The Company adopted the RSU pursuant to the resolutions passed on 16 August 2023, for the purpose of recognising the contributions by the employees, directors, officers, advisors and consultants of any member of the Group by providing them with incentives in order to retain them for the continual operation and development of the Group and attracting suitable personnel for further development of the Group.

On the grant date of 5 January 2024, the employee stock ownership platform, Shanghai Luoxu Management Consulting Partnership Enterprise (Limited Partnership), granted restricted shares to 18 employees. The number of restricted shares granted to the incentive objects under this incentive plan is 2,521,645.00 (taking into account the effect of the Share Subdivision), including 2,336,200.00 RSUs and 185,445.00 RSUs granted to 17 employees who joined the Group prior to or on 5 January 2020 and 1 employee who joined the Group after 5 January 2020, respectively. The RSUs to grantees who joined the Group prior to or on 5 January 2020 were granted at an exercise price of RMB0.23 (taking into account the effect of the Share Subdivision), which can be exercised on the date of the successful IPO (Batch 1-a). The RSUs to grantees who joined the Group after 5 January 2020 were granted at an exercise price of RMB0.23 (taking into account the effect of the Share Subdivision), and shall vest in the portions of 20%, 20%, 30% and 30% on the first, second, third and fourth anniversaries of the joining dates of the employees, respectively (Batch 1-b). Each vested RSU shall not be exercisable until the later of the following: (i) the date such RSU has vested and (ii) the successful IPO.

On the grant date of 5 January 2024, the employee stock ownership platform, Shanghai Luojun Enterprise Management Partnership Enterprise (Limited Partnership), granted restricted shares to 43 employees. The number of restricted shares granted to the incentive objects under this incentive plan is 10,365,595.00 (taking into account the effect of the Share Subdivision), including 10,280,595.00 RSUs and 85,000.00 RSUs granted to 38 employees who joined the Group prior to or on the issue date of Series B financing and 5 employees who joined the Group after the issue date of Series B financing, respectively. The RSUs to grantees who joined the Group prior to or on the issue date of Series B financing were granted at an exercise price of RMB1.87 (taking into account the effect of the Share Subdivision), and shall vest in the portions of 20%, 20%, 30% and 30% on the first, second, third and fourth anniversaries of the issue date of Series B financing, respectively (Batch 2-a). Each vested RSU shall not be exercisable until the later of the following: (i) the date such RSU has vested and (ii) the successful IPO. The RSUs to grantees who joined the Group after the issue date of Series B financing were granted at an exercise price of RMB1.87 (taking into account the effect of the Share Subdivision), and shall vest in the portions of 20%, 20%, 30% and 30% on the first, second, third and fourth anniversaries of the joining dates of the employees, respectively (Batch 2-b). Each vested RSU shall not be exercisable until the later of the following: (i) the date such RSU has vested and (ii) the successful IPO.

30. SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

On the grant date of 5 January 2024, the employee stock ownership platform, Ningbo Hongsheng Enterprise Management Partnership Enterprise (Limited Partnership), granted restricted shares to 20 employees. The number of restricted shares granted to the incentive objects under this incentive plan is 4,545,405.00 (taking into account the effect of the Share Subdivision), including 4,435,969.80 RSUs and 109,435.20 RSUs granted to 13 employees who joined the Group prior to or on the issue date of Series B financing and 7 employees who joined the Group after the issue date of Series B financing, respectively. The RSUs to grantees who joined the Group prior to or on the issue date of Series B financing were granted at an exercise price of RMB1.62 (taking into account the effect of the Share Subdivision), and shall vest in the portions of 20%, 20%, 30% and 30% on the first, second, third and fourth anniversaries of the issue date of Series B financing, respectively (Batch 3-a). Each vested RSU shall not be exercisable until the later of the following: (i) the date such RSU has vested and (ii) the successful IPO. The RSUs to grantees who joined the Group after the issue date of Series B financing were granted at an exercise price of RMB1.62 (taking into account the effect of the Share Subdivision) (Batch 3-b), and shall vest in the portions of 20%, 20%, 30% and 30% on the first, second, third and fourth anniversaries of the joining dates of the employees, respectively. Each vested RSU shall not be exercisable until the later of the following: (i) the date such RSU has vested and (ii) the successful IPO.

On the grant date of 8 October 2025, the employee stock ownership platform, Ningbo Hongsheng Enterprise Management Partnership Enterprise (Limited Partnership), granted restricted shares to 1 employee who joined the Group after the issue date of Series B financing. The number of restricted shares granted to the incentive object under this incentive plan is 9,336.80 (taking into account the effect of the Share Subdivision). The RSUs to the grantee were granted at an exercise price of RMB1.66 (taking into account the effect of the Share Subdivision) (Batch 4), and shall vest in the portions of 20%, 20%, 30% and 30% on the first, second, third and fourth anniversaries of the joining date of the employee, respectively. Each vested RSU shall not be exercisable until the later of the following: (i) the date such RSU has vested and (ii) the successful IPO.

The Group recognised an equity-settled share-based payment expense of RMB96,886,000 (2024: RMB153,152,000) during the year ended 31 December 2025 under the RSU Scheme.

30. SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

The following restricted shares were outstanding during the reporting period:

	Number of shares authorised '000
As at 1 January 2024	–
Granted during the year	3,487
As at 31 December 2024 and 1 January 2025	3,487
Granted before Share Subdivision	2
Forfeited before Share Subdivision	(2)
Share Subdivision by 1:5	13,948
Exercised after the Share Subdivision	(12,915)
As at 31 December 2025	4,520

The exercise prices and the fair values at grant dates of the restricted shares outstanding as at 31 December 2025 are as follows:

As at 31 December 2025

	Number of shares outstanding '000	Exercise price RMB per share	Fair value at grant date RMB per share
Batch 1-a	–	0.23	16.68
Batch 1-b	–	0.23	16.68
Batch 2-a	3,085	1.87	15.04
Batch 2-b	50	1.87	15.04
Batch 3-a	1,330	1.62	15.29
Batch 3-b	45	1.62	15.29
Batch 4	10	1.66	22.33
Total	4,520		

The fair value of the restricted shares granted was estimated as at the date of grant using recent transaction price, taking into account the terms and conditions upon which the RSUs were granted.

31. CONTINGENT LIABILITIES

As at 31 December 2025, the Group had pending litigation against a biotechnology company in respect of a dispute on transfer and use of intellectual property. The litigation is still ongoing and the future development cannot be estimated with certainty. The exposure of the Group has been fully provided for in these financial statements.

32. COMMITMENTS

The Group had the following contractual commitments at the end of the reporting period.

	2025 RMB'000	2024 RMB'000
Property, plant and equipment	**174,527**	82,001

33. RELATED PARTY TRANSACTIONS

(a) Name and relationship:

Name of related party	Relationship with the Group
ABLINK Biotechnology Co., Ltd. 成都盛世君聯生物技術有限公司	Associate
Lumosa Therapeutics Co., Ltd. 順天醫藥生技股份有限公司	Mutual key management personnel of the Group and the entity

(b) The Group had the following transactions with related parties during the year:

	2025 RMB'000	2024 RMB'000
Purchases of services		
ABLINK Biotechnology Co., Ltd.	**53**	331
Lumosa Therapeutics Co., Ltd.	**503**	649
Provision of services		
ABLINK Biotechnology Co., Ltd.	**–**	184

The pricing of services was determined according to the published prices and conditions agreed upon by the Group and the related parties.

33. RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Outstanding balances with related parties:

	2025 RMB'000	2024 RMB'000
Other payables and accruals		
ABLINK Biotechnology Co., Ltd.	**–**	24
Lumosa Therapeutics Co., Ltd.	**127**	312
Total	**127**	336

(d) Compensation of key management personnel of the Group

	2025 RMB'000	2024 RMB'000
Short term employee benefits	**10,588**	7,870
Post-employment benefits	**1,090**	821
Equity-settled share-based payment expense	**78,660**	113,964
Total compensation paid to key management personnel	**90,338**	122,655

Further details of directors' and the chief executive's emoluments are included in note 9 to the financial statements.

34. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each reporting period are as follows:

Financial assets

2025

	Financial assets at amortised cost RMB'000
Trade receivables	**98**
Financial assets included in prepayments, other receivables and other assets	**1,333**
Cash and bank balances	**1,329,223**
Total	**1,330,654**

2024

	Financial assets at amortised cost RMB'000
Trade receivables	141
Financial assets included in prepayments, other receivables and other assets	1,176
Cash and bank balances	609,358
Total	610,675

34. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

Financial liabilities

2025

	Financial liabilities at amortised cost RMB'000
Trade payables	**8**
Financial liabilities included in other payables and accruals	**77,354**
Interest-bearing bank borrowings	**312,409**
Total	**389,771**

2024

	Financial liabilities at amortised cost RMB'000
Financial liabilities included in other payables and accruals	45,124
Interest-bearing bank borrowings	201,855
Total	246,979

35. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	2025	2024	**2025**	2024
	RMB'000	RMB'000	**RMB'000**	RMB'000
Financial liabilities				
Interest-bearing bank borrowings				
– non-current	**198,451**	132,290	**197,605**	128,683

Management has assessed that the fair values of cash and bank balances, trade receivables, financial assets included in prepayments, other receivables and other assets (in the current portion), financial liabilities included in other payables and accrual and interest-bearing bank borrowings (in the current portion) approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The Group's finance department headed by the finance director is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At the end of each reporting period, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The directors review the results of the fair value measurement of financial instruments periodically for financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of the non-current portion of financial assets included in prepayments, other receivables and other assets and interest-bearing bank borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for interest-bearing bank borrowings at 31 December 2024 and 2025 was assessed to be insignificant. Management has assessed that the fair values of the non-current portion of bank borrowings with floating interest rates approximate to their carrying amounts because the interest rates are adjusted periodically by reference to the fair market interest rates.

35. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Liabilities for which fair values are disclosed:

As at 31 December 2025

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Interest-bearing bank borrowings	–	197,605	–	197,605

As at 31 December 2024

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Interest-bearing bank borrowings	–	128,683	–	128,683

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and bank balances, trade receivables, and financial assets included in prepayments, other receivables and other assets. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various financial assets and liabilities such as trade receivables, trade payables, financial assets included in prepayments, other receivables and other assets and financial liabilities included in other payables and accruals, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's bank borrowings with a floating interest rate.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in interest rates, with all other variables held constant, of the Group's loss before tax (through the impact on floating rate borrowings) and the Group's equity (excluding retained profits):

	Increase/ (decrease) in basis points	Increase/ (decrease) in loss before tax RMB'000	Increase/ (decrease) in equity RMB'000
31 December 2025			
RMB-denominated borrowings	**50**	**(2,513)**	**(2,136)**
RMB-denominated borrowings	**(50)**	**2,513**	**2,136**
31 December 2024			
RMB-denominated borrowings	50	(2,258)	(1,919)
RMB-denominated borrowings	(50)	2,258	1,919

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from the Company's cash and cash equivalents in currencies other than the Company's functional currency, i.e., HKD and USD.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in foreign currency exchange rates, with all other variables held constant, of Group's loss before tax and the Group's equity.

	Increase/ (decrease) in RMB rate	**Increase/ (decrease) in loss before tax/equity**
	%	RMB'000
2025		
If the RMB weakens against the USD	**5**	**3,816**
If the RMB strengthens against the USD	**(5)**	**(3,816)**
If the RMB weakens against the HKD	**5**	**43,305**
If the RMB strengthens against the HKD	**(5)**	**(43,305)**
2024		
If the RMB weakens against the USD	5	3,788
If the RMB strengthens against the USD	(5)	(3,788)
If the RMB weakens against the HKD	5	-
If the RMB strengthens against the HKD	(5)	-

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

The credit risk of the Group's financial assets, which comprise cash and cash equivalents, restricted cash, trade receivables, and financial assets included in prepayments, other receivables and other assets, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (Continued)

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at the end of each reporting period.

The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2025

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Trade receivables*	–	–	–	98	98
Financial assets included in prepayments, other receivables and other assets – normal**	1,333	–	–	–	1,333
Cash and bank balances – not yet past due	1,329,223	–	–	–	1,329,223
Total	1,330,556	–	–	98	1,330,654

As at 31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Trade receivables*	–	–	–	141	141
Financial assets included in prepayments, other receivables and other assets – normal**	1,176	–	–	–	1,176
Cash and bank balances – not yet past due	609,358	–	–	–	609,358
Total	610,534	–	–	141	610,675

* For trade receivables to which the Group applies the simplified approach for impairment, information is disclosed in note 19 to the financial statements.

** The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (Continued)

Maximum exposure and year-end staging (Continued)

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 19 to the financial statements.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customer/counterparty, by geographical region and by industry sector. There is concentration in credit risk as the balances are with a few counterparties. Except for cash and bank balances, the other balances are not material.

Liquidity risk

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management of the Group to finance the operations and mitigate the effects of fluctuations in cash flows.

The maturity profile of the Group's financial liabilities and lease liabilities as at the end of each reporting period, based on the contractual undiscounted payments, is as follows:

	As at 31 December 2025			
	Less than 1 year or on demand RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Lease liabilities	1,662	998	–	2,660
Financial liabilities included in other payables and accruals	77,354	–	–	77,354
Trade payables	8	–	–	8
Interest-bearing bank borrowings	115,933	160,461	57,049	333,443
Total	194,957	161,459	57,049	413,465

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk (Continued)

	As at 31 December 2024			
	Less than 1 year or on demand RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Lease liabilities	1,650	1,888	–	3,538
Financial liabilities included in other payables and accruals	45,124	–	–	45,124
Interest-bearing bank borrowings	73,568	110,478	31,790	215,836
Total	120,342	112,366	31,790	264,498

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the reporting period.

The Group monitors capital using a gearing ratio, which is total debt divided by the total assets. Total debt includes current liabilities and non-current liabilities. Total assets include current assets and non-current assets.

The gearing ratios as at the end of the reporting periods are as follows:

	2025 RMB'000	2024 RMB'000
Total debt	**625,005**	367,391
Total assets	**2,216,979**	1,363,267
Gearing ratio	**28.19%**	26.95%

37. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2025 RMB'000	2024 RMB'000
NON-CURRENT ASSETS		
Property, plant and equipment	**665,282**	603,908
Right-of-use assets	**51,909**	52,881
Other intangible assets	**10,321**	10,659
Investment in an associate	**10,814**	7,828
Investments in subsidiaries	**564,636**	527,536
Prepayments, other receivables and other assets	**139,259**	26,771
Total non-current assets	**1,442,221**	1,229,583
CURRENT ASSETS		
Inventories	**4,769**	4,205
Trade receivables	**502**	141
Prepayments, other receivables and other assets	**95,998**	159,366
Restricted deposits	**81,000**	78,700
Cash and cash equivalents	**1,163,664**	410,620
Total current assets	**1,345,933**	653,032
CURRENT LIABILITIES		
Other payables and accruals	**128,069**	70,755
Interest-bearing bank borrowings	**113,958**	69,565
Deferred income	**4,587**	–
Lease liabilities	**458**	541
Total current liabilities	**247,072**	140,861
NET CURRENT LIABILITIES	**1,098,861**	512,171
TOTAL ASSETS LESS CURRENT LIABILITIES	**2,541,082**	1,741,754
NON-CURRENT LIABILITIES		
Interest-bearing bank borrowings	**198,451**	132,290
Lease liabilities	**444**	277
Deferred income	**87,923**	30,030
Total non-current liabilities	**286,818**	162,597
Net assets	**2,254,264**	1,579,157

37. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

	2025 RMB'000	2024 RMB'000
EQUITY		
Share capital	**65,196**	57,259
Reserves (note)	**2,189,068**	1,521,898
Total equity	**2,254,264**	1,579,157

Note:

A summary of the Company's reserves is as follows:

	Share premium RMB'000	Share-based payment reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
Balance at 1 January 2024	1,253,098	–	(73,244)	1,179,854
Loss and total comprehensive loss for the year	–	–	(263,926)	(263,926)
Capital injection	452,818	–	–	452,818
Equity-settled share-based payment expense	–	153,152	–	153,152
At 31 December 2024 and 1 January 2025	1,705,916	153,152	(337,170)	1,521,898
Loss and total comprehensive loss for the year	–	–	(316,391)	(316,391)
Total comprehensive loss for the year	–	–	(316,391)	(316,391)
Issue of shares from IPO	901,799	–	–	901,799
Share issue expenses	(44,769)	–	–	(44,769)
Capital injection	29,645	–	–	29,645
Equity-settled share-based payment expense	–	96,886	–	96,886
Exercise of restricted share units	199,110	(199,110)	–	–
At 31 December 2025	2,791,701	50,928	(653,561)	2,189,068

38. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 26 March 2026.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last three financial years*, as extracted from the audited financial information and financial statements, is set out below.

	For the year ended December 31,		
	2025	2024	2023
	RMB'000	RMB'000	RMB'000
Revenue	**49,156**	6,160	6,930
Other income and gains	**16,976**	7,604	17,597
Research and development expenses	**(248,243)**	(250,727)	(132,545)
Business development expenses	**(6,621)**	(7,908)	(1,227)
Administrative expenses	**(104,615)**	(107,636)	(46,351)
Listing expenses	**(25,193)**	(5,566)	–
Finance costs	**(5,974)**	(4,556)	(3,655)
Other expenses	**(65,145)**	(78)	(81)
Share of loss of an associate	**(238)**	(609)	(915)
Loss before tax	**(395,302)**	(364,456)	(160,396)
Income tax credit	**–**	23	1
Loss for the year	**(395,302)**	(364,433)	(160,395)

	As of December 31,		
	2025	2024	2023
	RMB'000	RMB'000	RMB'000
Non-current assets	**853,823**	697,687	607,735
Current assets	**1,363,156**	665,580	366,145
Current liabilities	**330,652**	196,231	146,821
Net current assets	**1,032,504**	469,349	219,324
Total assets less current liabilities	**1,886,327**	1,167,036	827,059
Non-current liabilities	**294,353**	171,160	77,933
Net assets	**1,591,974**	995,876	749,126

* The H Shares of the Company were listed on the Main Board of the Stock Exchange under Chapter 18A of the Listing Rules on December 10, 2025.

DEFINITIONS AND GLOSSARY

In this annual report, unless the context otherwise requires, the following expressions shall have the following meanings.

"Accountants' Report"	the accountants' report of our Company
"affiliate(s)"	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"AIC Agreement"	an acting-in-concert agreement dated March 10, 2021, entered into by and amongst Dr. Liu, Ms. Wang and Mr. Tan
"Annual Results Announcement"	the annual results announcement for the year ended December 31, 2025 of the Company dated March 26, 2025
"Articles of Association" or "Articles"	the articles of association of our Company adopted by special resolution on January 21, 2025 with effect from the Listing Date, as amended, supplemented or otherwise modified from time to time
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Audit Committee"	the audit committee of our Board
"Board"	the board of directors of the Company
"Center Lab"	a limited liability company incorporated in Hong Kong and is wholly owned by Center Laboratories, one of our Substantial Shareholders
"Center Laboratories"	Center Laboratories, Inc. (晟德大藥廠股份有限公司), a joint stock limited liability company incorporated in Taiwan in 1959 (TWO: 4123)
"CG Code"	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
"China" or the "PRC"	the People's Republic of China, but for the purpose of this annual report and for geographical reference only, references herein to "China" and the "PRC" do not apply to Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time

DEFINITIONS AND GLOSSARY

"Core Product(s)"	has the meaning ascribed thereto in Chapter 18A of the Listing Rules and is the product for the purpose of satisfying the eligibility requirements under Chapter 18A of the Listing Rules and Chapter 2.3 of the Guide for New Listing Applicants; for the purpose of this annual report, our Core Products refer to KJ017, KJ103, and SJ02
"Company," "our Company," or "the Company"	Shanghai Bao Pharmaceuticals Co., Ltd. (上海寶濟藥業股份有限公司), a joint stock company incorporated in the PRC with limited liability on July 26, 2023, or, where the context requires (as the case may be), its predecessor, Shanghai Bao Pharmaceuticals Co., Ltd. (上海寶濟藥業有限公司), a limited liability company established under the laws of the PRC on December 16, 2019
"Concert Party(ies)"	Dr. Liu, Ms. Wang and Mr. Tan
"Controlling Shareholders"	has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires, refers to Dr. Liu, Ms. Wang, Mr. Tan and the Share Incentive Platforms
"Corresponding Period"	for the year ended December 31, 2024
"Director(s)"	the director(s) of our Company
"Dr. Liu"	Dr. Liu Yanjun (劉彥君), the co-founder of the Group, an executive Director, chairman of the Board and one of our Controlling Shareholders
"Group," "our Group," "we," "us," or "our"	our Company and our subsidiaries from time to time, or any one of them as the context may require or, where the context refers to any time prior to its incorporation, the business which its predecessors or the predecessors of its present subsidiaries, or any one of them as the context may require, were or was engaged in and which were subsequently assumed by it
"H Share(s)"	ordinary share(s) in the share capital of our Company, with a nominal value of RMB0.20 each, which will be subscribed for and traded in Hong Kong dollars and listed on the Stock Exchange
"HK$" or "HKD"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Stock Exchange" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited
"IFRS"	International Financial Reporting Standards

"IND"	investigational new drug or investigational new drug application, also known as clinical trial application in China
"Independent Third Party"	a person or entity who is not a connected person of our Company under the Listing Rules
"Listing"	the listing of the H Shares on the Main Board of the Stock Exchange
"Listing Date"	December 10, 2025
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules
"Mr. Tan"	Mr. Tan Jingwei (譚靖偉), an executive Director, director of internal control of the Company and one of the Controlling Shareholders
"Ms. Wang"	Ms. Wang Zheng (王徵), the co-founder of the Group, an executive Director and Chief Executive Officer of the Company and one of the Controlling Shareholders
"Ningbo Hongsheng"	Ningbo Hongsheng Enterprise Management Partnership (Limited Partnership) (寧波鴻晟企業管理合夥企業(有限合夥)), a limited liability partnership established in the PRC on December 8, 2020, one of our Share Incentive Platforms
"NMPA"	the National Medical Products Administration of the PRC (國家藥品監督管理局), successor to the China Food and Drug Administration or CFDA (國家食品藥品監督管理總局)
"Nomination Committee"	the nomination committee of our Board
"Pre-IPO Share Incentive Plans"	the pre-IPO share incentive plans of our Company adopted on August 16, 2023
"Remuneration Committee"	the remuneration committee of our Board
"Reporting Period"	the year ended December 31, 2025
"RMB" or "Renminbi"	the lawful currency of the PRC

DEFINITIONS AND GLOSSARY

"Shanghai Luojun"	Shanghai Luojun Management Consulting Partnership (Limited Partnership) (上海羅君管理諮詢合夥企業(有限合夥)), a limited liability partnership established in the PRC on August 9, 2023, one of our Share Incentive Platforms
"Shanghai Luoxu"	Shanghai Luoxu Management Consulting Partnership (Limited Partnership) (上海羅旭管理諮詢合夥企業(有限合夥)), a limited liability partnership established in the PRC on September 2, 2020, one of our Share Incentive Platforms
"Share(s)"	ordinary share(s) in the share capital of our Company with a nominal value of RMB0.20 each upon the completion of the Share Subdivision, comprising Unlisted Share(s) and H Share(s); before the completion of the Share Subdivision, ordinary share(s) in the share capital of our Company with a nominal value of RMB1.00 each
"Share Incentive Platforms"	Shanghai Luojun, Shanghai Luoxu and Ningbo Hongsheng, or any one of them as the context may require
"Share Subdivision"	the Share Subdivision immediately prior to the Listing, pursuant to which each of our Share with par value of RMB1.00 will be subdivided into five Shares with par value of RMB0.20 each
"Shareholder(s)"	shareholder(s) of the Company
"Supervisor(s)"	member(s) of our Supervisory Committee
"Supervisory Committee"	the supervisory committee of our Company
"treasury shares"	has the meaning as defined under the Listing Rules
"Unlisted Shares"	ordinary share(s) issued by our Company with a nominal value of RMB0.2 each which is/are not listed on any stock exchange
"U.S." or "United States"	the United States of America, its territories and possessions, any State of the United States, and the District of Columbia
"U.S. dollar" or "US$"	United States dollar, the lawful currency of the United States
"%"	per cent