康龙化成
PHARMARON

Pharmaron Beijing Co., Ltd.

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

Stock Code: 3759

2025 ANNUAL REPORT

PREMIER R&D SERVICE PROVIDER FOR THE LIFE SCIENCES INDUSTRY

About Pharmaron

Pharmaron (Stock Code: 300759.SZ/3759.HK) is a premier R&D service provider for the life sciences industry. Founded in 2004, Pharmaron has invested in its people and facilities and established a broad spectrum of research, development and manufacturing service capabilities throughout the entire drug discovery, preclinical and clinical development process across multiple therapeutic modalities, including small molecules, biologics and CGT products. With over 25,000 employees, and operations in China, U.S., and U.K., Pharmaron has an excellent track record in the delivery of R&D solutions to its partners in North America, Europe, Japan and China.

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Corporate Information

EXECUTIVE DIRECTORS

Dr. LOU Boliang (樓柏良) *(Chairman)*
Mr. LOU Xiaoqiang (樓小強)
Ms. ZHENG Bei (鄭北)

EMPLOYEE REPRESENTATIVE DIRECTOR

Mr. LI Shing Chung Gilbert (李承宗)
(appointed on December 18, 2025)

NON-EXECUTIVE DIRECTORS

Mr. HU Baifeng (胡柏風) *(ceased on June 20, 2025)*
Ms. WAN Xuan (萬璇) *(appointed on June 20, 2025)*
Mr. LI Jiaqing (李家慶)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. LI Lihua (李麗華)
Mr. TSANG Kwan Hung Benson (曾坤鴻)
(ceased on December 18, 2025)
Mr. YU Jian (余堅)
Prof. TSANG King Fung (曾勁峰)
(appointed on December 18, 2025)

SUPERVISORS

Dr. YANG Kexin (楊珂新) *(Chairperson)*
(ceased on December 18, 2025)
Ms. FENG Shu (馮書) *(ceased on December 18, 2025)*
Ms. ZHANG Lan (張嵐)
(ceased on December 18, 2025)

AUDIT COMMITTEE

Mr. YU Jian (余堅) *(Chairperson)*
Mr. TSANG Kwan Hung Benson (曾坤鴻)
(ceased on December 18, 2025)
Ms. LI Lihua (李麗華)
Prof. TSANG King Fung (曾勁峰)
(appointed on December 18, 2025)

REMUNERATION AND APPRAISAL COMMITTEE

Ms. LI Lihua (李麗華) *(Chairperson)*
Dr. LOU Boliang (樓柏良)
Mr. LOU Xiaoqiang (樓小強)
Mr. TSANG Kwan Hung Benson (曾坤鴻)
(ceased on December 18, 2025)
Mr. YU Jian (余堅)
Prof. TSANG King Fung (曾勁峰)
(appointed on December 18, 2025)

NOMINATION COMMITTEE

Ms. LI Lihua (李麗華) *(Chairperson)*
Dr. LOU Boliang (樓柏良)
Ms. ZHENG Bei (鄭北)
Mr. TSANG Kwan Hung Benson (曾坤鴻)
(ceased on December 18, 2025)
Mr. YU Jian (余堅)
Prof. TSANG King Fung (曾勁峰)
(appointed on December 18, 2025)

STRATEGY COMMITTEE

Dr. LOU Boliang (樓柏良) *(Chairperson)*
Mr. LOU Xiaoqiang (樓小強)
Mr. HU Baifeng (胡柏風) *(ceased on June 20, 2025)*
Mr. LI Jiaqing (李家慶)
Ms. WAN Xuan (萬璇) *(appointed on June 20, 2025)*

COMPANY SECRETARY

Mr. YIM Lok Kwan (嚴洛鈞)
(ceased on March 30, 2026)
Ms. Mak Po Man Cherie (麥寶文)
(appointed on March 30, 2026)

AUTHORIZED REPRESENTATIVES

Mr. LOU Xiaoqiang (樓小強)
Mr. YIM Lok Kwan (嚴洛鈞)
(ceased on March 30, 2026)
Ms. Mak Po Man Cherie (麥寶文)
(appointed on March 30, 2026)

AUDITOR

Ernst & Young

27/F, One Taikoo Place
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As to PRC law:
Zhong Lun Law Firm

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PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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TRICOR INVESTOR SERVICES LIMITED
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STOCK CODE

3759. HK/300759.SZ

COMPANY WEBSITE

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Chairman's Statement

Dear Shareholders:

On behalf of the Board of Directors of Pharmaron and its subsidiaries (collectively, the "Company"), I would like to express my sincere gratitude for your trust and support. Let me present to you the business performance results of the Company for the year ended December 31, 2025.

2025 was an uncommon year for the biopharmaceutical industry. The year was dominated by escalating geopolitical tensions worldwide, global economic development uncertainties and low investment and financing in the biopharmaceutical sector. Amidist the competition in the complex global market, the Company remained steadfast in implementing its core strategy of developing an "End-to-end, Fully integrated, Globalized, and Multiple Modalities Capable" service platform with global footprints. Guided by customer needs, the Company actively leveraged the synergies of its integrated platform and overcame various challenges, achieving steady growth and further enhancing its capabilities. On behalf of Board of Directors of the Company, I would like to briefly summarize and review the performance and work approach in 2025.

I. DEEPLY ENGAGED IN THE INDUSTRY'S TRANSFORMATION AND CONFRONTED WITH DIVERSE CHALLENGES, CONTRIBUTING TO GLOBAL PHARMACEUTICAL INNOVATION

In 2025, we forged ahead with determination as we were deeply engaged in the industry's transformation and confronted with diverse challenges. Guided by the strategies established at the beginning of the year, we elaborated our work. These included reinforcing our 'Customer Centric' corporate culture, enhancing collaboration and synergy across multi-therapeutic platforms, accelerating the development of late-stage and commercial manufacturing capabilities for small molecule CDMO services, expanding new modality services, further breaking down geographical barriers and strengthening compliance management. The overall business maintained a steady and sustained growth momentum. In 2025, the Company realized revenue of RMB14,095.1 million, with a year-on-year growth of 14.8%. Non-IFRSs adjusted net profit attributable to owners of the parent reached RMB1,816.1 million, with a year-on-year growth of 13.0%. The Company obtained the profit attributable to the owners of the parent of RMB1,663.9 million, with a year-on-year decrease of 7.2%, mainly due to the impact of investment income generated from the disposal of equity interests in PROTEOLOGIX, INC. in the same period of last year. Net cash flows generated from operating activities of the Company were RMB3,221.0 million, a year-on-year increase of 25.0%. After deducting the capital expenditures allocated to support its business growth, the Company's free cash flow was RMB552.0 million.

II. FOCUSING ON CORE BUSINESS WHILE FURTHER ENHANCING OUR STRENGTHS

1. Staying committed to our strategy while strengthening our competitive advantages

We remained steadfast in implementing our strategy of developing an "End-to-end, Fully-integrated, Globalized, and Multiple Modalities Capable" service platform with global footprints. Through our deep commitment to global and China innovative drug R&D markets, extensive service experience, state-of-the-art facilities, leading technical expertise and know-how, and an international standard quality system, we effectively met the diverse customer needs across different R&D stages. In 2025, our laboratory services team participated in 887 drug discovery projects for global innovative drug R&D. In CMC (small molecule CDMO) services, we supported 1,102 molecules or intermediates, including 34 projects in process validation and commercialization stage, 47 projects in Phase III clinical trials, 271 projects in Phase I-II clinical trials, and 750 projects in preclinical stage. Clinical CRO team provided services to 1,397 ongoing projects, including 125 projects in Phase III clinical trials, 539 projects in Phase I/II clinical trials, and 733 other clinical trial projects (including Phase IV clinical trials, investigator-initiated trials and real-world evidence trials). The Company's clinical research site management services team provided services to over 1,900 ongoing projects. Its CRC team covered nearly 700 hospitals and clinical trial centers in over 150 cities in China for clinical research site management services. In Biologics and CGT services, the Company provided analytical release testing services to 25 CGT products at various stages, including 2 potency assays for commercial manufacture and 14 potency assays for clinical studies. In terms of gene therapy CDMO services, we had 19 projects across different service offerings and R&D stages, including 1 Phase III project, 9 Phase I/II projects. The Company served more than 3,300 global customers, had extensive technical cooperation with clients and made joint publications from research results, including 58 articles published in peer-reviewed international scientific journals, such as *J. Med. Chem.*, *Nat. Chem.* and *OPR&D*, 30 granted or submitted domestic and international patent applications (15 of which Pharmaron invented and owns the IP rights, and 15 IP rights owned by our clients with Pharmaron scientists as coinventors) in 2025.

2. Achieving significant progress in commercial manufacturing services

We made significant progress in API/RSM late-stage and commercial production services. Following the first pre-approval inspection (PAI) conducted by the U.S. Food and Drug Administration (FDA) at our API production facility in Ningbo in 2024, our Shaoxing API facility successfully completed an FDA PAI in June 2025. We will continue to advance capacity expansion at Shaoxing Campus II to enhance our service capabilities for late-stage and commercial productions. With the unique competitive advantage of the "China, the U.K. and the U.S." hybrid model, the number of later-stage and commercial CDMO projects has increased significantly. In drug product manufacturing services, building upon two NMPA-approved commercial projects, our commercial formulation production facility in Beijing began operation, and successfully secured production orders from a major multinational pharmaceutical company, marking a new stage of development for our formulation business. As the formulation business matures, we expect the China and Singapore formulation operations to create significant synergies.

3. Further strengthening the competitive advantages of our full integrated service platform

The fully integrated service platform that throughout the entire process of drug discovery, development and production has always been one of our core strengths. In 2025, we strategically and proactively deployed and developed new technologies, adopting more automation technologies and AI tools across drug discovery, development and manufacturing services. We continued to enhance project management and global operations, promoting cross-site, cross-region, cross-department, and cross-discipline collaborations, seamlessly integrating across all stages from research and development to commercialization. Additionally, through the acquisition of a leading structural biology CRO, we filled critical technological gaps in our drug discovery services. Meanwhile, we deepened our end-to-end healthcare services strategy by acquiring a leading AI patient management platform that connects "Cancer patients – Physicians & Hospitals – Out-of-Hospital Support".

4. Strengthening new modalities service capabilities

We have made significant progress in new drug modalities services, including ADC, complex peptides, and oligonucleotides. In laboratory services, we strengthened our capabilities and achieved rapid growth in number of projects and revenue. In CDMO services, we further enhanced the integrated service capacity for new modalities. Among them, the GMP bioconjugation facility for early-stage clinical trial material production has been completed, enabling the Company to provide integrated ADC manufacturing services for Phase I/II clinical trial supplies. Meanwhile, the Company is further strengthening its bioconjugation and ADC formulation capabilities, aiming to offer customers end-to-end ADC drugs services from development to commercial production. For complex peptides, in addition to the existing GMP pilot plant, a larger-scale solid-phase synthesis workshop for peptide APIs is under construction and is expected to commence operation in 2026.

III. INVESTING IN EMERGING TECHNOLOGIES AND INNOVATION TO FUEL LONG-TERM DEVELOPMENT

1. Embracing technology and AI era

Since its founding, the Company had always prioritized technology and innovation as the driving force behind its growth. Through internal R&D, collaboration with customers, partnerships with specialized companies or academic institutions, as well as acquisitions, we continued to bring in and develop new technologies. This approach not only sustained our competitiveness but also enabled us to provide global customers with flexible, efficient, and cost-effective integrated solutions for innovative drug R&D.

We made significant investments in automation and artificial intelligence (AI) technologies to further strengthen our service capabilities. In preclinical R&D services, we aimed to deliver compounds with greater efficiency and reduced manual intervention, and had achieved initial progress. In addition, we continued to promote the application of AI technologies, deeply integrating AI into synthesis route design, such as automated synthesis technologies to conduct multi-step chemical reactions, drug discovery, mechanism of action studies, toxicity prediction and data processing. By synergizing AI with automation, we increased experimental throughput, enhanced service efficiency, and minimized operational errors, thereby providing customers with faster, more accurate, and more reliable R&D data. In clinical development services, we comprehensively promoted the application of digital technologies and AI tools across multiple business units. In terms of deepening our end-to-end healthcare service platform, we acquired Aistarfish Technology, aiming to enhance the efficiency of innovative drug R&D processes for our customers and post-market research efforts.

We applied advanced technologies to put green chemistry into practice. In laboratory chemistry, we promoted the use of green technologies such as flow chemistry, photochemistry, and electrochemistry, efficiently delivering innovative molecules to global customers. In small molecule CDMO, we increased investment in end-to-end continuous flow synthesis, continuous hydrogenation, continuous ozonation, biocatalysis, electrochemistry, photochemistry and high-throughput experimentation, resulting in significant year-over-year growth in both project volume and total material throughput. Through concrete actions and technological strengths, we remained committed to advancing green chemistry.

2. Strengthening academic and innovation capabilities, nurturing young talents and core professionals

In 2025, we continued to foster a culture of knowledge and experience sharing across the organization. On one hand, through our comprehensive "Learn at Pharmaron" platform – featuring internal academic seminars, "Reaction of the Day" and "BIO of the Day", and Pharmaron College – we actively promoted internal knowledge exchange. Over the year, we successfully held more than 100 internal academic seminars. "Reaction of the Day" and "BIO of the Day" were delivered to chemistry and biology teams via TV displays, WeChat Official Accounts, and internal databases, ensuring full accessibility for all employees. These efforts effectively cultivated a strong atmosphere of academic learning and scientific innovation. On the other hand, we vigorously encouraged innovation practices. By establishing awards such as the "ROD Application Award" and "Chemist Star", we motivated our employees to adopt new technologies. Additionally, through regular symposiums, virtual lectures, and sponsorships for young talents to attend academic summits, we enabled our scientists to engage with distinguished industry experts and renowned scholars. In doing so, we not only stayed abreast of cutting-edge academic developments but also nurtured a forward-looking, dynamic pool of reserve talent with a global perspective.

Evolving healthcare needs and technological innovation will continue to drive steady growth in the healthcare industry. Looking forward to 2026, guided by our long-term goals and core strategy, we will maintain strategic focus and stay committed to our core businesses to support our partners' success in discovery, development and commercialization of innovative medicines. We will rise to challenges, forge ahead with determination, create long-term value for our shareholders, and advance healthcare innovation worldwide.

On behalf of the Board of Directors and our hardworking employees, I would like to express my sincere appreciation to our shareholders who have trusted and supported us!

Pharmaron Beijing Co., Ltd.
Dr. Lou Boliang
Chairman and Chief Executive Officer
March 30, 2026

Financial Highlights

	Year ended December 31,		
	2025	2024	Change
	RMB'000	RMB'000	%
Revenue	**14,095,079**	12,275,775	14.8
Gross profit	**4,857,334**	4,149,255	17.1
Profit attributable to owners of the parent	**1,663,899**	1,793,351	(7.2)
Non-IFRSs adjusted net profit attributable to owners of the parent	**1,816,129**	1,606,852	13.0
Net cash flows generated from operating activities	**3,221,047**	2,576,656	25.0

- During the Reporting Period, the Group recorded aggregate revenue of approximately RMB14,095.1 million, representing an increase of approximately RMB1,819.3 million, or 14.8%, as compared to the year ended December 31, 2024.

- During the Reporting Period, the profit attributable to owners of the parent was approximately RMB1,663.9 million, representing a decrease of approximately 7.2% as compared to the year ended December 31, 2024, mainly due to the impact of investment income generated from the disposal of equity interests in PROTEOLOGIX, INC. in the same period of last year.

- During the Reporting Period, the net cash flows generated from operating activities was approximately RMB3,221.0 million, representing an increase of approximately 25.0% as compared to the year ended December 31, 2024.

- The Board proposed to declare a final dividend of RMB2.0 (inclusive of tax) per 10 shares or an aggregate of approximately RMB366.0 million (based on the 1,830,020,328 shares outstanding of the Company as of the date of this report) for the year ended December 31, 2025.

Financial Summary

	2021 RMB'000	2022 RMB'000	2023 RMB'000	2024 RMB'000	**2025 RMB'000**
Operating results					
Revenue	7,443,770	10,266,288	11,537,996	12,275,775	**14,095,079**
Gross profit	2,672,044	3,749,276	4,094,820	4,149,255	**4,857,334**
Profit for the year	1,620,077	1,352,137	1,581,781	1,714,159	**1,555,186**
Profit attributable to owners of the parent	1,661,029	1,374,604	1,601,096	1,793,351	**1,663,899**
Profitability					
Gross profit margin	35.9%	36.5%	35.5%	33.8%	**34.5%**
Profit margin for the year	21.8%	13.2%	13.7%	14.0%	**11.0%**
Earnings per share (RMB)					
Earnings per share – Basic	0.9325	0.7750	0.9033	1.0133	**0.9443**
Earnings per share – Diluted	0.9127	0.7739	0.9019	1.0113	**0.9393**

	2021 RMB'000	2022 RMB'000	2023 RMB'000	2024 RMB'000	**2025 RMB'000**
Total assets	18,389,124	20,492,557	26,476,713	23,927,399	**27,093,783**
Total liabilities	8,093,817	9,652,689	13,238,667	9,704,526	**11,355,248**
Non-controlling interests	166,066	291,252	681,249	603,538	**674,376**
Equity attributable to owners of the parent	10,129,241	10,548,616	12,556,797	13,619,335	**15,064,159**
Gearing ratio	44.0%	47.1%	50.0%	40.6%	**41.9%**

SUPPORTING OUR PARTNERS' SUCCESS IN DISCOVERY, DEVELOPMENT AND COMMERCIALIZATION OF INNOVATIVE MEDICINES

3M 9042

STATE-OF-THE-ART FACILITIES LOCATED IN CHINA, UK, US AND SINGAPORE

FACILITIES IN CHINA

Beijing Headquarters

Beijing Campus II

Beijing Campus III

Beijing TSP

FACILITIES IN CHINA

Ningbo Campus I

Ningbo Campus II

Ningbo Campus III

Ningbo Campus IV

Shaoxing

Tianjin

Qingdao

Xi'an

Nanjing

Hangzhou

Shanghai

Wuxi & Jiangyin

FACILITIES IN UNITED KINGDOM

Hoddesdon

Cramlington

Cardiff

Rushden

Liverpool

FACILITIES IN UNITED STATES

Coventry, RI

Baltimore, MD

Germantown, MD

Exton, PA

San Diego, CA

Boston, MA

FACILITIES IN SINGAPORE

Singapore

Management Discussion and Analysis

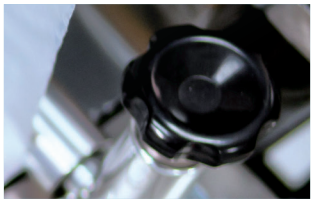
A. BUSINESS REVIEW

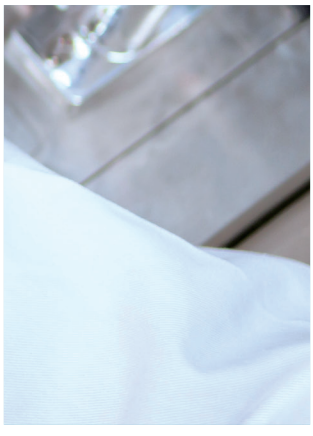
1. Principal Business

The Company is a leading fully-integrated pharmaceutical R&D services platform with global operations to accelerate drug innovation for our customers, providing fully-integrated drug research, development and manufacturing services throughout the research and development cycle. The Company has 28 R&D centers and manufacturing facilities across China, the U.K., the U.S. and Singapore, and keeps strengthening the integration of its service offerings both vertically and horizontally, continuously investing in building new service capabilities and improving management efficiency to meet the needs of the market and customers. Vertically, the Company is strengthening the seamless integration of the same discipline across different pharmaceutical R&D stages. Horizontally, the Company is strengthening the integration of different disciplines at the same pharmaceutical R&D stages, improving the science and technology of each discipline, expanding the service offerings, and promoting the interdisciplinary collaborations. The Company has built a fully-integrated service platform for small molecule drugs, biologics and CGT products, and is committed to becoming a global leader in pharmaceutical R&D services across multiple therapeutic modalities. In addition, the Company will further develop the global footprints of its service platform to provide customers with interdisciplinary and global service solutions, making full use of the Company's global scientific research talent network and meet customers' regional strategic needs.

2. Operating Models

Our principal business is categorized into four business segments: laboratory services, CMC (small molecule CDMO) services, clinical development services, and Biologics and CGT services, mainly covering the following services:





(1) Laboratory services

Laboratory services of the Company include laboratory chemistry and bioscience services, covering small molecule drugs, oligonucleotides, peptides, antibodies, antibody-drug conjugates (ADC) and CGT products, etc.

Laboratory chemistry is the root of our business, making it the core in the development of the Company. Laboratory chemistry services include medicinal chemistry, synthetic chemistry, chemistry for new modalities, analytical and purification chemistry, and computer-aided drug design (CADD). Laboratory chemistry provides customers with chemistry services such as design and synthesis of compound library, discovery of hit and lead compounds, design and/or synthesis and optimization of lead compounds, synthesis of new modalities (nucleosides/nucleotides, lipids, saccharides, peptides, and conjugates), and chiral and non-chiral separation and purification.

Bioscience services include *in vitro* and *in vivo* DMPK/ADME, *in vitro* biology and *in vivo* pharmacology, safety assessment and other services. Bioscience services provide customers with drug discovery services such as target validation, structural biology, structure activity relationship studies, candidate compound identification, and druggability studies.

(2) CMC (small molecule CDMO) services

Our experienced CMC (small molecule CDMO) services team offers customers process development and manufacturing, material science/pre-formulation, formulation development and manufacturing, and analytical development services, covering a broad range of products including small molecule drugs, oligonucleotides, peptides, linkers and payloads. The process development and manufacturing team provides such services as discovery and development of efficient and green synthetic routes, optimization of existing synthetic routes, and process scale-up to support preclinical and other stages of clinical development and commercial manufacturing needs; the material science/pre-formulation team provides services for crystal screening, process development, and early formulation development; the formulation development team designs, modifies, and prepares oral formulations to satisfy preclinical, clinical, and commercial needs; and the analytical development team provides comprehensive analytical support for process development and manufacturing of APIs and pharmaceutical products.

The CMC (small molecule CDMO) services of the Company mainly provide pharmaceutical companies with chemical and formulation process development and manufacturing services with capabilities and capacities to cover the needs in all clinical and commercial stages. The cGMP API and drug product manufacturing facilities of the Company have had the qualification to manufacture products to support clinical trials in global markets, including U.S., China and EU. Our quality assurance system follows the guidelines of the International Conference on Harmonization of Technical Requirements for Registration of Pharmaceuticals for Human Use (ICH Guidelines) and supports the development and manufacture of APIs and pharmaceuticals meeting the regulatory requirements from FDA, NMPA and EMA, and can also support the preparation of complete regulatory data packages and documentation for regulatory filings and cGMP audits in U.S., EU, and Asia.

(3) Clinical development services

Our clinical development services include overseas and domestic clinical development services.

The overseas clinical development services include radio-labelled science services and early stage clinical trial services. The radio-labelled science services of the Company help customers synthesize ^{14}C and tritium ^{3}H radio-labelled compounds and use for DMPK/ADME studies of various compounds in human, so as to accelerate their clinical development process. Through the independent early clinical R&D center with 96 beds in Maryland, U.S., the Company provides customers with clinical research services including comprehensive FIH studies, vaccine development/infectious challenge studies, comprehensive ^{14}C drug absorption, distribution and excretion trial, TQT/cardiac safety, and cross-ethnic bridging studies. The Company strengthened its clinical operations, biostatistics, pharmacovigilance, and FDA regulatory submission services in the U.S.. These efforts will better assist Chinese customers in developing their products overseas and overseas customers in developing their products in China.

Domestic clinical development services include clinical research services and site management services, covering different service needs of clinical research. Among which, clinical research services mainly include: regulatory affairs and product registration, medical affairs, medical monitoring, clinical operations, data management and biostatistics, bioanalysis, pharmacovigilance, quantitative pharmacology, etc.; site management services include CRC services, hospital research and selection, SSU (Study Start Up) rapid start-up, healthy and patient volunteer recruitment and management, quality assurance and its training, post-marketing studies, etc. The Company comprehensively promoted the application of digital technologies and AI tools across multiple business units, including site management, clinical operations, regulatory affairs, medical affairs, data management, biostatistics, pharmacovigilance, medical device R&D, and patient management, to enhance the quality and efficiency of its clinical services, as well as its digital products development and delivery capabilities.

The Company's bioanalytical platforms in China and U.S. are able to support the bioanalysis of clinical trials of small molecules and biologics around the world. In addition, with the collaboration among the domestic and overseas clinical development services and the preclinical service offerings, it allows the Company to simultaneously submit IND applications for customers' drug candidates to regulatory agencies in China, U.S. and EU.

(4) Biologics and CGT services

Biologics and CGT services include biologics discovery, development and manufacturing services (CDMO), CGT lab services and Gene Therapy CDMO services.

Biologics discovery services include biologics plasmid design, cell screening, target biologics expression and purification, analytical method development, and analysis of products, primarily serving various needs for cells and proteins, including mAbs, at the early stage of research and development.

Biologics development and manufacturing services (CDMO) provide customers with development services include cell line development, upstream and downstream process development, formulation development and fill-and-finish process development, supported by analytics with method development, as well as drug substance and product manufacturing services armed with 200L to 2,000L production capacity to support projects from pilot to commercial stage production.

Biologics and CGT lab services include analytical method development and validation for various proteins, cells, and DNA and RNA products. The analytical platform also provides services in evaluation of activity, toxicity, tissue distribution and viral shedding, as well as quantitative analysis of gene and cell products, in compliance with GLP/GCP/GMP regulations during the preclinical and clinical development and marketing stages. In addition, the Company's U.S. laboratory services provide customers with discovery and development services in biologics, CGT products and medical devices in the areas of ophthalmology.

Gene therapy CDMO services include plasmid synthesis containing therapeutic genes, cell line development, cell bank establishment, plasmid and cell production process development, formulation process development, manufacturing of products, analytical method development and validation, product-related impurities identification and analysis, stability evaluation, product analysis and GMP batch release, etc., covering the entire gene therapy CDMO process, to support the needs for preclinical safety evaluation, Phase I, II and III clinical trials, and post-marketing product life cycle management. The facility has been licensed by MHRA, the U.K. pharmaceutical administration authority, for the manufacture of biologics and CGT products.

B. FINANCIAL REVIEW

1. Overall Operation Results

In 2025, the Company remained steadfast in implementing its core strategy of developing an "End-to-end, Fully-integrated, Globalized, and Multiple Modalities Capable" services platform with global footprints to further support its customers in improving the efficiency and flexibility of their pharmaceutical R&D and manufacturing needs, and its overall business has maintained a stable and sustainable growth momentum. During the Reporting Period, the Company recognized revenue of RMB14,095.1 million, representing an increase of 14.8% compared to the same period of last year. In the same period, its non-IFRSs adjusted net profit attributable to owners of the parent reached RMB1,816.1 million, representing an increase of 13.0% compared to the same period of last year. With core business maintaining positive momentum, the Company obtained the profit attributable to owners of the parent of RMB1,663.9 million, representing a decrease of 7.2% over the same period of last year, mainly due to the impact of investment income generated from the disposal of equity interests in PROTEOLOGIX, INC. in the same period of last year. During the Reporting Period, the net cash flow generated from operating activities of the Company amounted to RMB3,221.0 million, representing a year-on-year increase of 25.0%. After deducting the capital expenditures allocated to support its business growth, the Company's free cash flow was RMB552.0 million.

The Company continued to adhere to the "Customer Centric" corporate philosophy, leveraging its end-to-end and fully-integrated services platform, adhering to the highest international quality standards, and the advantages of seamless collaborations among teams in China, the U.K. and the U.S., the Company has effectively met the diverse needs of global customers across different R&D stages. In terms of strategic customer development, the Company gained deeper insights into customer needs and achieved notable results, with particularly strong performance among large global pharmaceutical companies. Meanwhile, the Company continued to expand its customer base, empowering customers' innovative drug R&D projects with cutting-edge technologies. While maintaining its industry leadership in small molecule R&D services, the Company also achieved rapid development in new modality projects. For the China market, with the rapid globalization of China-originated innovative drugs, the Company actively implemented market strategies that are better tailored to the local landscape, and achieved rapid growth. In 2025, the Company's newly signed purchase orders increased by more than 14% year-on-year. According to new orders and business trends, the Company expects revenue to increase by 12% to 18% year-on-year in 2026.

During the Reporting Period, the Company served over 3,300 global customers, of which customers using the continuous services of multiple business segments of the Company contributed revenue of RMB10,914.7 million, accounting for 77.4% of the Company's revenue. During the Reporting Period, the Company added over 950 new customers, contributing revenue of RMB580.7 million, accounting for 4.1% of the Company's revenue. The existing customer contributed revenue of RMB13,514.4 million, representing a year-on-year increase of 16.3%, accounting for 95.9% of the Company's revenue. Categorized by customer types, during the Reporting Period, the revenue from the global top 20 pharmaceutical companies was RMB2,831.3 million, with an increase of 29.4% compared to same period of last year, accounting for 20.1% of its total revenue; the revenue from other customers was RMB11,263.8 million, with an increase of 11.7% compared to same period of last year, accounting for 79.9% of its total revenue. Categorized by regions where the customers are located, during the Reporting Period, the revenue from customers in North America was RMB8,713.8 million, with an increase of 11.0% compared to same period of last year, accounting for 61.8% of its total revenue; the revenue from customers in EU (including the U.K.) was RMB2,894.9 million, with an increase of 27.4% compared to same period of last year, accounting for 20.5% of its total revenue; the revenue from customers in China Mainland was RMB2,137.2 million, with an increase of 15.7% compared to same period of last year, accounting for 15.2% of its total revenue; and the revenue from customers in other regions was RMB349.2 million, with an increase of 14.9% compared to same period of last year, accounting for 2.5% of revenue of its total revenue. In addition, we had extensive technical cooperation with clients and made joint publications from research results, including 58 articles published in peer-reviewed international scientific journals, such as *J. Med. Chem., Nat. Chem*. and *Org. Process Res. Dev.*, 30 granted or submitted domestic and international patent applications (15 of which Pharmaron invented and owns the IP rights) in 2025.

The Company continued to bring in high-level domestic and overseas talents and enhance its global capabilities and capacities to support its growing business. As of December 31, 2025, the total number of employees reached 25,088, including 22,874 R&D, production technology and clinical services staff, accounting for 91.18% of the total number of employees in the Company. With the expansion of its global footprint, the Company owns 11 operating facilities and has more than 1,700 employees in the U.K. and the U.S.. In 2025, the delivered revenue of the overseas subsidiaries was RMB1,749.1 million, representing an increase of 13.8% over the same period of last year, accounting for 12.4% of its total revenue.

In 2025, AI technologies continued to advance from concept to application in the field of innovative drug R&D. The Company actively embraced technological development and transformation, continued to make progress in the digitalization and AI technologies adoption of its service platform. During the Reporting Period, the Company made significant investments in automation and AI technologies to further strengthen its service capabilities across various business units, aiming to improve experimental throughput, enhance service efficiency, reduce operational errors, and provide customers with faster, more accurate, and more reliable R&D data. Meanwhile, the Company signed collaboration agreements with renowned domestic and international universities to accelerate the application and adoption of promising digital healthcare, biopharmaceutical, and life sciences technologies. These collaborations aim to jointly advance the high-quality development of the healthcare industry.

In 2025, the Company continued to deepen its practices in environmental, social, and governance (ESG) and fully implemented its sustainable development strategy. Pharmaron officially joined the United Nations Global Compact (UNGC), committing to the ten principles on human rights, labor, environment, and anti-corruption, and actively integrating into the global sustainable development agenda. In response to regulatory requirements and to enhance management efficiency, the Company systematically conducted a double materiality analysis for the first time, shifting its ESG work from "passive disclosure" to "active governance" and deeply embedding sustainability into its operations and strategic decision-making. In the environmental field, the Company steadily advanced its decarbonization initiatives aligned with the Science-Based Targets initiative (SBTi), continuously optimized its energy mix, expanded the procurement and use of green electricity, and actively explored sustainable steam and thermal energy solutions. Concurrently, the Company actively explored the Life Cycle Assessment (LCA) methodology and launched pilot projects to systematically build the capabilities in product carbon footprint assessment. Our assessment of climate risk and biodiversity was also further deepened. On the social responsibility front, the Company continued to promote sustainable supply chain development, improved supply chain management processes. We actively deepened collaboration with key value chain partners such as raw material suppliers, conducted training on sustainable supply chains for suppliers, jointly explored emission reduction potential and innovative solutions, and worked together to drive the green transformation of the supply chain. In terms of governance, the Company's management systems were further strengthened. During the year, we successfully obtained expanded certifications for the ISO 27001 Information Security Management System, ISO 14001 Environmental Management System, ISO 45001 Occupational Health and Safety Management System, and ISO 22301 Business Continuity Management System. In 2025, the Company's EcoVadis sustainability rating was elevated to Silver, and we were selected for the S&P Global Sustainability Yearbook (Global Edition) for the second consecutive year, demonstrating strong capital market recognition of the Company's sustainability performance.

2. Operation results of each business segment

(1) Laboratory services

During the Reporting Period, the laboratory services segment recognized revenue of RMB8,158.9 million, with a year-on-year growth of 15.8%; a gross margin of 44.7% in 2025, with an increase of 0.3 percentage points over last year; and the Company's newly signed purchase orders for laboratory services increased by approximately 12% over last year. In 2025, the Company expanded its strategic customer base, achieved breakthrough progress in large-scale collaboration projects, and leveraged its expertise and technological capabilities to drive rapid growth in R&D services for new drug modalities. During the Reporting Period, the proportion of bioscience services in laboratory services revenue exceeded 56%. As of December 31, 2025, the Company had 11,776 employees engaged in laboratory services. The Company has over 7,100 laboratory chemists and technicians in laboratory chemistry services, being one of the world's leading laboratory chemistry groups in terms of size and expertise. The Company continued to contribute to the global innovative drug R&D, and laboratory services team participated in 887 global innovative drug discovery projects during the Reporting Period.

During the Reporting Period, the Company's bioscience team continued to enhance its service capabilities. Through its in-depth understanding and efficient management of service projects, the Company achieved seamless cross-platform collaborations, providing customers with multi-dimensional experimental data to more accurately evaluate the efficacy and safety of drug candidates. The Company further integrated AI and automation technologies into core R&D processes to continuously optimize the drug DMTA (Design, Make, Test, Analyse) cycle and accelerate the development of new assays, enabling efficient responses to customer needs. In parallel, the Company systematically advanced the development of its "Smart Lab" initiative,

aiming to further improve its service productivity. In terms of cutting-edge technology deployment, the Company strengthened its capabilities in New Approach Methodologies (NAM), expanded its portfolio of organoid and organ-on-a-chip models, and supported customers in optimizing analytical strategies and translational pathways from preclinical to clinical stages. In addition to its long-established expertise in small molecule services, the Company expanded and strengthened its R&D service capabilities for new drug modalities, including advanced small molecules (such as PROTACs, molecular glues), peptides, oligonucleotides, antibodies, proteins, ADCs, and CGT products. From early-stage screening to IND filings, its end-to-end services provide customers with extensive, efficient, and reliable solutions. In the fourth quarter of 2025, the Company acquired a controlling stake in Biortus, significantly enhancing its structural biology platform and further improving its integrated drug discovery services capabilities.

Laboratory chemistry is the core driver of small molecule drug discovery services. The Company leveraged its years of accumulated expertise to continuously expand its service scope and enrich its service offerings. Building on this foundation, the Company continued to extend its laboratory chemistry services into new modalities, including peptides, oligonucleotides, ADCs, etc, and achieved rapid growth. Through seamless collaborations among laboratory services teams in China, the U.K. and the U.S., the Company provided customers with more flexible and comprehensive support, addressing diverse needs across different R&D stages, improving R&D efficiency, and helping accelerate projects from preclinical to clinical stage globally. During the Reporting Period, the Company promoted the application of AI technologies in laboratory chemistry, including AI-assisted synthesis route design and optimization, AI-enabled high-throughput experimentation (HTE), and green synthesis route development to enhance chemical reaction success rates. It also explored automated synthesis technologies to conduct multi-step chemical reactions, aiming to deliver compounds with greater efficiency and reduced manual intervention, and has achieved initial progress. Moving forward, the Company will continue to invest in AI and automation to further improve its productivity.

In July 2025, the Company completed the installation and commissioning of the next generation low-energy accelerator mass spectrometry (AMS) system in Ningbo. This marks China's first AMS dedicated to innovative drug R&D, signifying a comprehensive upgrade of the Company's integrated service platform for "radioisotope compound synthesis clinical-analysis" in China, the U.K. and the U.S.. This advancement further enhances the Company's capabilities in providing high-sensitivity radioactive isotope tracing and ultrasensitive drug metabolism and bioanalysis services. During the Reporting Period, the Campus III in Beijing was gradually put into operation and the capacity building was continuously promoted to meet the medium and long-term development needs of laboratory services.

(2) CMC (Small Molecule CDMO) Services

During the Reporting Period, the CMC (Small Molecule CDMO) Services segment recognized revenue of RMB3,482.9 million, with a year-on-year growth of 16.5%; and a gross margin of 33.8%, with an increase of 0.7 percentage points over last year. The Company made significant progress in large-scale manufacturing, delivering projects with guaranteed quality and quantity, which laid a solid foundation for their future transitions to commercial productions. During the Reporting Period, the Company's newly signed purchase orders for CMC (Small Molecule CDMO) services increased by approximately 13% year-on-year, driven by an expanding project pipeline and the continued progression of existing projects into later stages. The growth rate moderated compared to the first three quarters, primarily due to the timing of large-scale manufacturing orders, which were completed in the first quarter of 2026.

As of December 31, 2025, the Company had 5,448 employees in CMC (Small Molecule CDMO) services. With the seamless integration of the Company's fully integrated R&D service platform and the coordination of different service segments, approximately 84% of CMC (small molecule CDMO) services revenue came from the Company's existing customers of drug discovery services. In terms of process development, over 2,700 process development chemists of the Company in China and more than 200 process development chemists of the Company in the U.K. worked closely together to provide customized services for global customers with state-of-the-art technologies. In terms of manufacturing, the Company's manufacturing facilities in China, the U.K. and the U.S. provided customers with flexible, efficient and cost-effective integrated solutions from pilot to commercial production, covering intermediates, APIs and formulations. During the Reporting Period, the Company's CMC (Small Molecule CDMO) services pipeline reached 1,102 molecules or intermediates, including 34 projects in process validation and commercialization stage, 47 projects in Phase III clinical trials, 271 projects in Phase I-II clinical trials, and 750 projects in preclinical stage.

During the Reporting Period, the Company achieved significant progress in commercial manufacturing. Its manufacturing facilities in Ningbo and Shaoxing successfully passed FDA pre-approval inspections (PAI) for the first time. In the fourth quarter of 2025, an innovative API project manufactured by the Company for a customer was successfully approved for commercialization in the U.S., marking the Company's first commercial API manufacturing project supplying the U.S. market. In formulation CDMO services, the Company's operations in China and the U.K. both delivered steady growth. The Company's commercial drug product manufacturing facility at its Beijing Campus II has been completed. In the first quarter of 2026, it signed a partnership agreement with a major multinational pharmaceutical company to provide commercial drug product manufacturing services for its first submitted oral, small molecule GLP-1 receptor agonist medicine.

During the Reporting Period, the Company continued to strengthen green technologies including flow chemistry, biocatalysis, electrochemistry, and photochemistry, and applied them to various aspects of R&D and manufacturing, driving notable progress. The Company started to explore the application of AI and machine learning in process chemistry R&D and manufacturing, safety evaluation, quality management, production equipment maintenance and engineering design to improve its service efficiency. Building upon its expertise in linkers and payloads production, the Company further strengthened its GMP bioconjugation capabilities for ADCs at its Ningbo campus. Among them, the GMP bioconjugation facility for early-stage clinical trial material production began operation, enabling the Company to provide integrated ADC manufacturing services for Phase I/II clinical trial supplies. Meanwhile, the Company will continue to advance the construction of bioconjugation capabilities for mid-to-late-stage clinical trial material and commercial production and ADC formulation manufacturing capacity, providing customers with integrated services for ADC drugs from R&D to commercial manufacturing. In addition, the Company continued to advance the construction of Campus II in Shaoxing, with certain production workshops for small molecule intermediates and APIs gradually commissioned to support the medium to long-term growth needs of its CMC (small molecule CDMO) business. In complex peptide CDMO services, the Company is further expanding its capacities, offering customers more comprehensive services. In addition to the existing peptide GMP pilot plant, its new, larger-scale solid-phase synthesis facility for peptide APIs is expected to be completed in 2026.

As the cornerstone for the sustainable development of the Company's CMC (Small Molecule CDMO) services, the Company is committed to the continuous improvement of its quality of services. The Company strictly adheres to the highest international quality standards and has laid a solid foundation for the further development of its CMC (Small Molecule CDMO) services by continuously strengthening its quality management system. The Company's QA team provides regulatory authorities and customers with a variety of auditing methods, including on-site inspections and remote audits. During the Reporting Period, the Company received 175 QA audits (including 142 API audits and 33 formulation audits), and passed all the audits. Among them, the Company's API production facility in Ningbo completed a pre-approval inspection (PAI) by the U.S. Food and Drug Administration (FDA) in November 2024, and received the Establishment Inspection Report (EIR) in April 2025. The Company's API production facility in Shaoxing completed a pre-approval inspection (PAI) by the U.S. Food and Drug Administration (FDA) in June 2025, and received the Establishment Inspection Report (EIR) in September 2025. The above results fully verify that the Company's CMC (Small Molecule CDMO) services have a sound quality management system and GMP commercial production capabilities for API and drug products. The Company remains steadfast in its commitment to excellence in quality management, delivering highest quality services and products to its customers.

(3) Clinical Development Services

During the Reporting Period, the clinical development services segment recognized revenue of RMB1,956.7 million, with a year-on-year growth of 7.1%; and a gross margin of 11.4%, with a decrease of 1.4 percentage points over last year. Amid the bottoming-out and consolidation of China's clinical research service industry, Pharmaron Clinical achieved countercyclical growth in service projects and revenue through its further enhanced brand influence and customer recognition. Its overseas clinical business continued to deepen its expertise in specialized areas such as first-in-human (FIH) studies, radiolabeled science services, clinical bioanalytical testing and ^{14}C microtracer services, achieving steady growth.

During the Reporting Period, the Company's clinical CRO team provided services to 1,397 ongoing projects, including 125 projects in Phase III clinical trials, 539 projects in Phase I/II clinical trials, and 733 other clinical trial projects (including Phase IV clinical trials, investigator-initiated trials and real-world evidence studies). The Company's clinical research site management services team provided services to over 1,900 ongoing projects. Its CRC team covered nearly 700 hospitals and clinical trial centers in over 150 cities in China for clinical research site management services. Amid intensifying market competition, the Company strengthened its core competitiveness by utilizing AI and digital tools to enhance operational efficiency, leading to continued growth in project volume and customer base. Through dual regulatory filing services in China and the U.S., the Company has expanded its presence in the U.S. market, laying a solid foundation for future growth.

As of December 31, 2025, the Company had 4,889 employees in clinical development services, including more than 400 employees overseas. Pharmaron Clinical has established an integrated clinical trial service platform in China, an independent early clinical R&D center with 96 beds in Maryland, the U.S., and an integrated platform of "radioisotope compound synthesis-clinical-analysis" in the U.K. and the U.S.. Pharmaron Clinical's domestic and overseas teams work closely to help overseas customers develop their products in China and help China customers develop their products overseas.

Pharmaron Clinical is committed to building a digital and intelligent clinical R&D service platform, providing customers with efficient and differentiated services. During the Reporting Period, the Company comprehensively promoted the application of digital technologies and AI tools across multiple business units, including site management, clinical operations, regulatory affairs, medical affairs, data management, biostatistics, pharmacovigilance, medical device R&D, and patient management, to enhance the quality and efficiency of its clinical services, as well as its digital products development and delivery capabilities.

In terms of deepening its end-to-end healthcare service platform and AI/data empowerment capabilities, in February 2025, the Company completed the acquisition of a controlling stake in Aistarfish Technology. It subsequently optimized its organizational structure by completing an equity restructuring of Aistarfish Technology and Kangsida, and established a dedicated business unit at the group level to further advance its strategy of providing comprehensive healthcare services. Aistarfish has accumulated extensive patient management service experience and oncology medical knowledge and established a leading AI patient management platform that connects "Cancer patients – Physicians & Hospitals – Out-of-Hospital Support". Aistarfish has made progress in expanding hospital collaborations, broadening coverage of cancer types, and exploring commercialization pathways, paving a way to enhance the scope and quality of patient services in the future. Additionally, through collaborations with the Company's clinical and preclinical business units, Aistarfish is actively building high-quality real-world data and multi-omics cohorts for precise patient populations, aiming to enhance the efficiency of innovative drug R&D processes for the Company's customers and post-market research efforts.

(4) Biologics and CGT Services

During the Reporting Period, the Biologics and CGT Services segment recognized revenue of RMB474.7 million, with a year-on-year growth of 16.5%; and a gross margin of -40.4% in 2025, with an increase of 9.7 percentage points over last year. The Company further strengthen its technical capabilities in its laboratory protein production and biologics CDMO, while steadily expanding its project pipeline. In parallel, its U.S. laboratories maintained steady growth with its competitive advantages in cell and gene therapy bioanalysis, ophthalmology and preclinical testing. Its gene therapy CDMO services in Liverpool, U.K., achieved record annual revenue, driven by the successful delivery of integrated projects.

As of December 31, 2025, the Company had 761 employees. During the Reporting Period, the Company provided analytical release testing services to 25 CGT products at various stages, including 2 potency assays for commercial manufacture and 14 potency assays for clinical studies. For safety assessment services, the Company has 17 GLP and non-GLP toxicology studies for CGT products either had been completed or were in progress. In terms of gene therapy CDMO services, the Company had 19 projects across different service categories and R&D stages, including 1 Phase III clinical project, 9 Phase I/II clinical projects and 9 preclinical projects.

During the Reporting Period, the Company's biologics discovery services achieved rapid growth. The Company continued to strengthen its capabilities in proteins, antibodies and complex large molecules generation and screening. Through the acquisition of Biortus, it further expanded its expertise in complex target protein production and analysis, providing customers with more comprehensive early-stage biologics discovery services. Its biologics CDMO platform in Ningbo passed a comprehensive manufacturing audit by a global pharmaceutical company in the first half of 2025, qualifying as a GMP production supplier, and completed its second batch of GMP drug supply production. While continuing repeat batch production for a key project, the Company will also enhance its cell line development capabilities to win more early-stage projects, initiating several DNA-to-IND antibody projects.

In terms of CGT product R&D services, the Company continued to enhance its analytical testing capabilities in the U.S. for advanced modalities, including release testing services for CAR-T cell therapies (including *in vivo* CAR-T cell therapies and allogeneic CAR-T cell therapies) and bioanalytical services for drug therapies delivered via lipid nanoparticle (LNP) technology, with revenue beginning to take shape. The Company's laboratories and facilities in Liverpool, the U.K. offer customers a scalable and approvable multiple AAV product in platform, and further expanded its service capabilities for other advanced modalities, including adenovirus vaccines and microbial protein production. The Company is committed to providing customers with services in line with the highest global standards. During the Reporting Period, the Liverpool facility won its first GMP manufacturing order for a monoclonal antibody, further diversifying its project portfolio.

3. Profit for the Reporting Period

The profit attributable to owners of the parent in the Reporting Period was approximately RMB1,663.9 million, decreased by 7.2% as compared to approximately RMB1,793.4 million for the year ended December 31, 2024, mainly due to the impact of investment income generated from the disposal of equity interests in PROTEOLOGIX, INC. in the same period of last year.

4. Basic and Diluted Earnings Per Share

The basic earnings per share for the Reporting Period was approximately RMB0.9443, decreased by 6.8% as compared to approximately RMB1.0133 for the year ended December 31, 2024. The diluted earnings per share for the Reporting Period was approximately RMB0.9393, decreased by 7.1% as compared to approximately RMB1.0113 for the year ended December 31, 2024.

5. Non-IFRSs Adjusted Net Profit for the Period Attributable to Owners of the Parent

To supplement the financial statements prepared by us, we use non-IFRSs adjusted net profit attributable to owners of the parent as an additional financial measure. We define non-IFRSs adjusted net profit attributable to owners of the parent as net profit before certain expenses/(gains) as set out in the table below.

The Company believes that the consideration of the non-IFRSs adjusted net profit attributable to owners of the parent by eliminating the impact of certain incidental, non-cash or non-operating items is useful for better understanding and assessing underlying business performance and operating trends for the Company's management, shareholders and potential investors.

The non-IFRSs adjusted net profit attributable to owners of the parent is not an alternative to (i) profit before tax or net profit (as determined in accordance with IFRSs) as a measure of our operating performance, (ii) cash flows from operating, investing and financing activities as a measure of our ability to satisfy our cash needs, or (iii) any other measures of performance or liquidity. In addition, the presentation of the non-IFRSs adjusted net profit attributable to owners of the parent is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with the IFRSs. Shareholders and potential investors should not view the non-IFRSs adjusted net profit attributable to owners of the parent on a stand-alone basis or as a substitute for results under the IFRSs, or as being comparable to results reported or forecasted by other companies.

	Year ended December 31, 2025 RMB'000	Year ended December 31, 2024 RMB'000
Profit attributable to owners of the parent	**1,663,899**	1,793,351
Add:		
Share-based compensation expenses	**70,648**	83,385
Convertible Bonds related gains	**–**	(6,136)
Foreign exchange related (gains)/losses	**(9,908)**	33,927
Realized and unrealized losses/(gains) from equity investments	**86,493**	(407,060)
Amortization of intangible assets from acquisitions	**4,997**	–
Non-financial assets impairment	**–**	65,369
One-off loss made by Pharmaron Shanghai Co., Ltd. due to the business close	**–**	44,016
Non-IFRS adjusted net profit attributable to owners of the parent	**1,816,129**	1,606,852

6. Cash Flows

During the Reporting Period, the net cash flows generated from operating activities was approximately RMB3,221.0 million, representing an increase of approximately 25.0% as compared to the year ended December 31, 2024.

During the Reporting Period, net cash flows used in investing activities of the Group amounted to approximately RMB4,374.4 million, representing an increase of approximately RMB2,350.1 million or 116.1% as compared to the year ended December 31, 2024. The increase was mainly due to: 1) increased net cash payments for acquisition of subsidiaries; 2) increased net cash payments for capital injection in associates and other equity investments; 3) increased cash payments for purchases of property, plant and equipment.

During the Reporting Period, net cash flows generated from financing activities of the Group amounted to approximately RMB377.0 million, representing an increase of approximately RMB5,173.7 million or 107.9% as compared to the year ended December 31, 2024. The increase was mainly due to: 1) decreased cash repayment of bank loans; 2) increased proceeds from bank loans compared to the year ended December 31, 2024; 3) decreased repurchases of H Shares and A Shares of the Company during the Reporting Period.

7. Liquidity and Financial Resources

The Group has maintained a stable financial position during the Reporting Period. As at December 31, 2025, the Group's cash and cash equivalents amounted to approximately RMB842.7 million. For the Reporting Period, net cash flows generated from operating activities of the Group amounted to approximately RMB3,221.0 million.

The Group recorded total current assets of approximately RMB7,778.2 million as at December 31, 2025 (December 31, 2024: approximately RMB7,608.2 million) and total current liabilities of approximately RMB8,364.0 million as at December 31, 2025 (December 31, 2024: approximately RMB4,224.0 million). The current ratio (calculated by dividing the current assets by the current liabilities) of the Group was approximately 0.9 as at December 31, 2025 (December 31, 2024: approximately 1.8).

8. Borrowings and Gearing Ratio

As at December 31, 2025, the Group aggregated interest-bearing bank borrowings of approximately RMB6,538.3 million. Among the total borrowings, approximately RMB4,766.5 million will be due within one year and approximately RMB1,771.8 million will be due after one year.

As at December 31, 2025, the gearing ratio, calculated as total liabilities over total assets, was 41.9%, as compared with 40.6% as at December 31, 2024.

9. Pledge of Assets

As at December 31, 2025, the Group mortgaged property, plant and equipment with a net carrying amount of approximately RMB971.3 million (December 31, 2024: approximately RMB867.7 million); and the mortgaged right-of-use assets had a net carrying amount of approximately RMB122.7 million (December 31, 2024: approximately RMB125.5 million).

Those pledged assets above have been used to secure the Group's interest-bearing bank borrowings.

Besides, as at December 31, 2025, the Group pledged deposits of approximately RMB174.8 million (December 31, 2024: approximately RMB66.8 million).

10. Final Dividend

On June 20, 2025, the 2024 Profit Distribution of the Company was approved at the annual general meeting of the Company. For further details of dividends paid pursuant to the 2024 Profit Distribution, please refer to paragraph numbered "13. Miscellaneous – (9) 2024 Profit Distribution" below under the section headed "B. Financial Review".

The Board proposed to declare a final cash dividend of RMB2.0 (inclusive of tax) per 10 shares or an aggregate of approximately RMB366.0 million (based on the 1,830,020,328 shares outstanding of the Company as of the date of this report) for the year ended December 31, 2025.

The aforesaid proposal is subject to the consideration and approval at the AGM. If the distribution proposal is approved at the AGM, it is expected that the final dividend for the year ended December 31, 2025 will be distributed to the shareholders by the end of August 2026.

Details regarding the closure of the register of members of the Company and declaration and payment of dividends will be announced separately in due course.

11. Contingent Liabilities

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

12. Treasury Policies

Currently, the Group follows a set of funding and treasury policies to manage its capital resources, foreign currencies and cash flows and prevent related risks. The Group applied its cash flows generated from operating activities and bank loans to satisfy its operational and investment needs.

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units and financing activities in currencies other than the units' functional currencies. The Group is mainly exposed to the foreign currency of the US dollar. During the Reporting Period, the Group used forward currency contracts to hedge against part of our exposure to foreign currency risk.

13. Miscellaneous

(1) Change in Board Composition

a. Change of Non-Executive Director

Reference is made to the announcements of the Company dated April 27, 2025 and April 29, 2025 in relation to the voluntary resignation of Mr. Hu Baifeng ("Mr. Hu") from his position as a non-executive Director and a member of the strategy committee of the Board due to reallocation of his primary work responsibilities.

On June 20, 2025, Ms. Wan Xuan ("Ms. Wan") was elected as a non-executive Director and a member of the strategy committee of the third session of the Board. Upon Ms. Wan's election, Mr. Hu ceased to perform his duties as a non-executive Director and a member of the strategy committee of the Board. Please refer to the circular of the Company dated May 29, 2025 and the poll results announcement of the Company dated June 20, 2025 for further details.

b. Change of Independent Non-Executive Director

Reference is made to the announcement of the Company dated October 28, 2025 in relation to the voluntary resignation of Mr. Tsang Kwan Hung Benson ("Mr. Tsang") from his position as an independent non-executive Director, and a member of the audit committee, the remuneration and appraisal committee and the nomination committee of the Board, pursuant to Article 13 of the Measures for the Administration of Independent Directors of Listed Companies《上市公司獨立董事管理辦法》.

On December 18, 2025, Prof. Tsang King Fung ("Prof. Tsang") was elected as an independent non-executive Director, and a member of the audit committee, the remuneration and appraisal committee and the nomination committee of the third session of the Board. Upon Prof. Tsang's election, Mr. Tsang ceased to perform his duties as an independent non-executive Director, and a member of the audit committee, the remuneration and appraisal committee and the nomination committee of the Board. Please refer to the circular of the Company dated November 27, 2025 and the poll results announcement of the Company dated December 18, 2025 for further details.

c. Election of Employee Representative Director

On December 18, 2025, Mr. Li Shing Chung Gilbert was elected as the employee representative Director of the third session of the Board at an employee representative's meeting convened on the same day. Please refer to the announcement of the Company dated December 18, 2025 for further details.

(2) Acquisition of Controlling Interest in Aistarfish Technology

In February 2025, Kangsida, a subsidiary of the Company acquired approximately 51.39% equity interest in Aistarfish Technology for a consideration of approximately RMB185 million. Aistarfish Technology is a leading enterprise in the field of digital case management for cancer patients in China, possessing proprietary digital and artificial intelligence (AI) technology platforms. By integrating Aistarfish Technology's high-quality, compliant patient data and AI technology platform, and leveraging its technological and data expertise in the oncology sector, the Group aims to combine these strengths with its own established professional service capabilities and scale advantages. This integration will enable the Group to expand the provision of high-quality, personalized case management services, accelerate the digital and intelligent upgrade of Pharmaron's innovative drug R&D service capabilities and systems, and better support partners in enhancing drug development efficiency.

(3) Acquisition of Real-World Evidence and Health Economics Research Businesses

In July 2025, the Company's controlling subsidiary, Aistarfish Technology, invested an aggregate of RMB35 million through acquisition and capital injection to acquire businesses related to real world evidence (RWE) research and health economics research. This acquisition intends to capture the growth opportunities in China's RWE service market and, through deep collaboration with Aistarfish Technology, promote the integration of the Group's data and AI capabilities, business scenarios, and strategic value. On one hand, the integration of data governance and processing capabilities with Aistarfish Technology's data collection and AI application strengths is expected to enhance the deep value mining of medical data, laying a foundation for the development of commercializable databases and application products. On the other hand, by leveraging Aistarfish Technology's advantages in patient recruitment, education, and management, together with RWE and health economics research businesses, the Group aims to establish a comprehensive service system covering pharmaceutical R&D, market access, and marketing, thereby building core competitiveness in the field of medical data and creating greater value for partners.

(4) Equity Restructuring of Aistarfish Technology and Kangsida

With a view to further streamlining the Company's business segments, optimising its equity structure and enhancing R&D efficiency and service quality, during the Reporting Period, the Company and its controlling subsidiaries, Pharmaron Clinical, LinkStart, Kangsida and Aistarfish Technology, entered into a series of restructuring agreements to carry out a series of equity adjustments in Aistarfish Technology and Kangsida, to the effect that the Company directly held 70.44% of the equity interest in Aistarfish Technology, which in turn fully held Kangsida. In February 2026, the Company has completed the aforementioned equity restructuring.

(5) Connected Transaction – Acquisition of 82.54% Interest in Biortus

To further strengthen its capabilities in structural biology, complex target protein production and analysis services, in October 2025, the Company entered into a series of equity transfer agreements with various parties (including connected persons of the Company), pursuant to which the Company agreed to acquire 82.54% of the equity interest in Biortus at a total consideration of approximately RMB1,346 million. This acquisition constituted a connected transaction of the Company under Chapter 14A of the Listing Rules.

This acquisition significantly enhanced its structural biology platform and further improved its integrated drug discovery services capabilities. Meanwhile, it further expanded its expertise in complex target protein production and analysis, providing customers with more comprehensive early-stage biologics discovery services. Please refer to the announcements of the Company dated October 28, 2025 and November 17, 2025 for further details.

(6) Additional Investment in PharmaGend

To further synergize with partners in building CDMO capabilities for pharmaceutical formulations in Southeast Asia, provide customers with higher-quality services and solutions, advance the Group's globalization, high-quality and sustainable development, and enhance its international competitiveness, in August 2025, the Board resolved to approve an additional investment of US$10.5 million in its subsidiary, PharmaGend. In January 2026, the Company completed the payment of the additional investment amount.

Following this capital increase, the Company's cumulative investment in PharmaGend reached US$38.5 million, representing a 32.38% equity interest. Please refer to the overseas regulatory announcements of the Company dated August 21, 2025 and January 9, 2026 for further details.

(7) Establishment of Strategic Cooperation with Zhejiang University

In July 2025, the Company entered into a strategic cooperation with Zhejiang University and formalized the cooperation through the signing of a comprehensive strategic cooperation agreement. The parties will focus on a high level integration across industry, academia, research, and application, fully leveraging their respective strengths and resources to jointly establish a "*Joint Research Center for Artificial Intelligence and Life Sciences*". This collaboration aims to accelerate innovative applications and breakthroughs of AI technologies in the field of life sciences, promote translational research, and collaboratively cultivate interdisciplinary talent, thereby advancing high-quality development of the life sciences industry.

(8) Establishment of Strategic Cooperation with City University of Hong Kong

In October 2025, the Company's wholly-owned subsidiary, Pharmaron HK International, entered into a cooperation framework agreement with City University of Hong Kong. The collaboration aims to leverage City University of Hong Kong's academic strengths and the Company's industry resources to jointly cultivate talent, promote innovation in digital medicine, and facilitate knowledge sharing, thereby accelerating the translation of more promising digital healthcare, biopharmaceutical, and life and health technology solutions. The collaboration will also support the practical application of City University of Hong Kong's research outcomes, creating long-term social and economic benefits for Hong Kong and Chinese Mainland.

(9) 2024 Profit Distribution

On June 20, 2025, the 2024 Profit Distribution of the Company was approved at the 2024 annual general meeting of the Company. Pursuant to the 2024 Profit Distribution, the Company has paid a cash dividend of RMB0.2 per Share (inclusive of tax) to the H Shareholders whose names appear on the H Shares register of members of the Company on July 14, 2025 and the A Shareholders whose names appear on the A Shares register of members of the Company on July 3, 2025. Please refer to the circular of the Company dated May 29, 2025 for further details.

(10) Adoption of the 2025 H Share Award and Trust Scheme

On June 20, 2025, the adoption of the 2025 H Share Award and Trust Scheme was approved at the 2024 annual general meeting of the Company. The 2025 H Share Award and Trust Scheme will utilize up to 7,263,300 H Shares (representing the amount of treasury H Shares held by the Company) as share incentives. Please refer to the circular of the Company dated May 29, 2025 for further details.

As of the date of this annual report, the Company has not yet determined any grants under the 2025 H Share Award and Trust Scheme.

(11) Participation in Equity Investment Fund

To fully leverage the investment and industry insight capabilities of professional investment institutions, enhance the Company's investment capacity, seize quality opportunities in industry development, and promote the high-quality development of the pharmaceutical industry, in March 2025, the Company entered into a partnership agreement and committed a capital contribution of RMB100 million as a limited partner to participate in Ningbo Yongkang Equity Investment Partnership (Limited Partnership) ("**Ningbo Yongkang**"), with Shanghai Hongfu Private Fund Management Co., Ltd. acting as the fund manager.

In April 2025, Ningbo Yongkang completed the registration with the Asset Management Association of China and obtained the Private Investment Fund Filing Certificate. To further leverage the investment screening and assessment capabilities of professional investment institutions within the industry, in January 2026, the Company made an additional investment of RMB50 million in Ningbo Yongkang using its own funds. Following this additional investment, the Company's total committed capital contribution to Ningbo Yongkang reached RMB150 million.

(12) Participation in Overseas Equity Investment Fund

In May 2025, the Company's wholly-owned subsidiary, Pharmaron UK Limited, entered into a partnership agreement and committed a capital contribution of USD30 million as a limited partner to participate in BLC Healthcare USD Fund I L.P., an overseas fund primarily investing in the global biopharmaceutical and life health sectors. While ensuring the stable development of its principal business, Pharmaron UK Limited, through participation in the investment fund and by leveraging the expertise and experience of such professional investment institution, seeks to enhance its investment capacity, seize opportunities in industry development, and promote the advancement of the healthcare sector.

(13) Amendments to the Articles of Association

On June 20, 2025, the Shareholders resolved to approve the amendments to the articles of association of the Company ("**Articles of Association**") in connection with (i) the increase in the registered capital of the Company, (ii) the latest amendments to the applicable regulatory provisions of the PRC and the recent updates to the Listing Rules, and (iii) certain housekeeping amendments. Please refer to the announcements of the Company dated March 26, 2025 and June 20, 2025 for further details.

On December 18, 2025, the Shareholders resolved to approve the amendments to the Articles of Association to reflect the latest amendments to the Company Law and other applicable regulatory provisions of the PRC. Please refer to the announcements of the Company dated October 28, 2025 and December 18, 2025 for further details.

C. CORE COMPETITIVENESS ANALYSIS

The Company provides customers with fully-integrated services covering drug research, development and manufacturing services for innovative pharmaceutical products throughout the research and development cycle. With this end-to-end and fully-integrated business model, we gain significant competitive advantages in deepening customer collaboration, establishing core technical expertise and professional team building which enable us to better support our customers' innovative R&D programs.

1. Industry-leading fully-integrated pharmaceutical R&D services platform with strong capabilities and provides comprehensive service offerings for customers across the globe

The Company is committed to building a R&D and manufacturing service platform across multiple therapeutic modalities (including small molecule, Biologics and CGT products) throughout drug discovery, preclinical and clinical development process. The Company has a well-established and fully integrated R&D and manufacturing service platform for small molecule drugs, and is rapidly expanding into emerging drug modalities such as peptides, oligonucleotides, and ADCs. In addition, the Company has built an integrated service platform for biologics and CGT products. The Company is in an industry-leading position in drug discovery, preclinical and early clinical-stage research, and has expanded its capabilities downstream to late clinical-stage development and commercial manufacturing. In the process of expanding its R&D service offerings, the Company has successfully transformed from a single laboratory chemistry service provider to an end-to-end, multiple modalities capable pharmaceutical R&D service platform with business operations in China, U.S. and U.K..

The Company has established comprehensive expertise in different R&D stages, so as to assist customers in accelerating their R&D programs and cater to a full spectrum of customers' needs. With our professional project management capabilities, we are able to utilize our full integrated services platform to cater for the customers' needs. Vertically, the Company is strengthening the seamless integration of the same discipline across different pharmaceutical R&D stages. Horizontally, the Company is strengthening the integration of different disciplines at the same pharmaceutical R&D stages, improving the science and technology of each discipline, expanding the services offering, and promoting the interdisciplinary collaborations. With the integration and collaboration between our discovery and development service platforms, we have accumulated a profound understanding of the unique scientific challenges involved in our customers' new pharmaceutical R&D projects, which will facilitate us to move projects forward more efficiently and in turn maximize the benefits of our customers. The Company's profound industry knowledge, strong execution capability and end-to-end solutions will shorten the drug discovery and development cycle and reduce the associated risks for our customers.

As a fully-integrated pharmaceutical R&D service provider, the Company's comprehensive pharmaceutical R&D services platform has the following six core competences:

(1) Comprehensive chemistry platform throughout the entire drug R&D and commercial stages

As a fully-integrated service provider for the research, development and manufacturing of small molecule pharmaceutical products, the Company's expertise and advantage in chemistry technology is crucial throughout the whole drug R&D process.

With the comprehensive chemical technology platform covering compound design (including CADD), design and synthesis of a compound library, medicinal chemistry, synthetic chemistry, analytical chemistry, early process chemistry, process chemistry, GMP API manufacturing, and formulation development and manufacturing, the Company can satisfy customers' demand for pharmaceutical R&D and manufacturing in each stage of the pharmaceutical R&D process, including laboratory synthesis process at the drug discovery stage, scale up process development from preclinical to clinical stage as well as GMP manufacturing up to commercial stage, which fully cater to the diversified needs of different types of customers. By providing R&D services for the compound synthesis process, and formulation development services, the Company is able to provide customers with fully-integrated pharmaceutical R&D and manufacturing solutions from initial compounds to finished dosages.

(2) DMPK/ADME service platform throughout the entire drug R&D process

The Company provides DMPK/ADME services covering the whole R&D process from drug discovery to development. The early DMPK/ADME studies are of great importance as they can provide a key basis for our customers to determine their late-stage drug development strategy. Radioisotope analysis technology is critical as an important drug metabolism analysis technology during the clinical stage. The Company is able to provide customers with integrated radioisotope synthesis and DMPK services, which cover radioisotope compound synthesis and human ADME studies using regular isotope analysis technology or high sensitivity AMS technology. In addition, the Company has established a comprehensive global service network for ADME/DMPK studies, and further strengthen its leading position in discovery and development DMPK services.

(3) Comprehensive integrated platform from drug discovery to POC ("proof of concept")

From inception, the Company has committed to the establishment of integrated services platform from drug discovery to proof of concept stage, which covers compound design, compound library synthesis, synthetic and medicinal chemistry, biology, DMPK, pharmacology, toxicology, drug safety assessment, radiolabelled chemistry and DMPK, clinical pharmacology, clinical bioanalysis, clinical data statistics, chemical process development and API manufacturing and formulation and drug product manufacturing. In October 2025, the Company entered into an agreement to acquire a controlling interest in Biortus, further strengthening its capabilities in structural biology, complex target protein production and analysis services.

With this comprehensive integrated services platform, the Company has undertaken many integrated research projects, and achieved a considerable number of milestones. In addition, the Company can also provide a customized service package at a particular stage of drug R&D process, such as an integrated service package for IND enabling which includes preclinical safety assessment, early process development and manufacturing, pharmacology, DMPK and clinical proposal. With this comprehensive IND enabling solutions and the ability to support IND filing for different jurisdictions, it provides flexibility to the customers, accelerates their drug development process and reduces their overall R&D costs.

(4) Fully-integrated clinical development services in China

As a significant component of the Company's fully-integrated service platform, domestic clinical development platform covers various functions, including regulatory and registration services, medical affairs, medical monitoring, clinical operations, data management and biostatistics, bioanalysis, pharmacovigilance, quantitative pharmacology, site management services, healthy and patient volunteer recruitment and management, and quality assurance, which provides customers with complete, efficient, end-to-end Phase I, II, III and IV clinical development services. Through internal capability building, organic growth and external acquisitions over the years and our effort in integrating different functions and processes and optimizing the team and organization structure. The Company has built a sizeable and highly competitive clinical development services platform in China, offering high-quality clinical development services of new small molecule drugs, biologics and medical devices for domestic and oversea customers. In 2025, Pharmaron Clinical completed the acquisition of Aistarfish Technology, a leading company in AI and digital case management for cancer patients in China. This acquisition represents a crucial step in the Company's development towards a "data and AI-enabled service provider". Leveraging Aistarfish Technology's technological and data accumulation in oncology, its proprietary digital and AI platforms with independent intellectual property rights, its case management system that strictly complies with international data privacy regulations (such as the Personal Information Protection Law, GDPR, and HIPAA), its strategic cooperation with the Chinese Society of Clinical Oncology (CSCO), and its real-world data (RWD) network covering more than 30 provinces across China, Pharmaron Clinical has established unified multi-modal data standards. It integrates disease characteristics such as genomics and imaging to achieve cross-disease data integration. By optimizing patient screening and stratification through algorithms, it enhances the efficiency of innovative drug research and development throughout the entire process. In addition, combined with Pharmaron's global network, it provides real-world research (RWS) services that meet the standards of the FDA and EMA for global pharmaceutical companies.

Leveraging on the technical capabilities and established reputation of our preclinical R&D platform, the clinical R&D services platform collaborates with the preclinical and business development teams to get involved in clinical study planning discussion with customers as early as possible, so as to provide more comprehensive customer services and at the same time, and generate business opportunity for the clinical development services. Also, the medical affair, regulatory affairs, bioanalytical, quantitative pharmacology and biostatistics departments of the clinical development services work closely with the preclinical R&D team for planning of IND-enabling. These high-quality interactions between preclinical and clinical teams accelerate projects progressing in high-quality from preclinical to clinical stage, allowing our customers to fully enjoy the benefits of the Company's fully integrated services platform.

Together with the Company's U.S. clinical pharmacology center, data management and biostatistical, bioanalytical and clinical CRO operation and project management teams who are well versed with clinical development process and culture in both China and U.S., we are able to provide a faster and convenient gateway for domestic customers to present their R&D program globally.

(5) An integrated platform for "laboratory testing-IND enabling-process development and manufacturing" of gene therapy products

The Company has built a comprehensive R&D and manufacturing service platform for biologics from discovery to process development and manufacturing (CDMO). Together with the bioscience services under its laboratory services segment, the Company provides customers with end-to-end biologics services from "laboratory services-IND enabling process development and manufacturing", including cell screening, biologics generation and purification, analytical assay development and product characterization to support early stage R&D projects.

In recent years, through acquisition and integration of related resources and platforms, the Company has initially built an integrated services platform of "laboratory testing-IND enabling-process development and manufacturing" for gene therapy products, including a comprehensive and industry leading analytical platform for biologics and CGT products that are in compliance with ICH guidelines of GLP/GCP/GMP in the U.S., and an integrated platform for the development and GMP manufacturing of gene therapy products in the U.K.. By combining both the analytics and CMC platforms in gene therapy products with our safety assessment center which has been inspected and/or certified for GLP compliance by NMPA, FDA and OECD regulatory authorities, the Company offers customers a complete preclinical IND enabling solution for CGT products, as well as clinical testing material manufacturing and clinical sample analysis services for CGT products.

(6) Building an end-to-end service platform for new drug modalities

With a strategic focus on new drug modalities including ADC, peptide, and oligonucleotide, the Company continuously strengthens and expands its laboratory and manufacturing service capabilities to build an end-to-end platform. Leveraging its deep expertise in small molecule R&D services and strategic expansion into biologics, the Company has established a fully integrated ADC discovery service line, including antibody preparation, payload synthesis, linker synthesis, bioconjugation and biological testing. In 2025, the Company's newly built bioconjugation suite passed GMP qualification, and can provide integrated ADC production services for phase I/II clinical trials. Building on this milestone, the Company is further strengthening its bioconjugation and ADC formulation capabilities, aiming to offer customers fully integrated ADC CDMO services from development to commercial production. For peptide, the Company is expanding its manufacturing capabilities beyond laboratory synthesis and early-stage production to offer more comprehensive CDMO services. Its new solid-phase manufacturing suite for peptide APIs is on track for completion in 2026.

2. Global operations, profound experience in pharmaceutical R&D and state-of-the art technologies to provide customized solutions for customers

The Company operates globally through our 28 operating facilities, clinical and manufacturing facilities in China, U.K., U.S. and Singapore, of which 12 operating facilities are located overseas. The Company's profound experience in global pharmaceutical R&D, together with its global operations and world-class technical capabilities offers our customers a unique value proposition and customized solutions that combines our technical expertise in different geographic locations and efficient services with seamless integration.

Through our global operation, the Company has established a services network and strategic presence in global life science hubs which enhances the customer communication and our understanding of customer needs. Further, by carrying out our R&D services under different jurisdictions, it provides flexibility to customize our services solutions that best suit our customers' geographic and strategic needs. For example, the clinical pharmacology team in U.S. has worked seamlessly with our Chinese team to help customers in China for the preparation and filing of IND application and conducted the

first-in-human (FIH) studies in U.S.. In addition, the Company's experience in regulatory filings in various jurisdictions and its service model of providing customers with total solution enable our customers to file IND applications for their drug candidates in China, U.S., or EU in parallel, which makes the IND applications of our customers more flexible and efficient.

On the other hand, it is the Company's core strategy for each international acquisition to effectively integrate with our global services platform and brought in the world class talent and facilities into our integrated services platform to further strengthen our overall services capabilities and increase the efficiency of our services. These strategies complement each other to effectively improve the Company's international operation capability and bring high value-added services to customers.

Currently, the Company has established an integrated CMC (small molecule CDMO) services platform across China, the U.K. and the U.S.. Leveraging its global capacities, the Company is able to offer its global customers more flexible, scalable, and environmentally sustainable end-to-end API production services. In addition, through its associated company PharmaGend located in Singapore, the Company has further enhanced its global deployment in late-stage and commercial drug product CDMO services. PharmaGend has passed inspections from the Food and Drug Administration of the U.S. (FDA) and the Health Sciences Authority (HSA) of Singapore, as well as the Qualified Person (QP) audit by Swissmedic (the Swiss drug regulatory authority). This represented a milestone of the Company's global drug product CDMO services and further strengthened its global services network.

By adhering to the long-standing growth strategy of building an "End-to-End, Fully-integrated, Globalized and Multiple Modalities Capable" platform with global footprints, it facilitates cross-regional and multiple regulatory jurisdictional collaboration for cross-disciplinary and cross-R&D stages projects. Meanwhile, with efficient project management and cross-cultural communication, it facilitates the collaborations among teams, regions and disciplines to maximize the interests of our customers.

3. Committed to utilizing innovative technologies to meet evolving R&D needs and increase efficiency

Since inception, the Company has continually put great emphasis on technology and innovation to fuel sustained business growth and meet evolving R&D needs. The Company develops new technologies through multiple measures such as internal research and development, collaboration with academic and professional institutions, customer collaboration and acquisitions. In 2025, the Company made significant investments in automation and artificial intelligence (AI) technologies to further strengthen its service capabilities. The Company actively explored automated synthesis technologies to conduct multi-step chemical reactions, aiming to deliver compounds with greater efficiency and reduced manual intervention, and has achieved initial progress. In addition, the Company continued to promote the application of AI technologies, deeply integrating AI into synthesis route design, drug discovery, mechanism of action studies, toxicity prediction and data processing. By synergizing AI with automation, the Company increased experimental throughput, enhanced service efficiency, and minimized operational errors, thereby providing customers with faster, more accurate, and more reliable R&D data.

In terms of deepening its end-to-end healthcare service platform and AI/data empowerment capabilities, in February 2025, the Company completed the acquisition of a controlling stake in Aistarfish Technology Co., Ltd. Leveraging on its self-developed AI technology platform, Aistarfish has accumulated extensive patient management service experience and oncology medical knowledge and established a leading AI patient management platform that connects "Cancer patients – Physicians & Hospitals – Out-of-Hospital Support". Following the acquisition, Aistarfish has made progress in expanding hospital collaborations, broadening coverage of cancer types, and exploring commercialization pathways, paving a way to enhance the scope and quality of patient services in the future. Additionally, through collaborations

with the Company's clinical and preclinical business units, Aistarfish is actively building high-quality real-world data and multi-omics cohorts for precise patient populations, aiming to enhance the efficiency of innovative drug R&D processes for the Company's customers and post-market research efforts.

In terms of industry-academia-research collaborative innovation, in July 2025, the Company signed a comprehensive strategic collaboration agreement with Zhejiang University. The two parties will jointly establish a "Joint Research Center for Artificial Intelligence and Life Sciences" to accelerate innovative application and breakthrough of AI technologies in life sciences, promote translational research, and collaboratively cultivate interdisciplinary talent. This partnership aims to jointly advance the high-quality development of the healthcare industry. In October 2025, the Company and City University of Hong Kong signed a Collaborative Framework Agreement to foster talent incubation, digital medicine innovation and knowledge sharing. By leveraging academic and industry resources, the collaboration aims to transform innovative solutions in smart healthcare, biomedicine, and life and health technology into practical applications, contributing to the long-term social and economic advancement of Hong Kong and the Chinese Mainland.

4. Dedicated, stable and visionary management teams, experienced talent pools with progressive corporate culture

The Company's management team is led by Dr. LOU Boliang, our chairman and chief executive officer. With over 30 years of experience in the pharmaceutical industry, he is highly respected in the industry for his excellent leadership that contributes to the Company's rapid development. The Company's senior management team has been with us for more than 15 years. The Company has more than 100 senior scientific and technical leaders, 4 of whom were named as National Talents and 17 of who were named as Provincial-level Talents (including municipalities directly under the Central Government). Members of our highly skilled, experienced and international management team possess diverse expertise and extensive knowledge, and have significantly contributed to the growth of the Company's institutional knowledge base. The Company focuses on its homegrown scientific team consisting of selected, young and promising scientists, which enables us to form a cohesive and vibrant mid-level management team composed of over 4,600 technical managers and high-calibre scientific research talents across all scientific disciplines of the Company. In addition, the Company's visionary management team has established a highly experienced and skilled talent pool with strong execution efficiency. As of December 31, 2025, the Company had 22,874 R&D, production technology and clinical services staff in China, U.K. and U.S.. The highly professional technical team ensures the Company's continuous provision of high-quality R&D services for customers. The open platform for talent development ensures that the Company will continuously attract talents from around the globe.

The Company is committed to its corporate philosophy of "Employee First and Customer Centric" which puts strong emphasis on employee training and improves all mechanisms so as to integrate their career development into the Company's overall development strategy. In order to develop and train our talents, the Company provides training to our employees through our inhouse training system including the "Pharmaron College", visiting scholar programs at renowned laboratories and institutions and holds various seminars, forums and academic symposiums regularly, through which our team members acquire updates on the most advanced technology and techniques of the industry. In addition, the Company has developed training programs with the world renowned universities and research institutes for high-calibre scientific research talent. The above measures have greatly improved the scientific research capabilities and cohesion of the Company and its employees. Furthermore, the Company respects and values every single customer so as to ensure R&D quality by tackling each technical challenges and complete every single task with integrity and scientific rigor.

Our dedicated, stable and visionary management team, experienced talent pool and outstanding corporate culture lay a solid foundation for the Company's long-term success.

5. Reputable, loyal and expanding customer base that contributes to our sustainable growth and business collaboration

The Company has a large, diverse and loyal customer base including the global top 20 pharmaceutical companies and numerous reputable biotech companies. In 2025, the Company introduced over 950 new customers, with over 95% of revenue contributed by the Company's large, diverse and loyal repeat customers. The Company's fully-integrated solution and deep understanding of customers' needs allow it to provide customized pharmaceutical R&D services for customers according to their needs. With further progress made in the existing customers' projects, the loyal and growing customer base will enable the Company to develop new services in drug development and at the early clinical stage.

The Company benefits from its strategic partnership with specific customers. Through knowhow sharing and training provided during its deep collaboration with these customers, the Company is able to further improve technical capabilities and enhance service excellence, thereby creating a virtuous cycle. With our strong technical expertise, advanced infrastructure, profound industry knowledge, strong execution capability and quality customer services, the Company is able to become our customers' strategic partner and help them form their drug development or R&D outsourcing strategies, which in turn reinforces our close relationships with such customers. In addition to our strong scientific capabilities, the Company puts emphasis on areas like environmental protection, health, safety and intellectual property protection. The Company takes such measures as establishing the intellectual property protection system and building the information system to ensure that our customers' intellectual properties are well protected, and is widely recognized and trusted by customers in this respect. The Company's high-quality services enable it to accumulate a good reputation among our existing customers, and to further expand our customer base by acquiring new customers through word-of mouth referrals.

D. OUTLOOK FOR 2026

1. Industry competition and development

The Company is engaged in pharmaceutical research, development and manufacturing services which provides fully integrated services to support our global customers' R&D for innovative pharmaceutical products, covering small molecule drugs, biologics and cell and gene therapy products. Its business is closely related to the development of the pharmaceutical industry and pharmaceutical R&D outsourcing market.

The long-term industry fundamentals for global and China pharmaceutical R&D and manufacturing remain intact, and the investment is expected to maintain steady growth. The pursuit of health and longevity is eternal. With the accelerated growth of the aging population globally, the expansion of the chronic disease patient population and the increase in the total investment in the medical and healthcare industry in various countries, the global and China pharmaceutical markets continue to develop, which in turn drives the continuous increase of the pharmaceutical R&D and manufacturing spending. The spending on pharmaceutical research, development and manufacturing is expected to maintain solid growth both globally and in China.

The pharmaceutical R&D and manufacturing outsourcing services market is expected to maintain a rapid growth, and the market share of the fully-integrated R&D services platform that serve global customers is expected to continue to increase. The innovative drug R&D industry features large investments, high risks and long R&D cycles, and the fully-integrated R&D services platform can help to improve the overall R&D efficiency of the customers by reducing costs and R&D risks. First of all, as a result of increasing R&D costs and patent cliffs, as well as the internal R&D talent and capacity limitations, large pharmaceutical companies gradually turn to pharmaceutical R&D and manufacturing outsourcing services with an aim to reduce their overall R&D costs and improve their R&D efficiency. It is expected that the large pharmaceutical companies will continue to increase the proportion of R&D outsourcing in the overall R&D investment. Secondly, small and midsized biotech companies have become an important driver of pharmaceutical innovation. These biotech companies generally have yet to establish comprehensive R&D and manufacturing capabilities and rely more on outsourcing services to advance their R&D projects. Thirdly, the fully-integrated R&D platform serving global customers is well positioned to meet the various needs of different customers, especially small and midsized biotech customers, across the entire pharmaceutical R&D process. Through seamless collaborations among each business segment, the fully-integrated service platform can help customers to further improve efficiencies, and is expected to continuously increase its market share.

2. Outlook and strategy of the Company's future development

The Company adheres to its core growth strategy to build and improve its "End-to-end, Fully-integrated, Globalized, and Multiple Modalities Capable" drug R&D services platform that is fully-integrated with the highest international standard. In addition to continuously strengthen its leading position in the small molecule integrated R&D services, the Company has rapidly expanded its service capabilities for new drug modalities including ADC, peptide and oligonucleotide drugs. The Company has initially completed the establishment and integration of service platforms for clinical development services, biologics and CGT product CDMO services. For the small molecule integrated R&D service platform, through continued expanding and training our talent pools, investing in cutting-edge technologies, upgrading our service capabilities and strengthening the management capabilities for global multidisciplinary collaborations, the Company will further improve the fully-integrated services platform and provide customers with tailored, more flexible and efficient solutions. To cater to the specific needs of domestic and oversea customers, the Company establishes multi-disciplinary and collaborative services teams for customers in a timely manner to address customers' R&D needs, so as to help customers successfully and efficiently advance their pharmaceutical R&D programs. For the new therapeutic modalities such as biologics and CGT products, the Company will leverage its existing strengths to actively expand its customer base, gradually enhance its business scale and operational management efficiency, giving into play the role of a global end-to-end and integrated service platform for biologics and CGT products as the pillar of the Company's overall business. In the clinical development services segment, the Company will further promote the cooperation between teams in China and the U.S., while enhancing its integrated clinical services platform. With its profound disciplinary expertise and high customer recognition, the Company will further consolidate and build an end-to-end platform for new drug modalities, with a focus on manufacturing service capabilities. The Company is committed to becoming a global leader in pharmaceutical R&D services across multiple therapeutic modalities.

The Company will adhere to its business development strategy and continue to expand its domestic and overseas market shares. In overseas market, with years of proven track record, the Company has a large and loyal customer base with solid relationships. By continuously optimizing and upgrading the technical service platform, the Company is committed to providing customers with high-quality services and continuously improving and expanding its service offerings. Also, with the Company's excellent reputation and brand influence in the industry, it is actively attracting more new customers. For the domestic market, with the rapid globalization of China-originated innovative drugs, the Company will place greater emphasis on the domestic market and implement market strategies that are better tailored to the local landscape.

3. Main operational plan of the Company for 2026

In 2025, amidst the industry's transformation and diverse challenges, the Company implemented the strategies set at the beginning of the year, reinforcing its "Customer Centric" corporate culture and enhancing synergies across multi-therapeutic platforms, which contributed to rapid performance growth. In 2026, the Company will continue to advance its core strategy of developing an "End-to-end, Fully-integrated, Globalized, and Multiple Modalities Capable" platform with global footprints to provide customers with better services and gain market share. The Company will focus on the following tasks:

(1) Strengthen the fully integrated service platform for multiple-therapeutic modalities

a. Strengthening its leading position in small molecules while further enhancing service capabilities for new modalities

With over two decades of development, the Company has established an end-to-end small molecule R&D and manufacturing service platform covering the entire process from drug discovery to preclinical and clinical development and commercial manufacturing. In 2026, the Company will continue to make efforts in strengthening its leading position in small molecule R&D services and enhancing its competitiveness globally. In addition, the Company is committed to seizing the momentous opportunity presented by the rise of new modalities. It will further expand its service offerings for complex peptides, oligonucleotides, antibodies, ADCs and CGT products, from laboratory services to complete end-to-end platforms, thereby driving the diversification of its business.

b. Continue to improve the CMC (small molecule CDMO) services capabilities

In 2025, the Company achieved significant progress in large-scale manufacturing, with key projects completed on time and in high quality, supporting a potential future transition to commercial production. In 2026, the Company will continue to drive the collaboration across China, the U.K. and the U.S., and further integrate green technologies, such as flow chemistry and enzyme catalysis into every stage of R&D and production. In addition, the Company will continue to advance capacity expansion at Shaoxing Campus II to enhance its service capabilities for late-stage and commercial productions. Leveraging its strengths in process development, rich pipeline from early-stage projects, global operations, application of new technologies and a hybrid business model, the Company aims to secure more late-stage and commercial production projects.

c. *Continue to strengthen the integrated clinical development service platform enabled by digital and AI technologies*

In 2025, Pharmaron Clinical further enhanced its brand influence and customer recognition, supported by solid progress in digital and AI technologies adoption. In 2026, the Company will accelerate the expansion of Aistarfish Technology's hospital collaborations, broaden its coverage of cancer types, and advance its commercialization pathways, aiming to pave a way to enhance the scope and quality of patient services in the future. Additionally, through collaborations with the Company's clinical and preclinical business units, Aistarfish is actively building high-quality real-world data and multi-omics cohorts for precise patient populations, with the goal of enhancing the efficiency of innovative drug R&D processes for the Company's customers and post-market research efforts. Furthermore, Pharmaron Clinical will continue to advance the integration of clinical data resources with AI technologies, actively drive the development of digital products for clinical operations, and leverage advanced tools including automation and machine learning to empower multiple business segments of clinical research and improve work efficiency and quality of services.

d. *Continue improving the biologics and CGT services platform*

For the biologics R&D services, the Company has continuously strengthened its technical capabilities in laboratory protein production and biologic CDMO. Through the acquisition of a controlling stake in Biortus, it gained specialized expertise in the production and analysis of complex target proteins, offering customers more comprehensive early-stage R&D services. Going forward, while continuing repeat batch production for a key project, the Company will also enhance its cell line development capabilities to gain more early-stage projects, and gradually build a rich biologics CDMO pipeline.

For cell and gene therapy services, the Company will leverage its technical expertise in laboratory testing from U.S. operations to expand its customer base and project pipeline in line with industry trends. The Company's laboratories and manufacturing facilities in the U.K. will continue to support gene therapy CDMO projects while broadening service offerings to include other complex drug modalities to drive greater business diversification.

(2) Further enhance synergistic effect by project management

The Company's core competitiveness stems from the synergistic effects of its "End-to-end, Fully-integrated, Globalized, and Multiple Modalities Capable" platform with global footprints. In 2026, the Company will continue to enhance cross-site, cross-region, cross-department and cross-discipline collaborations to seamlessly integrate across all stages from research and development to commercialization. The Company will also continue to synergize across dimensions by managing projects "transparently, expeditiously, professionally and efficiently" to further strengthen its competitive advantage.

(3) Improve the Company's global business development and marketing capabilities, with a focus on customer relationship management

In 2026, the Company's business development (BD) team, marketing team and its scientists and technicians will work together to better serve its customers. From domestic to overseas, from preclinical to clinical, BD and marketing teams will build an integrated, multi-dimensional, and powerful network. Through this vertically and horizontally interconnected collaboration network, the Company will deliver more efficient and cost-effective services to customers. Leveraging its scientific and technical expertise, the Company is committed to providing high quality services to its customers and maintaining its loyal customer base. For domestic market, the Company will adopt a China market strategy to better expand its domestic customer base.

While enhancing its business and market development capabilities, the Company will place even greater emphasis on customer relationship management, striving to deepen its relationship and collaborations with customers. The Company's business units and operations units will work closely with the BD team to deliver consistent and reliable services, streamline communication mechanisms, identify customer needs, maintain and effectively develop customer relationships, thereby deepening and broadening the scope of collaborations.

(4) Continue to strengthen the Company's talent pool to support its long-term and sustainable growth

Talents are the foundation of innovation and the key to strengthening the Company's core competitiveness. It is its long-standing human resources strategy to build an inclusive and open development platform to attract and train its talent pool. As of December 31, 2025, the total number of employees of the Company was 25,088, representing an increase of 3,718 compared with the previous year. In 2026, the Company will continue to attract high-calibre R&D talents and AI technology professionals globally, improve the Company's benefits system to maximize the retention of talents in key positions, and further expand and enhance its multi-dimensional and comprehensive training system. The Company provides tailor-made trainings according to business needs to different level managers, and implements talent development program that develops both technical competence and comprehensive qualities in parallel, enabling employees and the Company to grow together and supporting its long-term development.

(5) Systematically upgrade risk management capabilities

In 2026, with a systematic and end-to-end approach, the Company will further strengthen its risk management capabilities and build a solid safeguard for resilient operations and high-quality growth. Its risk management system covers three key areas: production safety (including laboratory and plant safety), information security and intellectual property protection, serving as the cornerstone for business sustainability. In production safety, the Company will reinforce end-to-end risk control in laboratories, bolster hazard identification and emergency response capabilities in production processes, and rigorously implement safety standards and operational protocols to prevent safety incidents. For information security, the Company will continue to strengthen its data security, cybersecurity, and information system protection mechanisms to ensure the secure and stable operation of core data and business systems. In intellectual property, the Company will strengthen the life-cycle management of R&D outcomes, technical know-how and trade secrets, and establish a robust IP risk prevention and control system to safeguard the Company's core competitive advantages. The Company is committed to fostering a culture of "Prevention, Engagement, and Continuous Improvement" in risk management. Through ongoing training, regular communication, and scenario-based drills, it will enhance risk awareness and emergency

response capabilities across its workforce, embedding safety principles into every aspect of its operations. By refining systems, optimizing processes, and clarifying accountability, the Company will forge a strong "safety moat", providing a solid foundation for long-term, sustainable, high-quality growth.

(6) Embrace technology and AI era

AI is profoundly reshaping the paradigm of innovative drug R&D, serving as a key driver for improving efficiency, streamlining project execution, and strengthening core competitiveness. In 2025, the Company strategically deployed AI-enabled technology platforms in multiple areas, adding new impetus to its integrated R&D services. This marks only the beginning of its AI transformation. In 2026, the Company will further integrate AI technologies to empower its end-to-end service platform. On the one hand, it will leverage real-world R&D scenarios to develop AI capabilities internally. On the other hand, it will adopt commercial AI technologies and tools and collaborate externally to build high-quality AI models for drug R&D services. By deeply embedding AI technologies into its "End-to-end, Fully-integrated, Globalized, and Multiple Modalities Capable" platform, the Company aims to enhance the productivity and quality across the entire R&D value chain. This will propel the platform into a smart, efficient, and scalable "2.0 era," delivering more competitive R&D solutions to global partners and positioning the Company for continued growth amidst the wave of biopharmaceutical innovation.

4. Potential risks

(1) Risk of declining demand in pharmaceutical R&D service market

The Company is an industry leading, fully-integrated pharmaceutical R&D service platform with global operations to accelerate drug innovation for our customers. In the medium and long term, the global pharmaceutical industry is expected to keep growing driven by such factors as an aging population, higher disposable income and increased medical expenditure. However, due to the volatility of the global biotech funding environment, changes of the R&D budgets of multinational pharmaceutical companies and other factors, the growth rate of the pharmaceutical R&D outsourcing industry may fall behind our projections, which will have an adverse impact on the Company's business performance and prospects.

The Company will continue to implement its strategies, improve its scientific research capabilities and service quality and enhance its market competitiveness.

(2) Risk of losing scientific and technological talents and senior management members

The Company has established a talent team with extensive experience and strong execution capability, which possesses the ability to provide customers with high-quality services in a timely manner and keep up with the cutting-edge technology and latest development of pharmaceutical R&D. However, there is a limited supply of qualified R&D personnel with requisite experience and expertise and such qualified personnel are also highly-sought after by large pharmaceutical companies, biotech start-ups and scientific research institutes. If the Company fails to maintain competitiveness in attracting and retaining excellent scientific and technological personnel in the future, it may not be able to provide customers with high-quality services, which could have a material adverse impact on its business.

The Company will optimize and improve the human resource management system, further strengthen efforts in various aspects such as attraction, assessment, training and incentives, and constantly improve the long-term incentive mechanism (including equity incentives) for all kinds of talent, striving to establish a talent team with first-class caliber that can adapt to international competition.

(3) Risks regarding intellectual property protection

Protection of intellectual property rights associated with customers' R&D services is critical to all of our customers. The service agreements and confidentiality agreements signed between the Company and our customers typically require the Company to exercise all reasonable precautions to protect the integrity and confidentiality of our customers' information. Any unauthorized disclosure of our customers' intellectual property or confidential information could subject the Company to liability for breach of contract and result in significant damage to our reputation, which could have a material adverse impact on the Company's business and operating results.

The Company will continuously improve the existing confidentiality policy, software and hardware, and continue to carry out internal training for employees to enhance their awareness of confidentiality and intellectual property protection.

(4) Risks regarding policies and regulation

There are strict laws, regulations and industry standards in many countries or regions to which drugs are intended to be ultimately sold (such as China, U.S., U.K. and several EU countries) to regulate drug development and manufacturing. The pharmaceutical regulatory authorities of these countries (e.g., FDA or NMPA) also conduct planned or unplanned facility inspections over drug development and manufacturing agencies (e.g., our customers and us) to ensure that relevant facilities meet regulatory requirements. During the past periods, the Company has passed the inspection of relevant regulatory authorities on drug discovery, development and manufacturing processes and facilities in all major aspects. If the Company fails to continuously meet the requirements of regulatory policies or fails to pass the on-site inspection by regulatory authorities in the future, it may be disqualified or subject to other administrative penalties, resulting in the termination of cooperation by our customers.

In addition, the operation of the Company is subject to national and regional laws on environmental protection, health and safety, including but not limited to the use of hazardous chemicals that are flammable, explosive and toxic and the treatment of pollutants (waste gas, waste water, waste residue or other pollutants). If the relevant environmental protection policies become more stringent in the future, the Company's costs for environmental compliance will rise.

The Company will monitor the trend of applicable policies and regulations to ensure its continuous fulfilment of regulatory policy requirements.

(5) Risk of failure to obtain the licenses required for carrying out businesses

The Company is subject to a number of laws and regulations on pharmaceutical R&D and manufacturing. These laws and regulations require that the Company obtain a number of approvals, licenses and permits from different competent authorities to operate our business, some of which are subject to regular renewal. If the Company fails to obtain the approval, license and permit required for its operations, it will have to suspend its operation as ordered by the relevant regulatory authorities.

The Company has obtained all required operational certifications and will maintain close monitoring of evolving regulatory frameworks to ensure timely renewal of relevant credentials.

(6) Risk of international policy changes

Geopolitical factors have created significant uncertainty in recent years. We are a pharmaceutical R&D service platform with well-established global operations and a substantial portion of our customers are pharmaceutical and biotechnology companies outside of China. The demand for our services by these customers may be impacted by the trade policies promulgated by respective local governments against Chinese pharmaceutical R&D service providers as a result of the rise in trade protectionism and unilateralism in recent years. In the event the trade tension between China and other major countries continue to escalate, or any such countries impose restrictions or limitations or enact new legislation on pharmaceutical R&D outsourcing, our business and results of operations may be adversely affected.

We have continued to expand our service capabilities in overseas markets from 2015 with an aim to mitigate any potential impact such policy changes may have on our business.

(7) Risks regarding exchange rates

The Company's exchange currency risk mainly relates to USD, GBP and EUR. During the Reporting Period, the Company's income from overseas customers took up a much higher portion than that from domestic customers, and a considerable portion of our income came from sales denominated in USD. However, most of the Company's personnel and operating facilities are located in China, and the relevant operating costs and expenses are denominated in RMB. In recent years, as affected by China's political and economic conditions, trade tensions between U.S. and China, international economic and political developments, as well as the decision of the Chinese government to further promote the reform of the RMB exchange rate system and enhance the flexibility of RMB exchange rates, the exchange rates between RMB and USD and other currencies fluctuate.

The Company has reduced and will continue to reduce such risk through hedging transactions.

(8) Risks regarding market competition

The global pharmaceutical R&D service market for innovative drugs is highly competitive. The Company is committed to becoming a multi-therapy drug R&D service company that boasts the capabilities of laboratory services, CMC (small molecule CDMO) services, clinical development services and Biologics and CGT services. Therefore, the Company expects to compete with domestic and international competitors at specific stages of pharmaceutical R&D. At the same time, the Company also competes with the discovery, trial, development and commercial manufacturing departments within pharmaceutical companies. As more competitors enter the market, level of competition is expected to escalate. The Company is confronted with market competition in terms of service quality, breadth of integrated service, timeliness of delivery, R&D service strength, intellectual property protection, depth of customer relationship, price, etc.

Moving forward, the Company will further enhance its fully-integrated CRO+CDMO drug R&D and manufacturing service platform through strengthening its talent team and quality of services. Leveraging its industry leadership and hard earned reputation, the Company will further expand its customer base and enhance its competitive resilience in the dynamic market conditions.

(9) Risks regarding technological innovation

With the continuous market development and innovation of R&D technologies, advanced technologies are vital for the Company to maintain its leading position in the industry. The Company shall keep up with the development direction of new technologies and processes to maintain our leading position in the industry.

The Company will continue to invest a large amount of human and capital resources to cultivate and develop new technologies and upgrade our service platform. If target companies with new technologies appeal to us, the Company will consider acquisitions to inject new service capabilities into our platform.

(10) Risks regarding service quality

Service quality and customer satisfaction are one of the important factors for the Company to maintain performance growth. The Company's pharmaceutical research, development and production services mainly provide customers with experimental data and samples, which serve as an important basis for customers to carry out subsequent R&D and manufacturing. Meanwhile, our customers have the right to review the standard operating procedures and records of the Company's services, and check the facilities used to provide services to them. If the Company fails to maintain high service quality, or the experimental data or samples we provide are defective, or service facilities of the Company fail to pass customers' review, the Company may face liquidated damages and suffer loss of customers due to reputation damage, which will have an adverse impact on the Company's business.

The Company will consistently advance quality management initiatives through systematic refinement of quality control protocols, and continuously deliver high quality services and products to its customers.

(11) Artificial Intelligence (AI) technology implementation risks

The Company actively explores AI applications in pharmaceutical R&D services, including using AI to improve productivity in drug discovery and development services and empower multiple business segments in clinical CRO services. However, it also faces potential risks. Data risk is a core challenge, as biases in the quality of training data may lead to inaccurate model predictions. Privacy breaches and ethical controversies also require heightened vigilance and stronger safeguards. Additionally, regulatory lag and unclear intellectual property rights could potentially hinder the translation of innovation into practice.

To mitigate these challenges, the Company will continuously upgrade high quality, diversified biomedical databases to optimize high quality AI model, strengthen experimental validation to enhance output reliability, improve data sharing and privacy protection mechanism and deeply integrate AI with traditional bioscience technologies to ensure the sustainability of AI enabled drug research and development services.

E. OTHER INFORMATION

1. Employee Remuneration and Relations

As at December 31, 2025, the Group had a total of 25,088 employees, as compared to 21,370 employees as of December 31, 2024. The Group provides employees with competitive remuneration and benefits, and the Group's remuneration policies are formulated according to the assessment of individual performance and are periodically reviewed. The Group provides employees with opportunities to work on cutting-edge drug development projects with world-class scientists, as well as offer opportunities to continue academic learning in the Group's Pharmaron College.

2. Significant Investments and Future Plans for Material Investments or Capital Assets

The Group has no significant investment, or plan authorized by the Board for other material investments or additions of capital assets during the Reporting Period.

3. Material Acquisitions and Disposal of Subsidiaries, Associates and Joint Ventures

As at December 31, 2025, there was no significant investment held by the Company, during the Reporting Period, nor were any material acquisitions or disposals of subsidiaries, associates and joint ventures during the Reporting Period.

4. Material Events after the Reporting Period

Placing of New H Shares under General Issuance Mandate

On January 14, 2026 (after trading hours), the Company entered into a placing agreement (the "Placing Agreement") with Goldman Sachs (Asia) L.L.C. and The Hongkong and Shanghai Banking Corporation Limited (together as the "Placing Agents"), pursuant to which, the Company has agreed to appoint the Placing Agents, and the Placing Agents have severally (and not jointly nor jointly and severally) agreed to act as the agents of the Company and to use their best efforts to procure certain placees to subscribe for a total of 58,440,762 new H Shares at the price of HK$22.82 per H Share upon the terms and subject to the conditions set out in the Placing Agreement (the "Placing"). Based on the nominal value of RMB1.00 per Placing Share, the aggregate nominal value of the 58,440,762 Placing Shares is RMB58,440,762.

The Placing Price is HK$22.82 per Placing Share and represents a discount of approximately 8.50% to the closing price of HK$24.94 per H Share as quoted on the Hong Kong Stock Exchange on January 14, 2026 (being the last trading day on which the Placing Agreement was signed).

The Board is of the view that the Company is a leading, fully integrated, end-to-end pharmaceutical R&D and manufacturing services platform with a global footprint, committed to further consolidating its service capabilities and accelerating global drug innovation. The Placing will further enhance the Company's financial strength, enabling it to capture industry opportunities and support its capacity investment and business expansion. The Placing will also introduce a cohort of sophisticated international institutional investors to the Company, further broaden its Shareholder base, and is expected to significantly improve the trading liquidity of the Company's H Shares, thereby strengthening the Company's international capital operations capability. In addition, the Placing will further optimize the Company's capital structure by financing the repayment of a portion of its existing debts. The Placing will support the Company in continuing to maintain its leadership position in pharmaceutical R&D services, which aligns with the Company's long-term development strategy. Therefore, the Directors believe that the Placing is in the overall interests of the Company and its Shareholders as a whole.

On January 22, 2026, the Placing was completed upon satisfaction of all conditions prescribed in the Placing Agreement. An aggregate of 58,440,762 new H Shares have been successfully placed by the Placing Agents to no less than six independent placees at the price of HK$22.82 per H Share pursuant to the terms and conditions of the Placing Agreement. To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the placees, together with their respective ultimate beneficial owners, are third parties independent of, and not connected with, the Company and the connected persons of the Company.

The aggregate gross proceeds from the Placing are expected to be approximately HK$1,333.6 million. The net proceeds from the Placing, after deducting relevant costs and expenses (including commission, levies and transactional fees), are expected to be approximately HK$1,318.7 million (on this basis the net price per Placing Share will be approximately HK$22.56), and will be utilized in the following manner:

(a) approximately 70% will be used for the Company's project development to enhance the capabilities and production capacity of its laboratory services, drug process development and manufacturing facilities;

(b) approximately 10% will be used to repay bank loans and other borrowings, in order to optimize the Company's capital structure; and

(c) approximately 20% will be used to supplement the working capital and for other general corporate purposes.

Please refer to the announcements of the Company dated January 15, 2026 and January 22, 2026 for further details.

Save as disclosed above, there are no material events affecting the Company after the Reporting Period and up to the date of this annual report.

Profile of Directors and Senior Management

Below are the brief profiles of the current Directors and senior management of the Group.

DIRECTORS

The Board currently comprises nine (9) Directors, including three (3) executive Directors, one (1) employee representative Director, two (2) non-executive Directors and three (3) independent non-executive Directors. The following table sets forth information in respect of our Directors:

Name	Age	Position	Date of Appointment as Directors
Dr. LOU Boliang	62	Chairman, chief executive officer and executive Director	October 27, 2016
Mr. LOU Xiaoqiang	57	Chief operating officer, president and executive Director	October 27, 2016
Ms. ZHENG Bei	58	Executive vice president and executive Director	October 27, 2016
Mr. LI Shing Chung Gilbert	47	Chief financial officer, secretary of the Board and employee representative Director	December 18, 2025
Mr. LI Jiaqing	52	Non-executive Director	October 27, 2016
Ms. WAN Xuan	43	Non-executive Director	June 20, 2025
Prof. Tsang King Fung	47	Independent non-executive Director	December 18, 2025
Mr. YU Jian	51	Independent non-executive Director	July 23, 2020
Ms. LI Lihua	61	Independent non-executive Director	September 23, 2022

EXECUTIVE DIRECTORS

Dr. LOU Boliang (樓柏良), aged 62, is the chairman, chief executive officer and an executive Director of our Company. Dr. LOU co-founded our Group together with Mr. LOU and Ms. ZHENG in July 2004. He is primarily responsible for the overall management, strategic planning and corporate development of our Group. Dr. LOU is also actively involved in formulating our business development strategy and developing strategic relationship with our customers. He also serves as a director of most of subsidiaries of our Group. Dr. LOU is the brother of Mr. LOU and the brother-in-law of Ms. ZHENG.

Since November 2006, Dr. LOU has been a director of Pharmaron Holdings Limited, which was our business and asset holding vehicle prior to the restructuring in connection with our A Share Offering.

Dr. LOU has over 30 years of experience in the life sciences and biotech industry. Prior to founding our Group, Dr. LOU worked at several life sciences and biotech companies such as Cytel Corporation, Ontogen Corporation and Advanced SynTech (formerly known as Helios Pharmaceuticals, Inc.).

Dr. LOU obtained a master's degree and a doctorate degree in science at the Shanghai Institute of Organic Chemistry (中國科學院上海有機化學所) in May 1986 and May 1989, respectively. From 1990 to 1994, he conducted post-doctoral research at the University of Montreal in Canada.

Dr. LOU's awards and recognitions include:

- President's Special Award of the Chinese Academy of Sciences (1989);
- Beijing Overseas Returnee Entrepreneur Award (2008); and
- Bo-Da Contribution Award from the Office of Beijing Economic and Technological Development Area (BDA) (2010).

Mr. LOU Xiaoqiang (樓小強), aged 57, is the chief operating officer (COO), president and an executive Director of our Company. Mr. LOU co-founded our Group together with Dr. LOU and Ms. ZHENG in July 2004. Mr. LOU is primarily responsible for the overall operations of the business of our Group. In particular, Mr. LOU is responsible for the execution of our Group's growth strategy both in China and globally. He also serves as a director at several subsidiaries of our Group. Mr. LOU is the brother of Dr. LOU and the husband of Ms. ZHENG.

From March 2007 to January 2016, Mr. LOU was a director of Pharmaron Holdings Limited.

Prior to joining our Group, he worked in sales and management roles at various electronics companies. For more details, please refer to the paragraphs headed "Directors, Supervisors and Senior Management – Executive Directors" of the Prospectus.

Mr. LOU obtained a bachelor's and a master's degree in material science and engineering from Beijing University of Aeronautics and Astronautics (北京航空航天大學) in July 1990 and March 1993, respectively. Mr. LOU obtained a master's degree in business administration from the China-Europe International Business School (中歐國際工商學院) in September 2009.

Ms. ZHENG Bei (鄭北), aged 58, is the executive vice president and an executive Director of our Company. Ms. ZHENG co-founded our Group together with Dr. LOU and Mr. LOU in July 2004. Ms. ZHENG is primarily responsible for the administration and asset management of our Group. In particular, she is responsible for the facilities expansion of our Group. Ms. ZHENG is the wife of Mr. LOU and the sister-in-law of Dr. LOU.

From March 2007 to January 2016, Ms. ZHENG was a director of Pharmaron Holdings Limited. For more details of Ms. ZHENG's previous experience, please refer to the paragraphs headed "Directors, Supervisors and Senior Management – Executive Directors" of the Prospectus.

Ms. ZHENG received her master's degree in law from Peking University (北京大學) in July 1992.

EMPLOYEE REPRESENTATIVE DIRECTOR

Mr. LI Shing Chung Gilbert (李承宗), aged 47, is our chief financial officer, secretary of the Board and employee representative Director. He joined our Group in January 2008 as our financial controller and was appointed as our chief financial officer in January 2015. He was appointed as the secretary of the Board in October 2016 and is primarily responsible for the overall financial function of our Group. In particular, he is responsible for the financing and M&A activities of our Group. Mr. LI also serves as a supervisor or director at several subsidiaries of our Group.

Prior to joining our Group, Mr. LI had served at various roles in accounting and financial areas. From 2000 to 2003, he served as assistant manager of KPMG, a multinational financial audit, tax and advisory firm.

Mr. LI obtained his bachelor's degree in business administration from the Hong Kong University of Science and Technology in November 2000. Mr. LI obtained his master's degree in business administration from the China Europe International Business School (中歐國際工商學院) in July 2012. Mr. LI is a member of the Hong Kong Institute of Certified Public Accountants and the American Institute of Certified Public Accountants and a Chartered Financial Analyst.

NON-EXECUTIVE DIRECTORS

Mr. LI Jiaqing (李家慶), aged 52, is our non-executive Director. Mr. Li has been deeply engaged in the professional investment area for many years, amassing a wealth of experience in green investment, risk management, and financial management. Mr. LI is primarily responsible for providing guidance on corporate strategy and governance to our Group. Mr. LI joined our Group on March 12, 2007.

From March 2007 to January 2016, Mr. LI was a director of Pharmaron Holdings Limited. Since 2021, he has served as the president of Legend Capital. Since February 2023, he served as a director of Knowledge Atlas Technology Joint Stock Company Limited (Stock Code: 02513), a company listed on The Stock Exchange of Hong Kong Limited. From December 2011 to November 2025, he served as a director of Jiangsu Haichen Logistics Co., Ltd. (Stock Code: 300873), a listed company listed on the Shenzhen Stock Exchange. From June 2020 to August 2024, he served as a director of UCloud Technology Co., Ltd. (Stock Code: 688158), a company listed on the Shenzhen Stock Exchange. From July 2017 to April 2024, he served as a director of China Eastern Airlines Logistics Co., Ltd. (Stock Code: 601156), a company listed on the Shanghai Stock Exchange. From December 2012 to September 2024, he served as a director of Howbuy Wealth Management Co., Ltd. (Stock Code: 834418), a company listed on the National Equities Exchange and Quotations. From December 2011 to February 2018, he served as a director of Wuxi Lead Intelligent Equipment Co., Ltd. (無錫先導智能裝備股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 300450). From March 2011 to February 2014, he served as a supervisor of Shanghai Amarsoft Information Technology Co., Ltd. (上海安碩信息技術股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 300380). From September 2010 to April 2018, Mr. LI served as a director of Yunnan Hongxiang Yixintang Pharma Co., Ltd. (雲南鴻翔一心堂藥業(集團)股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002727). From 2001 to 2021, he successively served as vice president of investment, senior vice president of investment, and executive director, managing director and chief investment officer of Legend Capital. From June 1999 to January 2000, he worked in Lenovo Group in Beijing.

Mr. LI obtained his dual bachelor's degree in engineering (majoring in mechanical engineering) and in economic (majoring in corporate management) and a master's degree in management (majoring in management science and engineering) from Tsinghua University (清華大學) in July 1996 and July 1999, respectively. He obtained his master's degree in business administration from the Collège des Ingénieurs in France in June 2001.

Ms. WAN Xuan (萬璇), aged 43, is our non-executive Director. Ms. WAN is primarily responsible for providing guidance on corporate strategy and governance to our Group. Ms. WAN joined our Group on June 20, 2025.

Since June 2022, she has worked for CITIC Goldstone Investment Co., Ltd. as the head of investment division 5 (healthcare and biotechnology industry), director, and member of CITIC Goldstone Investment Co., Ltd. Investment Committee. From 2012 to 2022, she worked for Shanghai Panxin Equity Investment Management Co., Ltd. and Beijing Panmao Investment Management Co., Ltd. (an affiliate of CPE Yuanfeng) as principal. From 2008 to 2012, she worked at the Shanghai Stock Exchange.

Ms. Wan obtained her bachelor's degree in economics from Zhejiang University (浙江大學) in July 2004. She obtained her master's degree in law from Peking University (北京大學) in July 2007.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Prof. TSANG King Fung (曾勁峰), aged 47, was appointed as an independent non-executive Director on December 18, 2025. Prof. TSANG is primarily responsible for supervising and providing independent advice to the board.

Since 2019, he has worked for the Faculty of Law of The Chinese University of Hong Kong as an Associate Professor. From 2013 to 2019, he worked for the same institution as an Assistant Professor. From June 2011 to July 2013, he worked for the City University of Hong Kong. In 2011, he worked for The Stock Exchange of Hong Kong Limited. From 2006 to 2008, and in 2010, he practiced law at Shearman & Sterling LLP. From 2002 to 2005, he practiced law at Linklaters.

Prof. TSANG obtained his bachelor of laws (LL.B.) and postgraduate certificate in laws (PCLL) from the University of Hong Kong. He also obtained his doctor of juridical science (S.J.D.) from Georgetown University, his master of laws (LL.M.) and juris doctor (J.D.) from Columbia University, and his master of laws (LL.M.) from University College London.

Mr. YU Jian (余堅), aged 51, was appointed as an independent non-executive Director on July 23, 2020. Mr. YU is primarily responsible for supervising and providing independent advice to the board.

Mr. YU has extensive experience in finance and accounting. Since October 2008, he has worked in the Teaching and Research Department of Shanghai National Accounting Institute (上海國家會計學院), postgraduate tutor, and engaged in teaching and research in financial management. Since December 2020, he has served as an independent director of Shanghai Yuanfang Computers Technology Co., Ltd.. From May 2020 to October 2023, he served as an independent director of Shengshi Dalian Online Insurance Agency Co., Ltd.. He served as the financial director of Infoservice Information Technology Co., Ltd. (上海英孚思為信息科技有限公司) from January to September 2008. He served as the financial director of Shanghai Chengtou Land Group Co., Ltd. (上海城投置地集團有限公司) from January 2006 to January 2008. He served as the financial director of Shanghai Transportation Investment Group Co., Ltd. (上海交通投資集團有限公司) from December 2004 to January 2006. He served as the financial director of Shanghai Pulan Investment Management Co., Ltd. (上海普蘭投資管理有限公司) from August 2002 to December 2004. From March 1999 to February 2002, he served successively as the financial supervisor of the Planning and Finance Department, deputy head of the audit and supervision department, and deputy head of the project investment department in the headquarters of Shanghai Chengtou Group Corporation (上海城投集團).

Mr. YU is a CPA, and obtained his bachelor's degree in economics from Zhejiang Institute of Finance (浙江財經學院) in July 1996. Mr. YU obtained his master's degree in management from Shanghai University of Finance and Economics (上海財經大學) in January 1999. He obtained his PhD in management from Shanghai University of Finance and Economics (上海財經大學) in July 2005.

Ms. LI Lihua (李麗華), aged 61, was appointed as an independent non-executive Director on September 23, 2022. Ms. LI is primarily responsible for supervising and providing independent advice to the board.

Ms. LI has been a lawyer at Beijing Huamao & Guigu Law Firm (北京市華貿硅谷律師事務所) since October 2017. From March 1996 to October 2017, Ms. LI served as a lawyer at Beijing Yongshen Law Firm (北京市永申律師事務所), Beijing Guangsheng Law Firm (北京市廣盛律師事務所), and Beijing Zhong Yi Law Firm (北京市眾一律師事務所), respectively. From October 2016 to July 2020, Ms. LI served as an independent non-executive director of the Company.

Ms. LI obtained her master's degree in law from Peking University (北京大學) in July 1995.

SENIOR MANAGEMENT

CHAIRMAN & CEO

LOU Boliang, Ph.D.

Dr. LOU Boliang (樓柏良), aged 62, is the chairman, chief executive officer and an executive Director of our Company. Dr. LOU co-founded our Group together with Mr. LOU and Ms. ZHENG in July 2004. He is primarily responsible for the overall management, strategic planning and corporate development of our Group. Dr. LOU is also actively involved in formulating our business development strategy and developing strategic relationship with our customers. He also serves as a director of most of the subsidiaries of our Group. Please see section headed "Profile of Directors and Senior Management – Executive Directors" above for more details.

PRESIDENT & COO

LOU Xiaoqiang, EMBA, M.Eng

Mr. LOU Xiaoqiang (樓小強), aged 57, is the chief operating officer (COO), president and an executive Director of our Company. Mr. LOU co-founded our Group together with Dr. LOU and Ms. ZHENG in July 2004. Mr.LOU is primarily responsible for the overall operations of the business of our Group. In particular, Mr. LOU is responsible for the execution of our Group' growth strategy both in China and globally. He also serves as a director at several subsidiaries of our Group. Please see section headed "Profile of Directors and Senior Management – Executive Directors" above for more details.

EXECUTIVE VICE PRESIDENT

ZHENG Bei, LL.M.

Ms. ZHENG Bei (鄭北), aged 58, is the executive vice president and an executive Director of our Company. Ms. ZHENG co-founded our Group together with Dr. LOU and Mr. LOU in July 2004. Ms. ZHENG is primarily responsible for the administration and asset management of our Group. In particular, she is responsible for the facilities expansion of our Group. Please see section headed "Profile of Directors and Senior Management – Executive Directors" above for more details.

CHIEF SCIENTIFIC OFFICER

YANG Hua, Ph.D.

Dr. YANG Hua (陽華), aged 63, is our Chief Scientific Officer. He joined our Group in July 2007 and is primarily responsible for the construction and improvement of our Group's integrated services platform as well as the formulation of scientific development strategies. Dr. YANG has also served as a director of one of our a subsidiaries.

Prior to joining our Group, he successively served in various senior roles, including assistant director at AstraZeneca R&D Montreal. Since joining our Group in 2007, Dr. YANG has led the construction of multiple R&D service platforms of the company, covering all preclinical stages and clinical stages of new drug R&D, and Dr. YANG is responsible for integrating them into a full-process and integrated new drug R&D services platform.

Dr. YANG obtained his doctorate degree at the University of Manchester in England in November 1990. He also conducted his post-doctoral research at the University of Montreal in Canada. Dr. YANG has published a total of 52 papers/works and filed patent applications.

CHIEF FINANCIAL OFFICER

LI Shing Chung Gilbert, CFA, CPA

Mr. LI Shing Chung Gilbert (李承宗), aged 47, is our chief financial officer, secretary of the Board and employee representative Director. He joined our Group in January 2008 as our financial controller and was appointed as our chief financial officer in January 2015. He was appointed as the secretary of the Board in October 2016 and is primarily responsible for the overall financial function of our Group. In particular, he is responsible for the financing and M&A activities of our Group. Mr. LI also serves as a supervisor or director at several subsidiaries of our Group. Please see section headed "Profile of Directors and Senior Management – Employee Representative Director" above for more details.

Corporate Governance Report

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

CORPORATE PURPOSE, VALUES, STRATEGY AND CULTURE

The Company aims to improve the efficiency of pharmaceutical research and development of global partners by providing fully integrated preclinical services for new drug research and development. By helping partners to successfully develop new drugs and contributing Pharmaron's wisdom to human health, the Company will implement its development strategies as pharmaceutical research, development and manufacturing services which provides fully integrated services to support customers' R&D for innovative pharmaceutical products throughout the research and development cycle, and it regards "Employee First and Customer Centric" as the core of its corporate culture.

CORPORATE GOVERNANCE

The Board of Directors (the "Board") of the Company strives to maintain a high standard of corporate governance and believes that effective and reasonable corporate governance practices are essential to the development of the Group and at the same time protect and enhance the rights of the shareholders of the Company ("Shareholders").

The Company's corporate governance practices are based on the principles and code provisions set out in the Appendix C1 Corporate Governance Code (the "CG Code") to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules").

Save as disclosed herein, the Company has complied with the code provisions as set out in the CG Code during the year.

THE BOARD

Duties and Delegation of Authority to the Management

The Board must be accountable to Shareholders and lead the Company in a responsible and effective manner. The Board (i) to convene general meetings and to report to general meetings; (ii) to implement the resolutions of general meetings; (iii) to determine business operation plans and investment plans of the Company; (iv) to formulate the profit distribution plans and plans for recovery of losses of the Company; (v) to formulate proposals of the Company regarding increase or reduction of the registered capital, issuance of bonds or other securities and listing; (vi) to formulate plans for any substantial acquisition by the Company, repurchase of the shares or merger, division, dissolutions and change of the form of the Company; (vii) to decide on matters relating to the Company's external investment, acquisitions or disposal of assets, mortgage of assets, external guarantee, entrusted wealth management, connected transactions and external donations as authorized by general meetings; (viii) to decide on the establishment of the Company's internal management structure; (ix) to decide on the appoint or dismissal the Company's manager, secretary to the board of directors and other senior management, and their remuneration and rewards and penalties; based on the nominations of the manger, to appoint or dismiss the deputy manager, financial manager and other senior management of the Company and to determine their remuneration and rewards and penalties; (x) to formulate the basic management system of the Company; (xi) to formulate proposals for any amendments to the Articles of Association; (xii) to manage the disclosure of information of the Company; (xiii) to propose to general meetings the appointment or change of the accounting firm acting as the auditor of the Company; (xiv) to hear the work report of the Company's manager and to review the work thereof; (xv) to formulate the equity incentive plan of the Company; (xvi) any other powers as conferred by the laws, administrative regulations, departmental rules, listing rules of the stock exchange where the Company's shares are listed and the Articles of Association.

To oversee particular aspects of the Company's affairs, the Board has established four Board committees including the Strategy Committee, the Audit Committee, the Nomination Committee and the Remuneration and Appraisal Committee, and has granted these Board committees with their respective responsibilities. The Board has granted various responsibilities to each Board committee, and the responsibilities are set out in their respective working rules. In accordance with the provisions of laws and regulations such as the Company Law of the People's Republic of China and the Guidelines for the Articles of Association of Listed Companies, on December 18, 2025, the Company revised the Articles of Association of the Company accordingly. The Company abolished the Supervisory Committee and stipulated that the powers of the Supervisory Committee would be exercised by the Audit Committee of the Board. After the Audit Committee takes over the functions of the Supervisory Committee, it will further enhance the professionalism and efficiency of supervision, which is conducive to improving the overall effectiveness of corporate governance.

The Board has delegated power and responsibility to the senior management to carry out daily management, administration and operation of the Company, including (i) to take charge of the production operations and management tasks of the Company and organize the implementation of the Board's resolutions, and to report his work to the Board; (ii) to organize the implementation of the Company's annual operating plan and investment plan; (iii) to devise the set-up of the Company's internal management structure; (iv) to devise the basic management policy of the Company; (v) to formulate the specific rules of the Company; (vi) to propose the appointment or removal of deputy managers and financial officers of the Company; (vii) to appoint or remove management personnel, aside from those requiring the Board in approving their appointment or removal; (viii) decisions shall be made on matters such as the Company's external investments, acquisition or disposal of assets, external guarantees, entrusted wealth management, related/connected transactions, external donations, and provision of financial assistance in light of the Company's operational needs, except for matters that, pursuant to relevant laws, regulations, regulatory documents, the listing rules of the stock exchange where the Company's shares are listed and these Articles of Association, shall be deliberated by the board of directors or the shareholders' meeting; (ix) other duties as granted by the Company's Articles of Association and the Board. The management of the Company will also provide sufficient advice to the Board and Board committees in a timely manner for directors to make informed decisions.

All directors perform their duties in good faith, act in the best interests of the Company, comply with applicable laws and regulations, and always act in the interests of the Company and the Shareholders.

In 2026, the Board will sustain efforts in strengthening the corporate governance standardization, and promote the improvement of internal control and internal audit systems to establish strict and effective internal control and risk control systems in strict accordance with laws and regulations, such as the Company Law, New Securities Law, Rules Governing the Listing of Shares on the ChiNext Market of Shenzhen Stock Exchange, and the Listing Rules. At the same time, the Board will also strengthen communication with the Shareholders, and listen their reasonable suggestions to improve corporate governance. The Board will, in light of the Company's particular conditions, standardize the Company's operations through business integrity, transparent management, and constant improvements to the corporate governance structure, so as to maximize the interests of all shareholders and the Company.

Corporate Governance Function of the Board

The Board is responsible for performing the corporate governance functions set out in Code Provision A.2.1 of Part 2 of the CG Code. These functions include, as a minimum, the following contents:

(1) to develop and review the Company's policies and practices on corporate governance and make relevant recommendations in this regard (if appropriate);

(2) to review and monitor the training and continuous professional development of directors and senior management;

(3) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

(4) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors; and

(5) to review the Company's compliance with the CG Code and disclosure in the annual report.

Board Structure

The term of office for the third session of the Board shall be three years, commencing on the date of adoption by shareholders at the 2022 Annual General Meeting held on June 21, 2023. The term of office for members of all special committees under the third session of the Board shall commence on the date of adoption at the first meeting of the third session of the Board and shall expire on the completion of the term of the third session of the Board. During the year, the Company adjusted the structure of the Board. From January 1, 2025 to December 18, 2025, prior to the adjustment of the structure of the Board, the third session of the Board consisted of eight directors with one chairman, comprising three executive Directors, two non-executive Directors and three independent non-executive Directors. the Company adjusted the structure of the Board and completed the election of the third session of the Board on December 18, 2025. As at the date of this annual report, the third session of the Board consists of nine directors with one chairman, comprising three executive Directors, two non-executive Directors, three independent non-executive Directors and one employee representative Director. After the adjustment of the Board structure, the composition of the Board has become more diverse and balanced, which helps to fully consider the rights and interests of employees in the process of strategic planning and major decision-making, and enhances the democracy and scientificity of the corporate governance.

The Board members during the year are as follows:

Executive Directors:

Dr. LOU Boliang (樓柏良) *(Chairman, Chief Executive Officer and Executive Director)*
Mr. LOU Xiaoqiang (樓小強) *(Chief Operating Officer, President and Executive Director)*
Ms. ZHENG Bei (鄭北) *(Executive Vice President and Executive Director)*

Employee Representative Director

Mr. LI Shing Chung Gilbert (李承宗) *(elected on December 18, 2025)*

Non-Executive Directors:

Mr. HU Baifeng (胡柏風) *(ceased on June 20, 2025)*
Mr. LI Jiaqing (李家慶)
Ms. WAN Xuan (萬璇) *(appointed on June 20, 2025)*

Independent Non-Executive Directors:

Ms. LI Lihua (李麗華)
Mr. TSANG Kwan Hung Benson (曾坤鴻) *(ceased on December 18, 2025)*
Mr. YU Jian (余堅)
Prof. Tsang King Fung (曾勁峰) *(appointed on December 18, 2025)*

Mr. HU Baifeng ("**Mr. HU**") voluntary resigned from his position as a non-executive Director and a member of the strategy committee of the Board with effect from 20 June 2025 due to reallocation of his primary work responsibilities. Mr. TSANG Kwan Hung Benson ("**Mr. TSANG**") voluntary resigned from his position as an independent non-executive Director, and a member of the audit committee, the remuneration and appraisal committee and the nomination committee of the Board with effect from December 18, 2025. During them tenure of office, Mr. HU and Mr. TSANG were diligent and responsible, and played a positive role in the standardized operation and healthy development of the Company. Mr. HU and Mr. TSANG have confirmed that they have no claim against the Company in respect of their cessation and they have no disagreement with the Board. There are no other matters relating to their cessation that need to be brought to the attention of the Shareholders. Ms. WAN Xuan ("**Ms. WAN**") was appointed as a non-executive Director on June 20, 2025. Prof. TSANG King Fung ("**Prof. TSANG**") was appointed as an independent non-executive Director on December 18, 2025. Mr. LI Shing Chung Gilbert ("**Mr. LI**") was appointed as an employee representative Director on December 18, 2025. Prior to their formal appointment, Ms. WAN, Prof. TSANG and Mr. LI obtained legal opinions from lawyers qualified to advise on Hong Kong law on 13 May 13, 2025, November 6, 2025 and December 15, 2025, respectively. They have obtained legal advice from a firm of solicitors qualified to advise on Hong Kong law as regards the requirements under the Exchange Listing Rules that are applicable to them as a director of a listed issuer and the possible consequences of making a false declaration or giving false information to the Exchange.

Pursuant to the Articles of Association, Directors (except for the employee representative Director) shall be elected or removed from office by Shareholders at a Shareholders' general meeting, employee representative Director shall be elected or removed by the employee representative congress. Each term of office of a Director shall be three years. Director may be re-elected and re-appointed upon expiry of his/her term of office.

The biographies of all current Directors are set out under the section headed "Profile of Directors and Senior Management" of this annual report. Dr. LOU Boliang is the brother of Mr. LOU Xiaoqiang and the brother-in-law of Ms. ZHENG Bei. Mr. LOU Xiaoqiang is the brother of Dr. LOU Boliang and the spouse of Ms. ZHENG Bei. Ms. ZHENG Bei is the spouse of Mr. LOU Xiaoqiang and the sister-in-law of Dr. LOU Boliang. Save as disclosed above, there are no material relationships among members of the Board or the senior management of the Group (including financial, business, family or other material or relevant relationships).

Board Diversity and Workforce Diversity Policy

Our Company seeks to achieve board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

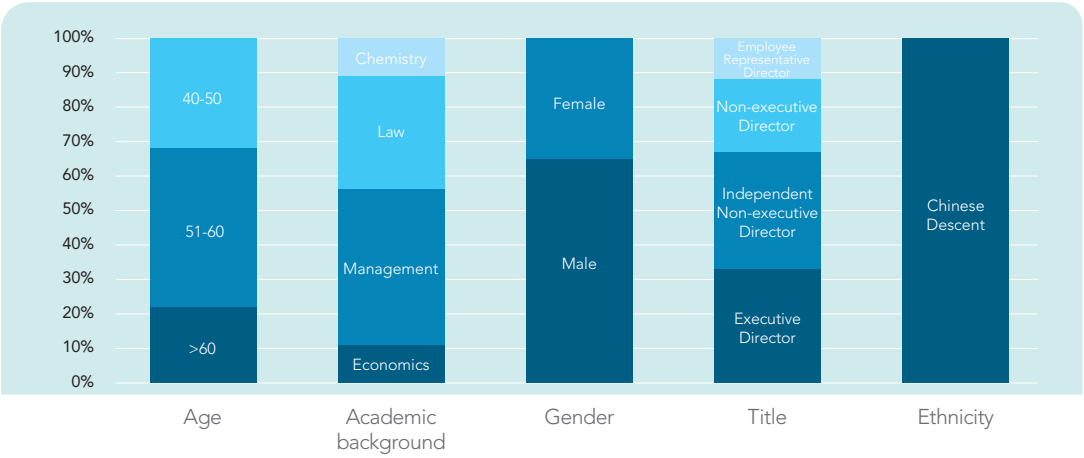
Pursuant to the CG Code, the Board has adopted the Board Diversity Policy. The Company understands and believes that the Board diversity is of great benefit to the improvement of the Company's performance. In order to achieve sustainable and balanced development, the Company considers the increasing diversity of the Board as a key element to support its achievement of strategic objectives and sustainable development. All Board appointments will be based on meritocracy, and candidates will be considered having due regard for the benefits of diversity on the Board. The Company is committed to selecting the best candidate to serve as a Board member. The selection of candidates will be based on a range of diversified factors, including but not limited to gender, age, cultural background and ethnicity in addition to educational background, professional experience, skills, knowledge and length of service. The final decision will be based on the strengths of the candidate and the contributions the candidate makes to the Board. The composition of the Board (including gender, age, and length of service) disclosed annually in the corporate governance report.

The Company's Board consists of 9 members, of whom 6 are male and 3 are female. The number of female directors accounts for one-third of the total number of directors. The Board members have a wide range of academic backgrounds, skills, knowledge and experience. The academic backgrounds cover chemistry, law, economics, management and various other disciplines; skills, knowledge and experience include scientific research, corporate management, green investment, legal services, risk management, finance and auditing.

The Company regularly reviews the reasonableness of its diversity policy and its implementation in practice. The Board of the Company has reviewed the members, structure and composition of the Board on March 30, 2026, and considers that the Board structure is reasonable, and the Directors have experience and skills in various aspects and fields to help the Company maintain a high level of operations. The Board is of the view that the Board diversity policy is effective and confirms that the Board meets the diversity requirements to its satisfaction. The Company will continue to strive to refine the existing policy and enhance its corporate governance standards.

The Nomination Committee is responsible for ensuring the diversity of the Board. The Nomination Committee will monitor the implementation of the diversity policy and review the Board Diversity Policy from time to time to ensure its continued effectiveness and make recommendations to the Board. The Board has reviewed the Board Diversity Policy on March 30, 2026 and considers that the Board Diversity Policy has been implemented effectively.

The following figure shows the diversification of third session of the Board as of December 31, 2025:



Note:1. Y-axis represents percentage

As at December 31, 2025, among the senior management of the Group, 80% were male and 20% were female. Excluding senior management, 43.27% of the Group's employees were male and 56.73% were female. The Board considers that the gender ratio of male and female employees of the Company is relatively balanced, and the employee diversity policy is effective. The Board is satisfied and confirms that employee diversity requirements have been met. We hope to create more equal job positions and work environment to maintain the Group's gender balance. The gender balance plan means equal employment opportunities for male and female employees based on their required academic qualifications, experience and skills, as well as equal opportunities for male and female candidates for senior management positions. In addition, we may face problems in the human resources market as to whether the supply of individuals in different genders can match the required academic qualifications, experience and skills for positions within the Group. Despite these challenges, we will continue to pursue the goal of gender balance.

Chairman and Chief Executive Officer

Pursuant to Code Provision C.2.1 of Part 2 of the CG Code, the roles of chairman and chief executive shall be separate and performed by different individuals.

Up to the date of this annual report, Dr. LOU Boliang ("Dr. LOU") currently holds both positions of chairman and chief executive officer of the Company. Dr. LOU is responsible for the overall management, strategic planning and corporate development of the Group.

In view of Dr. LOU's experience, personal profile and his roles in our Company as mentioned above and that Dr. LOU has assumed the role of chief executive officer of our Company since our commencement of business, the Board considers it beneficial to the business prospect and operational efficiency of our Company that upon Listing, Dr. LOU acts as the chairman of the Board and continues to act as the chief executive officer of our Company. While this will constitute a deviation from Code Provision C.2.1 of the CG Code as set out in Appendix C1 to the Listing Rules, the Board believes that this structure will not impair the balance of power and authority between the Board and the management of our Company, given that: (i) decision to be made by our Board requires approval by at least a majority of our Directors; (ii) Dr. LOU and the other Directors are aware of and undertake to fulfil their fiduciary duties as Directors, which require, among other things, that he acts for the benefit and in the best interests of our Company and will make decisions for our Company accordingly; and (iii) the balance of power and authority is ensured by the operations of the Board which comprises experienced and high caliber individuals who meet regularly to discuss issues affecting the operations of our Company. Moreover, the overall strategic and other key business, financial, and operational policies of our Company are made collectively after thorough discussion at both Board and senior management levels. The Board will continue to review the effectiveness of the corporate governance structure of our Company in order to assess whether the positions of chairman of the Board and chief executive officer held by two different individuals is necessary.

Independent Non-Executive Directors

The Board at all times met the requirements of Rules 3.10(1) and 3.10(2) of the Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one independent non-executive Director possessing appropriate professional qualifications or accounting or related financial management expertise. In addition, under Rule 3.10A of the Listing Rules, independent non-executive Directors shall represent at least one-third of the Board. As at the date of this annual report, the third session of the Board has three independent non-executive Directors, accounting for one third of Board members, and the three independent non-executive Directors have professional qualifications in law, finance and accounting, respectively. Therefore, the Company has complied with the relevant regulations.

Pursuant to the Articles of Association, the term of office of independent non-executive Directors is the same as that of other directors of the Company. Director may be re-elected and re-appointed upon expiry of his/her term of office, but the term of re-appointment shall not exceed six years. The Company's independent non-executive Directors shall have more than five years of legal, economic or other work experience necessary to perform the duties of independent non-executive Directors, master the basic knowledge of company operations, be familiar with the rules of the place where the Company's shares are listed, and ensure sufficient time and energy to perform duties.

The Nomination Committee of the third session of the Board has assessed the independence and qualifications of each independent non-executive Director in accordance with the Listing Rules, the Self-regulatory Guidelines for Listed Companies No. 2 of Shenzhen Stock Exchange – Standardized Operation of Listed Companies on the ChiNext Market, and the Company's Work Rules for the Nomination Committee, and received the annual confirmation of independence from each of the independent non-executive Directors pursuant to Rule 3.13 of the Listing Rules. After assessing their independence, the Company considers that all independent non-executive Directors meet the independence required by the Listing Rules.

In 2025, according to the relevant requirements of the Measures for the Administration of Independent Directors of Listed Companies, all independent non-executive directors shall, in a responsible attitude towards the company and shareholders, be diligent and responsible, faithfully perform their duties, actively work at the company's site, put forward guidance and supervision suggestions, and attend relevant meetings such as the general meeting of shareholders, the Board and the special meeting of independent directors of the Board in accordance with the law. Carefully deliberating various proposals, objectively expressing their own views and opinions based on an independent position, and putting forward professional opinions or suggestions on major matters such as the company's operation and management, financial management, affiliated transactions, and profit distribution. The independent non-executive directors shall communicate with the auditors of the accounting firm hired by the company on a regular basis, pay full attention to the company's internal control construction, risk prevention and control, financial audit and other important matters, and play an active role in standardizing the company's operation and safeguarding the legitimate rights and interests of the company and the shareholders. The independent non-executive directors shall actively communicate with the management of the company and keep abreast of the company's business information, financial and operating conditions.

Review of the mechanism for the Board to obtain independent views

The Board has a balanced composition of executive Directors, non-executive Directors and independent non-executive Directors, and has a high level of independence. The Board strictly comply with the requirements of the Listing Rules and Shenzhen Listing Rules on the composition of Board committees to ensure that each Board committee can obtain independent views. The Board has reasonable structure, appropriate size and balanced skills, knowledge, experience and gender of the Board members. The term of office of each independent non-executive Director is balanced, which is conducive to maintaining a balance between the number of Directors who have a deep understanding of the Company and the number of Directors who have new views and new insights. Each independent non-executive Director will inform the Company as soon as practicable if there is any change of his/her personal particulars that may affect his/her independence. No remuneration was paid to independent non-executive Directors in respect of share options, share grants or other equity interests with performance related elements, in order to maintain their objectivity and independence in the Board. On March 30, 2026, the mechanism for the Board to obtain independent views was reviewed. The Board considers that its mechanism to obtain independent views is effective.

Appointment, Re-election and Removal of Directors

The system and procedures for the appointment, re-election and removal of Directors are set out in the Articles of Association of the Company. Pursuant to the Articles of Association, Directors (except for the employee representative Director) shall be elected or removed from office by Shareholders at a Shareholders' general meeting, employee representative Director shall be elected or removed by the employee representative congress. Each term of office of a Director shall be three years. Director may be re-elected and re-appointed upon expiry of his/her term of office. Before the expiration of a Director's term, his/her duties shall not be released by the Shareholders' general meeting or employee representative's congress without reason. The Shareholders' general meeting or employee representative's congress may, in compliance with relevant laws, administrative regulations, and relevant regulations of the securities regulatory authority of the place where the Company's shares are listed, remove any director whose term has not expired by ordinary resolution, but this does not affect the director's claims for damages pursuant to any contract.

Each of the current Directors has entered into a service contract with the Company for a term of three years, counting from the date of obtaining the relevant Shareholders' general meeting or employee representative's congress approval for appointment, and terminating in accordance with their respective terms.

None of the Directors has entered or is proposed to enter into a service contract with any member of our Group, other than contracts expiring or determinable by the relevant employer within one year without the payment of compensation (other than statutory compensation).

Board Meetings

Pursuant to the Articles of Association, the Board shall hold at least four meetings each year, which shall be convened by the Chairman and notified to all the directors fourteen days prior to the meeting. Meetings of the Board shall be held only if more than half of the Directors are present. If a Director is unable to attend the meeting in person, he/she may appoint another Director to attend the meeting on his/her behalf by a written power of attorney specifying the name of the agent, the delegation matters, the scope of authorization and the period of validity. However, Directors may not vote on any Board resolution that approves a contract, transaction or arrangement or any other relevant resolution in which he/she or any of his/her close associates (as defined in the applicable Listing Rules in force from time to time) have a significant interest. Board meetings are held on site as a principle. A Director who fails to attend a Board meeting or to entrust a representative to attend is deemed to have waived his/her voting right at the relevant meeting. The Board shall make minutes of the decisions on the matters considered at the meeting, and the directors present at the meeting shall sign the minutes of the meeting.

All Directors have full and timely access to all relevant information about the meeting matters, and can seek independent professional advice and services from the company secretary and senior management. After making a reasonable request to the Board, any Director may, where appropriate, request independent professional advice at the expense of the Company.

During the year, the Board held five meetings on March 26, 2025, April 25, 2025, August 21, 2025, October 28, 2025, and November 11, 2025, respectively.

Directors' Training and Professional Development

During the year, all Directors have received Directors' training in writing or by attending lectures. The Directors' training is mainly about (i) anti-corruption training; (ii) thematic training organised by the Beijing Association of Listed Companies, covering the Measures for the Administration of Information Disclosure, mergers and acquisitions and restructuring, market value management, share price movements, investor relations, performance of duties by independent non-executive directors, ESG and other related topics;(iii) Shenzhen Stock Exchange independent director training, and (iv) thematic training organised by a service company with professional company secretaries, covering matters in relation to the performance of directors' duties, new compliance and regulatory rules, the roles and responsibilities of directors in ESG, requirements under the Corporate Governance Code in respect of risk management and internal control, as well as matters requiring attention by directors under anti-money laundering and counter-terrorist financing regulations. In addition, Prof. TSANG, an independent non-executive Director, and Mr. LI, an employee representative Director, are participating in the required induction training for newly appointed directors and will complete all training courses.

Directors keep receiving the latest news on the development of statutory and regulatory systems and business conditions, prompting them to perform their duties. The Company also arranges training for directors when necessary to ensure that the directors have a proper understanding of the Group's business and operations, and fully understand the duties and obligations of directors under the Listing Rules and relevant statutory requirements.

The personal training records received by the directors during the year are summarized as follows:

Name of directors	Attending or participating in relevant seminars/reading relevant materials	Training duration
Executive Directors		
Dr. LOU Boliang	✓	25.5
Mr. LOU Xiaoqiang	✓	23.5
Ms. ZHENG Bei	✓	23.5
Employee Representative Director		
Mr. LI Shing Chung Gilbert (李承宗) *(appointed on December 18, 2025)*	✓	24
Non-Executive Directors		
Mr. HU Baifeng *(ceased on June 20, 2025)*	–	–
Ms. WAN Xuan (萬璇) *(appointed on June 20, 2025)*	✓	13.5
Mr. LI Jiaqing	✓	23.5
Independent Non-Executive Directors		
Mr. TSANG Kwan Hung Benson *(ceased on June 20, 2025)*	✓	18.5
Mr. YU Jian	✓	25.5
Ms. LI Lihua	✓	23.5
Prof. Tsang King Fung (曾勁峰) *(appointed on December 18, 2025)*	✓	1

Model Code for Securities Transactions by Directors and Supervisors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix C3 to the Listing Rules of the Stock Exchange as the Company's code of conduct for Directors and Supervisors in securities transactions. After making specific inquiries to all Directors and Supervisors, each of the Company's Directors and Supervisors each confirmed that he/she has complied with the required rules set out in the Model Code during the year.

Pursuant to Code B.13 of the Model Code, Directors have also requested that any employee of the Company or Director or employee of a subsidiary of the Company who may obtain inside information about the securities of the Company as a result of serving or being employed by the Company or a subsidiary shall not trade in securities of the Company as prohibited by the Model Code (just as a director).

Special Board Committees

Pursuant to the Company Law, the Corporate Governance Standards for Listed Companies, Shenzhen Listing Rule and CG Code, the Board has established four special board committees including the Strategy Committee, the Audit Committee, the Nomination Committee and the Remuneration and Appraisal Committee, and has granted these special board committees with their respective responsibilities. The composition, main duties and work of these special committees during the year are set out below:

Strategy Committee

From January 1, 2025 to June 20, 2025, the third session of the Strategy Committee consisted of Dr. LOU Boliang (chairman and executive Director), Mr. LOU Xiaoqiang (executive Director), Mr. HU Baifeng (non-executive Director), and Mr. LI Jiaqing (non-executive Director). From June 20, 2025 to the date of this annual report, the third session of the Strategy Committee consists of Dr. LOU Boliang (chairman and executive Director), Mr. LOU Xiaoqiang (executive Director), Mr. LI Jiaqing (non-executive Director) and Ms. WAN Xuan (non-executive Director) with Dr. LOU being the chairman of the Strategy Committee. The main duties of the Strategy Committee include but are not limited to:

The main duties of the Strategy Committee are to review the Company's long-term development strategy and major investment decisions and to make recommendations on such matters. Details are as follows: (i) researching and recommending on long-term development strategy of the Company; (ii) to study and make recommendations on the material investment and financing proposals required to be approved by the board pursuant to the Articles of Association of the Company; (iii) to study and make recommendations on the material capital operations and asset operation projects required to be approved by the board pursuant to the Articles of Association of the Company; (iv) researching and recommending on significant matters relating to the development of the Company; (v) monitoring the above matters; and (vi) performing such other duties determined by the Board and stipulated in the listing rules or regulatory rules of the place where the shares of the Company are listed.

During the year, the Strategy Committee held one meeting where the following matters were considered:

The third meeting of the Strategic Committee of the third session of the Board was held on March 26, 2025 to consider and approve the Resolutions on the 2024 Environmental, Social and Corporate Governance Report of the Company, the Resolution on Revising the Environmental, Social and Corporate Governance Management Measures and Resolution on Revising the Environmental, Social and Governance (ESG) Information Management Manual.

Audit Committee

From January 1, 2025 to December 18, 2025, the third session of the Audit Committee consist of Mr. YU Jian (chairman), Ms. LI Lihua and Mr. TSANG Kwan Hung Benson. From December 18, 2025 to the date of this annual report, the third session of the Board consists of Mr. YU Jian (chairman), Ms. LI Lihua and Prof. TSANG King Fung. Mr. YU Jian is the chairman of the Audit Committee. All members of the Audit Committee are independent non-executive Directors.

The Audit Committee is mainly responsible for reviewing the Company's financial information and its disclosure, monitoring and evaluating internal and external audit work and internal control, the following matters shall be submitted to the Board for deliberation after being approved by a majority of all members of the Audit Committee: (i) disclosure of financial information in financial reports and periodic reports, internal control evaluation reports; (ii) hiring or dismissing the accounting firm engaged to carry out the Company's audit; (iii) appointment or dismissal of the Company's financial controller; (iv) changes in accounting policies, accounting estimates or corrections of material accounting errors for reasons other than changes in accounting standards; (v) other matters provided for by laws and administrative regulations, provisions of the China Securities Regulatory Commission, relevant provisions of the stock exchange where the Company's shares are listed, and the Company's Articles of Association. In directing and supervising the work of the internal audit department: (i) guiding and supervising the establishment and implementation of the internal audit system; (ii) reviewing the Company's annual internal audit work plan; (iii) supervising the implementation of the Company's internal audit program; (iv) guiding the effective operation of the internal audit department, the internal audit department of the Company shall report to the Audit Committee, and all types of audit reports submitted by the internal audit department to the management, plans for the rectification of audit issues and the status of rectification shall be submitted to the Audit Committee at the same time; (v) reporting to the Board on the progress and quality of internal audit work, as well as significant issues identified; (vi) coordinating the relationship between internal audit departments and external audit units such as accounting firms and national audit institutions; (vii) to review the Company's financial controls, and unless expressly addressed by a separate Board risk committee, or by the Board itself, to review the Company's risk management and internal control systems; (viii) to discuss the risk management and internal control systems with management to ensure that management has performed its duty to have effective systems. This discussion should include the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function; (ix) to consider major investigation findings on risk management and internal control matters as delegated by the Board or on its own initiative and management's response to these findings; (x) where an internal audit function exists, to ensure co-ordination between the internal and external auditors, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor its effectiveness; (xi) to review the Company and its controlled subsidiaries' financial and accounting policies and practices; (xii) to review the external auditor's management letter, any material queries raised by the auditor to management about accounting records, financial accounts or systems of control and management's response; (xiii) to ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter; (xiv) to act as the key representative body for overseeing the Company's relations with the external auditor; (xv) to report to the Board on the matters in this code provision; and (xvi) to consider other topics, as defined by the Board.

The Audit Committee held six meetings during the year. The Audit Committee considered the following matters:

(1) The twelfth meeting of the Audit Committee of the third session of the Board was held on 18 March 2025 to considered and approved the Resolution on Confirmation of the Company' s Connected Parties and Connected Persons, the Resolution on Review of the Company's Compliance with the Corporate Governance Code and the Resolution on Pre-communication Regarding the 2024 Annual Audit Work.

(2) The thirteenth meeting of the Audit Committee of the third session of the Board was held on March 26, 2025 to consider and approve the Resolutions on the 2024 Internal Control Evaluation Report of the Company, the Resolutions on the 2024 Work Report of the Internal Control and Internal Audit Department and the Report on the Inspection of Material Matters of the Company for the Second Half of 2024, the Resolutions on the 2024 Final Financial Report, the Resolutions on the Full Text and Summary of the 2024 Annual Report and the 2024 Annual Results Announcement of the Company, the Resolutions on the 2024 Profit Distribution Plan, the Resolutions on the Special Audit Statement on Funds Occupied by Controlling Shareholders and Other Associated Parties in 2024, the Resolutions on the Confirmation of Ordinary Related Party Transactions for 2024, the Resolutions on the Confirmation of the Hedging Product Transaction for 2024 and Estimating Hedging Product Transaction Quota in 2025, the Resolution on the Proposed Re-appointment of the Domestic Financial and Internal Control Audit Institution for 2025; the Resolution on the Proposed Re-appointment of the Overseas Certified Public Accountants Firm for 2025; the Resolutions on the Evaluation of the Performance of the Accounting Firm in 2024 and the Report on the Discharge of Supervisory Duties by the Audit Committee and the Resolutions on relation to the Summary of Audit Work for 2024.

(3) The fourteenth meeting of the Audit Committee of the third session of the Board was held on April 25, 2025 to consider and approve the Resolutions on 2025 First Quarterly Report of the Company and Proposal on Report on Internal Control and Internal Audit.

(4) The fifteenth meeting of the Audit Committee of the third session of the Board was held on August 21, 2025 to consider and approve the Resolutions on the Work Report on the First Half of 2025 of the Internal Control and Internal Audit Department and on the Inspection Report on Material Matters, the Resolutions on the Funds Occupied by Controlling Shareholders and Other Associated Parties in the First Half of 2025, the Resolutions on the Full Text and Summary of the Interim Report and 2025 Interim Results Announcement, the Resolutions on Confirmation of Connected Parties and Connected Persons of the Company, the Resolutions on Additional Investment in an Overseas Non-wholly Owned Investee Company and Connected Transaction.

(5) The sixteenth meeting of the Audit Committee of the third session of the Board was held on October 28, 2025 to consider and approve the Resolutions on the Work Report of Internal Control Department, the Resolutions on the 2025 Third Quarterly Report and the Resolution on the Connected Transaction – Acquisition of 82.54% Interest in Biortus.

(6) The seventeenth meeting of the Audit Committee of the third session of the Board was held on December 19, 2025 to consider and approve the Resolutions on the 2025 Audit Plan.

The Audit Committee has reviewed and confirmed the audited consolidated financial statements set out in this annual report, and discussed with the management on the Company's financial statements and internal controls. The Audit Committee is of the opinion that the preparation of these financial statements complies with applicable accounting standards and regulations and has made appropriate disclosures.

The Audit Committee is also aware of the Group's existing risk management and internal control systems, and is aware that these systems will be reviewed annually.

Nomination Committee

From January 1, 2025 to December 18, 2025, the third session of the Nomination Committee consisted of Ms. LI Lihua (chairperson and independent non-executive Director), Dr. LOU Boliang (executive Director), Ms. ZHENG Bei (executive Director), Mr. YU Jian (independent non-executive Director) and Mr. TSANG Kwan Hung Benson (independent non-executive Director). From December 18, 2025 to the date of this annual report, the Nomination Committee of the third session of the Board consists of Ms. LI Lihua (chairperson and independent non-executive Director), Dr. LOU Boliang (executive Director), Ms. ZHENG Bei (executive Director), Mr. YU Jian (independent non-executive Director) and Prof. TSANG King Fung (independent non-executive Director). Ms. LI Lihua is the chairperson of the Nomination Committee. The Nomination Committee comprises the executive Directors and independent non-executive Directors. Among them, independent non-executive Directors serve as the chairperson and make up the majority. During the Reporting Period, the Company conducted director nomination management in accordance with relevant regulatory rules and internal policies. The nomination, selection and recommendation procedures for director candidates were duly completed in accordance with the director nomination policy, the established nomination procedures of the Nomination Committee and its selection and recommendation criteria.

The main duties of the Nomination Committee are as follows: (i) to nominate or appoint or remove directors; (ii) appointment or dismissal of senior management; (iii) to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually, to assist the Board in maintaining a Board skills matrix, and to make recommendations on any proposed changes to the Board to complement the Company's corporate strategy; (iv) making recommendations to the Board on the size and composition of the Board based on the Company's operating activities, assets scale and shareholding structure; (v) studying the selection criteria and procedures of directors and senior management and making recommendations to the Board; (vi) extensively searching for qualified candidates as directors and senior management, identifying qualified candidates as directors and providing advice to the Board on the nomination of candidates; (vii) reviewing and making recommendations on candidates as directors and senior management; (viii) evaluating the independence of independent non-executive Directors; (ix) to make recommendations to the Board on the appointment or re-appointment of directors and succession plan for directors, in particular the chairman of the Board and the chief executive officer; (x) to support the Company's annual evaluation of the Board's performance (including evaluating each director's time commitment and contribution to the Board, as well as their ability to discharge their responsibilities effectively). It shall also disclose to the public the assessment criteria in accordance with the listing rules of the Company's stock listing venue, state whether the Nomination Committee deems the time and contribution of directors to the board sufficient on the whole, and explain the relevant reasons; and (xi) laws and regulations, relevant regulations of the stock exchange where the Company's shares are listed, requirements of the Board, and other matters stipulated in the Articles of Association.

The procedures for the appointment, re-election and removal of directors are set out in the Articles of Association. The Nomination Committee will identify individuals suitably qualified to become directors and make recommendations to the Board on the selection of individuals. The Nomination Committee will determine the composition of board members based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The Nomination Committee will also make recommendations to the Board of Directors on the appointment or reappointment of directors and succession planning for directors (in particular the Chairman of the Board of Directors), taking into account the Company's corporate strategy and mix of skills, knowledge, experience and diversity needed in the future.

During the Reporting Period, the Company conducted the Directors' performance evaluation in accordance with applicable regulatory requirements and internal policies. A dedicated assessment was carried out on the time commitment, contribution and effectiveness of each Director in performing their duties at the Board. The evaluation comprehensively took into account factors including professional qualifications, work experience, directorships held at other listed issuers, time commitment to significant external affairs, as well as personal qualities, integrity, independence and relevant professional experience, so as to ensure that Directors perform their duties in a compliant and efficient manner. The Board is of the view that each Director has devoted sufficient time to the work of the Board and made reasonable contributions, and each Director has effectively discharged their duties.

During the year, the Nomination Committee held three meetings. The Nomination Committee considered the following matters:

(1) The second meeting of the Nomination Committee of the third session of the Board was held on March 26, 2025, and considered and approved the Resolution on Reviewing the Rationality of the Board Structure and the Resolution on evaluating the independence of independent non-executive Directors;

(2) The third meeting of the Nomination Committee of the third session of the Board was held on April 25, 2025, and considered and approved the Resolution on the By-election of a Non-executive Director of the third session of the Board of Directors of the Company;

(3) The fourth meeting of the Nomination Committee of the third session of the Board was held on October 28, 2025, and considered and approved the Resolution on the Nomination and By-election of an Independent Non-executive Director of the third session of the Board of Directors of the Company.

Remuneration and Appraisal Committee

From January 1, 2025 to December 18, 2025, the third session of the Remuneration and Appraisal Committee consist of Ms. LI Lihua (chairperson and independent non-executive Director), Dr. LOU Boliang (executive Director), Mr. LOU Xiaoqiang (executive Director), Mr. TSANG Kwan Hung Benson (independent non-executive Director) and Mr. YU Jian (independent non-executive Director). From December 18, 2025 to the date of this annual report, the Remuneration and Appraisal Committee of the third session of Board consists of Ms. LI Lihua (chairperson and independent non-executive Director), Dr. LOU Boliang (executive Director), Mr. LOU Xiaoqiang (executive Director), Prof. TSANG King Fung (independent non-executive Director) and Mr. YU Jian (independent non-executive Director). The Remuneration and Appraisal Committee comprises executive Directors and independent non-executive Directors. Among them, independent non-executive Directors serve as the chairman and make up the majority.

The Remuneration and Appraisal Committee has adopted the second working model under Code Provision E.1.2(c) of the Corporate Governance Code, namely that the Remuneration and Appraisal Committee recommends to make recommendations to the board on the remuneration packages of individual executive directors and senior management. The Company's directors' remuneration policy is formulated as a proposed scheme by the Remuneration and Appraisal Committee, which shall be submitted to the general meeting of shareholders for approval after consideration and adoption by the Board. The Remuneration and Appraisal Committee is also responsible for providing professional recommendations to the Board regarding the remuneration and benefits of all directors and senior management.

The main duties of the Remuneration and Appraisal Committee are as follows: (i) The policy and structure for the overall remuneration of directors and senior management and the establishment of a formal and transparent procedure for developing remuneration policy; to make recommendations to the Board on the remuneration packages of directors and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment; including any compensation payable for loss or termination of their office or appointment; to review and approve the management's remuneration proposals in accordance with the corporate policy and industry standards (taking into account the remuneration paid by comparable companies, time commitment and responsibilities, and employment conditions elsewhere in the Company in the process of proposing or approving remuneration, and to ensure that no director or any of his associates is involved in deciding his own remuneration); (ii) Formulate or change the A Share Incentive Plan and the Employee Stock Ownership Plan, grant the rights and interests to the Incentive Participants and fulfill the conditions for exercising the rights and interests; review and/or approve the matters relating to the H Share Scheme as set out in Chapter 17 of the Listing Rules; to ensure that share awards and/or share options offered by the Company and/or its principal subsidiaries (if any) are in accordance with Chapter 17 of the Listing Rules, as applicable; (iii) The directors and senior managers shall arrange the shareholding plan in the subsidiary to be split; (iv) To review and approve compensation arrangements payable to executive directors and senior management for any loss or termination of office or appointment (and dismissal or removal of other directors for misconduct) to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate; (v) to review the performance of duties by the directors and senior management of the Company, conduct annual performance appraisals on them and issue a special report to the Board; (vi) Other matters stipulated by laws, regulations, the relevant provisions of the stock exchange where the company's shares are listed, the requirements of the board and the Articles of Association.

During the year, the Remuneration and Appraisal Committee held two meetings. In the two meetings, the following matters were considered:

(1) The fourth meeting of the Remuneration and Appraisal Committee of the third session of the Board was held on March 26, 2025, and considered and approved the Resolution on the Remuneration Program of the Directors, Resolution on the Remuneration Program of the Senior Management, Resolution on the Performance Evaluation of the Senior Management and Resolution on the First H Share Award and Trust Scheme.

(2) The fifth meeting of the Remuneration and Appraisal Committee of the third session of the Board was held on August 21, 2025, and considered and approved the Resolution on Fulfilment of Conditions for Vesting within the Fourth Vesting Period and Temporary Non-listing under the 2021 Restricted A Shares Incentive Scheme and the Resolution on Fulfilment of Conditions for Vesting within the Third Vesting Period and Temporary Non-listing under the 2022 Restricted A Shares Incentive Scheme.

ATTENDANCE RECORDS OF DIRECTORS AND COMMITTEE MEMBERS

The following table sets forth the records of each director's attendance at the Board and board committees meetings as well as the Shareholders' General Meeting for the year ended December 31, 2025 during their term of office:

	Attendance/Number of Meetings						
Name of Directors	Board	Audit Committee	Remuneration and Appraisal Committee	Strategy Committee	Nomination Committee	Annual general meeting for 2024	Other General Meetings
Executive Directors							
Dr. LOU Boliang	4/5	N/A	2/2	1/1	2/3	1/1	1/1
Mr. LOU Xiaoqiang	5/5	N/A	2/2	1/1	N/A	1/1	1/1
Ms. ZHENG Bei	5/5	N/A	N/A	N/A	3/3	1/1	1/1
Employee Representative Director							
Mr. LI Shing Chung Gilbert (appointed on December 18, 2025)	N/A (The Company has not convened any meeting of Board after the appointment of Mr. LI Shing Chung Gilbert as a member)	N/A	N/A	N/A	N/A	N/A	N/A (The Company has not convened any General Meeting after the appointment of Mr. LI Shing Chung Gilbert as a member)
Non-executive Directors							
Mr. HU Baifeng (ceased as a non-executive Director and a member of the Strategy Committee on June 20, 2025)	2/2	N/A	N/A	1/1	N/A	1/1	N/A
Ms. WAN Xuan (appointed as a non-executive Director and a member of the Strategy Committee on June 20, 2025)	3/3	N/A	N/A	N/A (The Company has not convened any meeting of Strategy Committee after the appointment of Ms.WAN Xuan as a member)	N/A	N/A	1/1
Mr. LI Jiaqing	5/5	N/A	N/A	1/1	N/A	1/1	1/1

Name of Directors	Attendance/Number of Meetings						
	Board	Audit Committee	Remuneration and Appraisal Committee	Strategy Committee	Nomination Committee	Annual general meeting for 2024	Other General Meetings
Independent Non-executive Directors							
Mr. TSANG Kwan Hung Benson (ceased as an independent non-executive Director and a member of the Audit Committee, Remuneration and Appraisal Committee and Nomination Committee on December 18, 2025)	5/5	5/5	2/2	N/A	3/3	1/1	1/1
Mr. YU Jian	5/5	6/6	2/2	N/A	3/3	1/1	1/1
Ms. LI Lihua	5/5	6/6	2/2	N/A	3/3	1/1	1/1
Prof. Tsang King Fung (appointed as an independent non-executive Director and a member of the Audit Committee, Remuneration and Appraisal Committee and Nomination Committee on December 18, 2025)	N/A (The Company has not convened any meeting of Board after the appointment of Prof. Tsang King Fung as a member)	1/1	N/A (The Company has not convened any meeting of Audit Committee after the appointment of Prof. Tsang King Fung as a member)	N/A	N/A (The Company has not convened any meeting of Nomination Committee after the appointment of Prof. Tsang King Fung as a member)	N/A	N/A (The Company has not convened any General Meeting after the appointment of Prof. Tsang King Fung as a member)

Note: Dr. LOU Boliang has authorized Ms. ZHENG Bei to attend one meeting of the Board and one meeting of the Nomination Committee on his behalf and exercise voting rights.

REMUNERATION OF DIRECTORS, SUPERVISORS, AND SENIOR MANAGEMENT

Pursuant to Code Provision E.1.5 of Part 2 of the CG Code, the annual remuneration of the senior management (including Directors and Supervisors) of the Company by band for the year ended December 31, 2025 is set out below:

Remuneration Band (HKD)	Number of Individuals
0－1,000,000	9
1,000,001－1,500,000	0
1,500,001－2,000,000	1
2,000,001－2,500,000	0
2,500,001 and above	5

DIRECTOR NOMINATION POLICY

According to the Articles of Association, the methods and procedures to nominate directors are as follows: (i) the candidates for Directors (excluding employee representative Director) of the Board shall be nominated by the Board or shareholder(s) severally or jointly holding more than 1% of the total number of the voting shares of the Company, and shall be elected at a general meeting of the Company; (ii) the candidates for employee representatives shall be democratically elected by the employees of the Company through the employee representative congress, and shall not be required to be submitted to the general meeting of shareholders of the Company for consideration. The candidates for Directors who accept the nominations shall promise that the information publicly disclosed about them is true and complete, and that they will diligently fulfil the duties as Directors if elected.

According to the Terms of Reference of the Nomination Committee of the Board, the procedures for electing and appointing Directors (except for the employee representative Director) and senior management are as follows: (i) the Nomination Committee shall proactively communicate with relevant departments of the Company to understand the demand for new Directors and senior management and work out written reports; (ii) the Nomination Committee may extensively seek for candidates for Directors and senior management within the Company, the Company's subsidiaries/associated corporations/joint ventures as well as in the recruitment market; (iii) to collect the information on occupation, education background, job title, detailed work experience and all concurrent positions of the proposed candidates, and work out written reports; (iv) to seek the consent of the proposed candidates for nomination; otherwise, they shall not be put on the list of candidates for Directors and senior management; (v) to convene the meeting of the Nomination Committee, and check the eligibility according to the qualifications required for Directors and senior management, and to formulate clear review opinions; (vi) to submit the recommendation and relevant materials about the candidates for Directors and senior management to the Board one or two months prior to the election of new Directors and the appointment of new senior management members; and (vii) to follow up other matters according to decisions and feedback of the Board.

REMUNERATION POLICY

The Company endeavours to improve the measures for managing the remuneration of Directors and senior management. The remuneration system for the Company's Directors and senior management adheres to the principle of unifying incentives and constraints in combination with market regulation.

Remuneration for executive directors and employee representative Director shall be paid in accordance with the remuneration standards applicable to their other positions in the Company excluding their directorships, and no separate remuneration shall be paid for their roles as directors. Non-executive directors shall not receive any remuneration from the Company. The allowances for independent non-executive directors shall be determined or adjusted with reference to the actual conditions of the Company and the allowances for independent non-executive directors of comparable listed companies. Such allowances shall be submitted to the shareholders' general meeting for approval after consideration by the board of directors. Allowances for independent non-executive directors shall be paid on a monthly basis. For the year 2025, the annual allowance for each independent non-executive director is RMB300,000.

During the year, no remuneration was paid to, or receivable by, our Directors, Supervisors or any of the five highest paid individuals as an inducement to join or upon joining our Company or as a compensation for loss of office. Further, at the thirteenth meeting of the third session of the Board on March 26, 2025, the Board approved the resolution that the senior management of the Company will not receive the year-end bonus for 2024. The senior management only received the basic salary, and the year-end bonus for 2024 was nil.

The Company establishes a remuneration management system that matches its strategies, and attracts and retains talents who satisfy the requirements, to enhance its competitiveness and the motivation of employees. The remuneration of employees mainly consists of the basic salary, post salary, welfare benefit, and monthly (topic)/quarterly/year-end bonus. Based on the formulation and decomposition of annual operating targets, the Company establishes an objective assessment system and specifies efficiency indicators for each department. Under the system, the monthly (topic)/quarterly/year-end bonus is determined based on the Company's monthly, quarterly, and annual operating benefits and the completion of indicators by each department.

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. The Group is required to contribute a certain percentage of their 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. Pursuant to the relevant laws and regulations, the Company is not in a position to forfeit contributions to the central pension scheme and thus there is no forfeited contributions.

Employee benefits to all eligible employees of the overseas subsidiaries are made in accordance with the rules set forth in the collective labour agreement, and recorded as an expense in the period they are due as a charge to profit or loss.

DIVIDEND POLICY

Pursuant to the Articles of Association, the Board may declare dividends in the future after taking into account the Company's results of operations, financial condition, cash requirements and availability, and other factors as it may deem relevant at such time. Although the calculation of the Company's net profit and undistributed profit is in accordance with PRC GAAP, which may differ from the numbers calculated under IAS, the Company does not expect such difference to be material and to have any substantive impact on its dividend policy. Any declaration and payment as well as the amount of dividends will be subject to the Company's Articles of Association, applicable PRC laws, and approval by the Company's Shareholders. Under the Articles of Association, when the Company makes a profit in the current year and the accumulated undistributed profit is positive, the Company shall give priority to the distribution of cash dividends provided that there is no material capital expenditure or investment in the next 12 months. The total amount of the cash dividends distributed shall be at least 20% of the total dividends in the same distribution. The Board confirms that all decisions made by the Directors in respect of dividends are in accordance with the Company's dividend policy.

SUPERVISORY COMMITTEE

As at the date of December 18, 2025, the Supervisory Committee consists of three members, two of whom are elected by the Shareholders and one by employees. During the Reporting Period, the Company completed the reform of the board of supervisors. An extraordinary general meeting was held on December 18, 2025, which considered and approved the revised Articles of Association of the Company. With effect from December 18, 2025, the board of supervisors was abolished, and its functions and duties shall be exercised by the Audit Committee of the Board of Directors.

As at the date of December 18, 2025, the Supervisory Committee consists of the following members:

Dr. YANG Kexin *(ceased on December 18, 2025)*
Ms. FENG Shu *(ceased on December 18, 2025)*
Ms. ZHANG Lan *(ceased on December 18, 2025)*

Save as disclosed herein, there are no other significant relationships among the members of the Supervisory Committee.

Prior to the amendment of the Articles of Association on December 18, 2025, the Supervisory Committee shall be accountable to the general meeting and the Supervisory Committee shall perform the following duties: (i) to review the Company's reports prepared by the Board and to provide comments in writing; (ii) to review the Company's financial condition; (iii) to examine the financial information such as the financial reports, business reports, and plans for distribution of profit to be submitted by the Board to the general meetings, to engage certified public accountants or practicing auditors in the name of the Company to assist in the review whenever queries arise; (iv) to supervise the conducts of the Directors and senior management in discharge of their duties and to advise on the dismissal of any Director and senior management who are in breach of laws, administrative regulations, the Articles of Association, or resolutions of the general meetings; (v) to demand rectification from the Directors and senior management of the Company where their conducts are detrimental to the interests of the Company; (vi) to propose to convene an extraordinary general meeting, and to convene and preside over the general meeting where the Board fails to perform its duties to convene or preside over a general meeting as required under the Company Law; (vii) to propose motions at a general meeting; (viii) to take legal actions against Directors and senior management in accordance with Article 151 of the Company Law; (ix) to conduct investigations whenever queries or unusual conditions in the operation of the Company arise and, if necessary, to engage professional institutions such as accounting firms and law firms to assist in their work with expenses to be borne by the Company; and (x) other duties as stipulated by the Articles of Association.

From January 1, 2025 to December 18, 2025, the Supervisory Committee convened a total of four meetings.

COMPANY SECRETARY

Mr. Yim Lok Kwan ("Mr. YIM") has serving as the company secretary of the Company.

Mr. YIM is an assistant vice president of SWCS Corporate Services Group (Hong Kong) Limited and has over 10 years of experience in the corporate secretarial field. He is a fellow member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom. He received a bachelor's degree in accounting from Hong Kong Shue Yan University and a master's degree in corporate governance from The Hong Kong Polytechnic University and is responsible for advising the Board on corporate governance and ensure compliance with the Board's policies and procedures, applicable laws, and rules and regulations. Mr. YIM confirms that he received not less than 15 hours of professional trainings in accordance with Rule 3.29 of the Listing Rules during the year.

Mr. YIM has tendered his resignation as the company secretary of the Company, the authorized representative of the Company for the purpose of Rule 3.05 of the Listing Rules and the authorized representative of the Company for acceptance of service of process or notice in Hong Kong on behalf of the Company in accordance with Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), in each case, with effect from March 30, 2026.

Mr. YIM has confirmed that he has no disagreement with the Board and there is no matter relating to his resignation that needs to be brought to the attention of the shareholders of the Company or the Stock Exchange.

Following the resignation of Mr. YIM, Ms. MAK Po Man Cherie ("Ms. MAK") was appointed as the company secretary of the Company, one of the authorized representatives for the purpose of the Listing Rules and the authorized representative for acceptance of service of process or notice in Hong Kong on behalf of the Company for the purpose of the Companies Ordinance, all with effect from March 30, 2026.

Ms. Mak is the Vice President of SWCS Corporate Services Group (Hong Kong) Limited. She has worked for various professional firms and listed companies in Hong Kong, with over 20 years of experience in the fields of audit, accounting, corporate finance, compliance and corporate secretarial matters. Ms. Mak obtained a Master of Corporate Governance degree from The Hong Kong Polytechnic University in 2017. She was admitted as an associate member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in 2017, a member of the Hong Kong Institute of Certified Public Accountants in 2003, and a fellow member of the Association of Chartered Certified Accountants in 2006.

The main contact person of Mr. YIM in the Company is Mr. LI Shing Chung Gilbert, the chief financial officer, secretary of the Board and employee representative Director. Mr. LI Shing Chung Gilbert will continue to be the main contact person of Ms. MAK.

FINANCIAL REPORTING

The Board is accountable to the Shareholders and is committed to presenting comprehensive and timely information to the Shareholders on assessment of the Company's performance, financial position, and prospects.

The responsibility of Ernst & Young, as the Company's external auditor to the financial statements, is set out in section headed "Independent Auditor's Report" of this annual report.

RESPONSIBILITIES OF DIRECTORS CONCERNING FINANCIAL STATEMENTS

All Directors of the Company had committed their responsibilities for the preparation of the financial statements of the Company for the year ended December 31, 2025.

The Board was not aware of any material uncertainties relating to events or conditions that might cast significant doubt upon the Group's ability to continue as a going concern and the Board prepared the financial statements on a going concern basis.

AUDITORS' REMUNERATION

The Company engaged Ernst & Young and Ernst & Young Hua Ming LLP as its international auditor and domestic auditor, respectively. For the year ended December 31, 2025, the details of the remuneration payable by the Company to the auditors for the audit services and non-audit services were as follows:

Services	Remuneration (RMB'000)
Audit services	4,270
Non-audit services (Note)	1,960
Total	6,230

Note: Non-audit services comprise ESG services, taxation services rendered by the auditors.

INTERNAL CONTROL AND RISK MANAGEMENT

The Board is fully responsible for evaluating and determining the nature and extent of the risks that the Company is willing to take in achieving its strategic objectives. The Board is also responsible for strengthening and standardizing the Company's internal management, enhancing the Company's self-discipline, realizing corporate governance goals, and improving the quality of information disclosure, managerial and administrative expertise, and capabilities of forestalling and defusing various risks, to push forward the Company's standardized operations and sustainable development. According to the Company Law of the People's Republic of China, Securities Law of the People's Republic of China, Accounting Law of the People's Republic of China, Audit Law of the People's Republic of China, Audit Regulations of the People's Republic of China, No. 2 Self-Regulatory Guidelines of Shenzhen Stock Exchange for Listed Companies – the Guidelines of the Shenzhen Stock Exchange for the Standardized Operation of Companies Listed on the ChiNext Board, the Listing Rules, Basic Standard for Enterprise Internal Control, CG Code in Appendix C1 of the Listing Rules, and other laws and regulations and the Articles and Association, and in light of the actual management needs of the Company, the Company has formulated and adopted the Risk Management System, Early Warning System for Major Risks and Emergency Response System, Internal Control Management System, and Internal Audit Management System.

The Company's risk management system is designed to improve the risk prevention capabilities, enhance competitiveness, and advance the sustainable and healthy development of the Company. The internal audit system is intended to improve the quality and efficiency of internal audit, perfect the Company's mechanisms for supervision and risk control, and step up the Company's self-improvement and development. To strengthen the Company's management of major risks and emergencies, the mechanism for early warning and emergency response has been established to minimize losses, maintain the Company's normal operating order, and protect the legitimate interests of investors. The systems aim at managing rather eliminating the risk of failure to achieve business objectives and providing reasonable assurance of no material misstatement or loss.

FUNCTIONAL STRUCTURE OF RISK MANAGEMENT AND INTERNAL CONTROL

The Company implements hierarchical risk management. The Company's organizational system for comprehensive risk management includes: the Board, the Audit Committee and the Internal Control and Internal Audit Department, the general manager office, the Risk Management Working Group, and branches and subsidiaries of other functional departments. Branches and subsidiaries may establish an organizational system for risk management in light of the actual situation.

Being the Company's highest leading body in charge of comprehensive risk management, the Board is responsible for the effectiveness of comprehensive risk management. The Directors are also responsible for establishing, improving, and earnestly implementing the internal control system and evaluating the effectiveness of the system. The Board acknowledges its responsibility for the Company's risk management and internal control systems, and is responsible for reviewing the effectiveness of such systems.

The Audit Committee and the Internal Control and Internal Audit Department are mainly responsible for studying and proposing a supervision and evaluation system for comprehensive risk management, establishing systems relating to supervision and evaluation, conducting supervision and evaluation, and issuing supervision and evaluation reports. The general manager office is the executive bodies of the Company in charge of risk management. The internal auditors of the Internal Control and Internal Audit Department implements the internal audit function of the Company and reports directly to the Audit Committee. The Audit Committee and the internal auditors are also responsible for supervising the establishment and implementation of the Company's internal control.

The Risk Management Working Group, whose members are mainly from the Company's main business and functional areas, is the leading organization of the Company in charge of risk management. It is responsible for planning, advancing, organizing, coordinating, and supervising the risk management of various departments/enterprises. The various departments/enterprises of the Company are the executive bodies of the Company in charge of specific risk management.

The internal control staff of the Internal Control and Internal Audit Department is responsible for leading and organizing each department/branch and subsidiary to identify internal control problems, urge efforts to resolve the problems, and continuously optimize the Company's internal control system.

The internal auditors of the Company shall supervise and evaluate the risk management carried out by the Company and the effects of the risk management at least once a year, and the supervision and evaluation reports shall be directly submitted to the Board or the Audit Committee. In addition, the Board shall ensure that the effectiveness of the Company's risk management system is subject to annual self-review at least once a year. Such self-review shall cover all material control aspects, including financial controls, operational controls and compliance controls. The annual self-review by the Board shall specifically include: (i) changes in the nature and severity of material risks since the previous year's self-review, as well as the Company's ability to address changes in its business and the external environment; (ii) the scope and quality of the ongoing monitoring of risks and internal control systems by management, and the functions of the internal control and internal audit department; (iii) the level of detail and frequency of communication of control results to the Board or the Audit Committee; (iv) material control failures or material control weaknesses identified during the period, the severity of any unforeseen consequences or emergencies arising therefrom, and the material impact that such consequences or circumstances have had, may have had, or may have in the future on the Company's financial performance or position; and the effectiveness of the Company's procedures relating to financial reporting and compliance with the Listing Rules. They also provide convenience for the Board to make judgments on the effectiveness of the Company's monitoring and risk management.

The general manager office and the various departments/enterprises of the Company are the executive bodies of risk management and risk control. They are responsible for collecting, analysing, and feeding back problems detected in risk management and informing the Risk Management Working Group of the problems in time.

During the Reporting Period, there were no material changes to the Company's risk assessment, risk management and internal control systems. The Company has established an internal control and audit department to perform internal audit functions, which reports to the Audit Committee on a quarterly basis the implementation progress of the internal audit plan and identified issues. Meanwhile, the Company has engaged Ernst & Young Hua Ming Certified Public Accountants LLP (Special General Partnership) to issue an audit opinion on the effectiveness of internal control over financial reporting based on the annual audit. Based on the quarterly reports from the internal control and audit department, the assessments by the management and the Audit Committee, together with the unqualified opinion from the external auditor, the Board confirms that the Company's risk management and internal control systems are appropriate and effective.

The Board has reviewed the effectiveness of the risk management and internal control during the year through the Audit Committee. The results of the internal control, internal audit, and risk management during the year showed the following highlights:

(1) According to the identification of significant defects in internal control over financial reporting of the Company, the Company did not have any significant defect in internal control over financial reporting as at the base date of internal control evaluation report. The Company has maintained, in all material respects, effective internal control over financial reporting in accordance with the requirements of the internal control standard and system and related regulations.

(2) According to the identification of significant defects in internal control over non-financial reporting of the Company, no significant defects in internal control over non-financial reporting were found as at the base date of internal control evaluation report.

(3) From the base date of internal control evaluation report to the issuing date of the internal control evaluation report, factors affecting the conclusion of internal control effectiveness evaluation did not occur.

For the year ended 31 December 2025, the Board believes that the Company is free from significant risk monitoring errors and major risk. The Company has strictly complied with the provisions on risk management and internal control in the CG Code and the Board evaluates that the Company's risk management and internal control systems are effective and adequate.

SPECIFIC PROCEDURES FOR IDENTIFYING, EVALUATING, AND MANAGING MAJOR RISKS

1. Risk identification

Risk identification refers to the process of identifying possible risks in the Company's enterprises, various important business activities, and important business processes and the types of the risks.

2. Risk analysis

Risk analysis refers to the clear definition and description of the risks identified and their characteristics as well as the analysis and description of the likelihood and conditions of risks. By using a combination of qualitative and quantitative methods, the Company analyzes and ranks the risks identified based on the likelihood and impact of the risks, and determines key risks to be controlled in priority.

3. Risk evaluation

Risk evaluation refers to the evaluation of the impact of risks on the Company's attainment of goals, the value of risks, and so on.

4. Risk response

The Company shall implement dynamic management of the information about risks and conduct risk identification, analysis, and evaluation on a regular or irregular basis, to reevaluate new risks and changes in existing risks.

5. Risk management strategy

The Company's Risk Management Working Group calls on relevant departments to weigh risks and returns and determine risk response strategies based on the results of risk evaluation and in combination with risk tolerance. Through a reasonable analysis of risks, the Company will know exactly the risk preferences of Directors, managers and other senior management personnel, and employees in key positions. Accordingly, the Company will take appropriate control measures to avoid significant losses to its operations due to personal risk preferences. The Company shall use a combination of countermeasures of risks such as risk aversion, risk reduction, risk sharing, and risk tolerance to achieve effective control of risks.

6. Risk monitoring and improvement

The Company shall establish a channel for communicating risk management information, which runs through the entire risk management process and links superiors and subordinates, departments, and business units, to ensure timely, accurate, and complete information communication, thus laying a foundation for the supervision and improvement of risk management. Relevant departments and enterprises of the Company shall conduct self-inspection and inspection of risk management on a regular basis to detect and fix defects in a timely manner. The self-inspection and inspection can be carried out together with internal control inspection.

PROCESSING AND PUBLISHING INSIDE INFORMATION

The Company has formulated and adopted the Information Disclosure Regulations concerning the procedures for handling and publishing inside information and internal control, to promote the Company's standardized operations, regulate information disclosure behaviour, strengthen information disclosure management, ensure the truthfulness, accuracy, completeness, timeliness, and fairness of information disclosure, and protect the legitimate rights and interests of the Company and its investors. The Company is aware of its responsibilities under the Securities and Futures Ordinance and the Listing Rules, the most important principle of which is that if the Company determines relevant information as inside information, it shall publish the information as soon as reasonably practicable while paying close attention to applicable laws and regulations when handling the information.

REGULATIONS FOR EVALUATION AND MANAGEMENT OF INTERNAL CONTROL

The Company has formulated the Regulations for Evaluation and Management of Internal Control according to the Company Law of the People's Republic of China, Rules Governing the Listing of Stocks on the Shenzhen Stock Exchanges, the Listing Rules, Basic Standard for Enterprise Internal Control, Practice Note on the Evaluation of Internal Control of Enterprises, and other laws and regulations and normative documents and in line with the Company's actual circumstances. This aims to standardize the evaluation of Company's internal control, detect defects in internal control in a timely manner, and propose and implement improvement plans, thus ensuring the effective operation of internal control. The evaluation of internal control described in the regulations refers to the process implemented by the Board and management of the Company to comprehensively evaluate the effectiveness of the Company's internal control, draw an evaluation conclusion, and issue an evaluation report. The effectiveness of internal control refers to the reasonable guarantee provided through the establishment and implementation of internal control for the realization of control objectives.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Company recognises the importance of environmental protection for achieving long-term sustainable development. It has established various internal systems for energy conservation and emission reduction, and promoted relevant initiatives, including setting environmental management objectives, monitoring emissions, and encouraging employees to conserve energy and reduce consumption. The Company is committed to enhancing environmental sustainability and will closely monitor its performance. It has at all times strictly complied with applicable laws and regulations in the jurisdictions where it operates. These policies have been supported by employees and effectively implemented. In the year ended December 31, 2025, the Group did not encounter any major environmental pollution incidents, nor any excessive emissions or material administrative penalties relating to environmental protection. No major accidents affecting the environment and natural resources occurred, and no material administrative penalties for breach of environmental laws and regulations were received. For further details, please refer to the Group's 2025 Environmental, Social and Governance Report to be published separately.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

During the year, the Company convened the annual general meeting on June 20, 2025 to amend certain articles of the Articles of Association in accordance with the latest regulatory regulations and considered and approved the changes of the registered capital of the Company. The Company held the extraordinary general meeting of shareholders on December 18, 2025 to consider the amendment of the Articles of Association of the Company. The latest version of the Articles of Association of the Company was approved by the first extraordinary general meeting of 2025 on December 18, 2025, and an up-to-date version of the Company's Articles of Association is available on the websites of the Company and the Hong Kong Stock Exchange.

Except as disclosed above, there were no other amendments to the Company's Articles of Association during the year.

SHAREHOLDERS' RIGHTS

To safeguard the Shareholder interests and rights, separate resolutions shall be proposed for each substantially separate issue at general meetings, including the election of individual Directors. All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each general meeting.

PROCEDURES FOR SHAREHOLDERS TO CONVENE AN EXTRAORDINARY GENERAL MEETING

According to the Articles of Association, Shareholder(s) individually or jointly holding a total of 10% or more of the shares carrying the right to vote at the meeting sought to be held may sign one or more written requests of identical form and substance requesting the Board to convene an extraordinary general meeting or a class meeting and stating the subject of the meeting. The aforesaid number of shares shall be calculated in accordance with the shares held on the day on which the written request is made by the shareholders. The Board shall, in accordance with the provisions of laws, administrative regulations, listing rules of the stock exchange where the Company's shares are listed, and the Articles of Association, submit a written feedback on approval or disapproval of the convening of an extraordinary general meeting or class meeting within ten days after receiving the above-mentioned written request.

Shareholders shall send written requests to the Board office of the Company at the following address:

Address: 6 Tai-He Road, Economic Technological Development Area, Beijing, the PRC
Postal code: 100176
Tel: 86 010-57330087
Fax: 86 010-57330087

SHAREHOLDER PROCEDURES FOR MAKING ENQUIRIES TO THE BOARD

The Shareholders' communication policy of the Company aims to maintain transparency and provide timely information of the major development of the Group to Shareholders and investors. General meetings of the Company are formal channels for communication between Shareholders and the Board. The members of the Board will make themselves available at the general meetings to have direct communication with the Shareholders.

Shareholders may also send their enquiries and concerns to the Board by addressing them to the Board office of the Company at the following address:

Address: 6 Tai-He Road, Economic Technological Development Area, Beijing, the PRC
Postal code: 100176
Tel: 86 010-57330087
Fax: 86 010-57330087

PROCEDURE FOR SUBMITTING PROPOSALS AT GENERAL MEETINGS

According to the Articles of Association, if the Company plans to convene a general meeting, the Shareholders holding more than 1% of the shares of the Company separately or jointly may raise a temporary proposal and submit it to the convener in writing ten days before the general meeting is convened. The convener shall, within two days after the receipt of the proposal, issue a supplementary notice or supplementary circular to inform the general meeting of the contents of the temporary proposal. The proposal contents shall fall into the terms of reference of the general meeting. There shall be definite topics and specific matters for resolution. The proposal shall comply with the relevant provisions of laws, administrative regulations, listing rules of the stock exchange where the Company's shares are listed, and the Articles of Association.

Shareholders may send their proposals to the Board office of the Company at the following address:

Address: 6 Tai-He Road, Economic Technological Development Area, Beijing, the PRC
Postal code: 100176
Tel: 86 010-57330087
Fax: 86 010-57330087

COMMUNICATION WITH INVESTORS AND INVESTOR RELATIONSHIP

The Board values the investor relation management, complies with the relevant requirements of the Securities Law, the Shenzhen Listing Rules, the Listing Rules, the Articles of Association, the Rules Governing the Meeting of the Board and regulates the operation. The Board has established Information Disclosure Management, Investor Relation Management System, and other regulatory systems to standardize and optimize the investor relation management.

During the year, the Board made timely, truthful, accurate and complete information disclosure. Since the Listing of the Company, received an "A" rating (the highest grade) in the information disclosure assessment by Shenzhen Stock Exchange for six consecutive years, which helps the Company establish a good corporate image. While earnestly performing statutory information disclosure obligations, the Company launched investor relation activities in various forms to provide investors with information which they were interested in, to promote the transparency of the Company's corporate operation, and to build mutual understanding and trust. Meanwhile, the Company absorbed advice provided by investors in the course of information delivery and collected feedback from investors to boost benign interactions between the Company and investors.

In investor relation activities, the secretary to the Board and the securities department of the Company were responsible for investor relation management. Work assumed by them included: answering telephone calls through investor hotlines in time; answering online questions raised by investors on the EasyIR platform of the Shenzhen Stock Exchange; holding online illustration meetings on the Company's performance and answering questions raised by investors; receiving delegations of investors and securities analysis agencies; participating in investor promotion activities; and providing particulars about the Company, information disclosure, and corporate governance through the website of the Company (http://www.pharmaron.com), the website of CNINFO (http://www.cninfo.com.cn), and the website of the Hong Kong Stock Exchange (https://www.hkex.com.hk/). Issuer representatives participating in relevant interactions include the Chairman of the Board and Chief Executive Officer, independent non-executive Directors, and members of senior management, among others. Through internal management meetings and daily communication mechanisms, the Company records and reviews comments, suggestions and concerns raised during such interactions, and reports to the Board or relevant committees on a timely basis. In 2025, the Company responded to a total of 38 questions on the Hudongyi platform, held 5 research events and received approximately 1,000 institutional investors and individual investors, facilitating communication between domestic and foreign investors and the Company. The Company also maintained continuous and good communication with individual investors who are highly concerned about the Company's situation, introduced the Company's production and operation situation, industry information and others to them, and provided timely channelling to investors' negative emotions caused by market fluctuations. In addition, the independent non-executive Directors will attend the annual general meeting to present their work reports. Investors may fully communicate with the Directors (including independent non-executive Directors) and senior management at the Company's annual general meeting to understand the latest progress of the Company's strategic plans and business operations.

In 2026, the Company will continue strengthening investor relation management in Shenzhen and Hong Kong. The Board will urge relevant departments and personnel to manage investor relations based on the needs of investors, and strengthen contact and communication with investors through various channels, such as non-deal road shows, results presentation, hotline and emails for investors, investor interaction platforms, field research and online briefings. This will help investors deepen their understanding and recognition of the Company and promote long-term, stable and good interaction between the Company and investors. The Board will make appropriate arrangements for reception of target audience, such as institutional investors and news media, to visit the Company for on-site discussion and survey, and for maintaining properly the confidentiality of undisclosed information. The Company will renew efforts to strengthen the protection of legitimate rights and interests of investors in strict accordance with the relevant provisions of the Securities Law on investor protection. The Company will communicate with investors through online and offline channels such as the publicity and education on investor rights protection, hotlines and online platforms. While popularizing risk knowledge to investors to raise their awareness of risk prevention, the Company will answer questions from investors and treat all domestic and foreign investors fairly, openly and impartially, thereby ensuring the legal rights of investors and safeguarding their rights to suggestions and inquiries. In addition, the Company will continue improving its corporate governance and strive to improve its corporate governance mechanism, to secure the legitimate rights and interests of investors.

SHAREHOLDERS' COMMUNICATION POLICY

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Company's business performance and strategies. The Company has adopted a Shareholders' Communication Policy. The Board has reviewed the Shareholders' Communication Policy on March 30, 2026 and the Board considers that the implementation of the Shareholders' Communication Policy is effective.

The Shareholders' Communication Policy includes the following:

The Company is committed to providing the Shareholders and other stakeholders (including potential investors) with balanced and understandable information about the Company. The Board of the Company maintains an on-going dialog with the Shareholders and encourages them to communicate actively with the Company through telephone, mail and general meetings. Corporate Communications will be provided to the Shareholders and non-registered holders of securities of the Company in both English and Chinese versions (or where permitted, in a single language) in a timely manner in accordance with the requirements of the Listing Rules. Shareholders and non-registered holders of securities of the Company shall have the right to select the language (either Chinese or English) of the Corporate Communications or the means of receipt (in printed form or by electronic means) of the Corporate Communications. The Company regularly reviews the implementation and effectiveness of this policy annually to ensure its effectiveness.

Directors' Report

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

PRINCIPAL ACTIVITIES

The Company is a leading fully-integrated pharmaceutical R&D services platform with global operations to accelerate drug innovation for our customers. The principal activity of the Group is to establish a broad spectrum of research, development and manufacturing service capabilities throughout the entire drug discovery, preclinical and clinical development process across multiple therapeutic modalities, including small molecules, biologics and CGT products. The services are organised into four major categories: laboratory services, CMC (small molecule CDMO) services, clinical development services, and biologics and CGT services.

The activities and particulars of the Company's principal subsidiaries are shown under note 1 to the consolidated financial statements. An analysis of the Group's revenue and operating profit for the year by principal activities is set out in the section headed "Management Discussion and Analysis" in this annual report and note 4 and note 5 to the consolidated financial statements.

BUSINESS REVIEW

The description of principal risks and uncertainties that the Group may be facing, a fair review of the Group's business during the year, and the probable future business development of the Group are provided in the section headed "Corporate Governance Report" and "Management Discussion and Analysis" in this annual report.

Also, the financial risk management objectives and policies of the Group can be found in note 48 to the consolidated financial statements. An analysis of the Group's performance during the year using financial key performance indicators is provided in the section headed "Financial Highlights" in this annual report. In addition, discussions on the relationships with its staff, customers and suppliers is also contained in the Environmental, Social and Governance Report of the Company dated April 28, 2026.

ENVIRONMENTAL PROTECTION

The Group has established Compliance and ESG Committee and environmental, safety and health department to ensure compliance with applicable legal requirements and internal standards regarding environmental protection. To the best of the Group's knowledge, during the year ended December 31, 2025, the Group had complied with the applicable environment laws and regulations in the PRC in all material respects. Discussions on the Group's environmental policies and compliance with relevant laws and regulations which have a significant impact on the Group are contained in the Environmental, Social and Governance Report of the Company dated April 28, 2026.

FINANCIAL SUMMARY

A summary of the published results, assets and liabilities of the Group's for the last five financial years is set out in the section headed "Financial Summary" in this annual report. This summary does not form part of the audited consolidated financial statements.

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.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended December 31, 2025, the percentage of the major customers and suppliers in the Group's total sales and purchases are as follows:

	Percentage in the Group's total	
	Sales	Purchases
Largest customer	7.18%	–
Total of the five largest customers	16.05%	–
Largest supplier	–	2.06%
Total of the five largest suppliers	–	8.54%

None of the Directors or any of their close associates (as defined under the Listing Rules) or any shareholders of the Company (which, to the best knowledge of the Directors, owns more than 5% of the Company's issued share capital) has any beneficial interest in the Group's five largest suppliers or the Group's five largest customers.

RESULTS AND DIVIDEND

The consolidated results of the Group for the Reporting Period are set out on pages 126 to 235 of this annual report.

The Board proposed to declare a final dividend as a cash dividend of RMB0.20 (inclusive of tax) per Share or an aggregate of approximately RMB366.0 million (inclusive of tax) for the year ended December 31, 2025 to all Shareholders. The aforesaid proposal is subject to the consideration and approval at the AGM. If the distribution proposal is approved at the AGM, it is expected that the final dividend for the year ended December 31, 2025 will be distributed to the shareholders by the end of August 2026.

The final dividend distribution shall be calculated based on the total number of Shares in issue as of the Record Date and the final cash dividend distribution shall be based on RMB0.20 per Share (inclusive of tax).

The final dividend will be denominated and declared in RMB. The holders of A Shares will be paid in RMB and the holders of H Shares will be paid in Hong Kong dollars. The actual amount declared in HK dollars is converted based on the average benchmark exchange rate of Renminbi against HK dollars as promulgated by the People's Bank of China for the five business days preceding the date of the AGM.

To the best of the Company's knowledge, no shareholder has waived or agreed to waive any dividends.

TAX RELIEF AND EXEMPTION

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

SHARE CAPITAL

As at December 31, 2025, the total share capital of the Company is 1,778,195,525 Shares, comprising 1,476,658,400 A Shares and 301,537,125 H Shares.

RESERVES

Details of movements in the reserves of the Group and the Company during the year are set out in the consolidated statement of changes in equity and note 39 and note 49 to the consolidated financial statements, respectively.

DISTRIBUTABLE RESERVES

As at December 31, 2025, the Company's distributable reserves, calculated in accordance with PRC rules and regulations, were RMB7,678.8 million.

DIRECTORS AND SUPERVISORS

The Directors and Supervisors during the year and as of the date of this annual report are as follows:

Executive Directors

Dr. LOU Boliang (樓柏良) *(Chairperson)*
Mr. LOU Xiaoqiang (樓小強)
Ms. ZHENG Bei (鄭北)

Employee Representative Director

Mr. LI Shing Chung Gilbert (李承宗) *(appointed on December 18, 2025)*

Non-executive Directors

Mr. HU Baifeng (胡柏風) *(ceased on June 20, 2025)*
Mr. LI Jiaqing (李家慶)
Ms. WAN Xuan (萬璇) *(appointed on June 20, 2025)*

Independent Non-executive Directors

Ms. LI Lihua (李麗華)
Mr. TSANG Kwan Hung Benson (曾坤鴻) *(ceased on December 18, 2025)*
Mr. Yu Jian (余堅)
Prof. Tsang King Fung (曾勁峰) *(appointed on December 18, 2025)*

Supervisors

Dr. YANG Kexin (楊珂新) *(Chairperson) (ceased on December 18, 2025)*
Ms. Feng Shu (馮書) *(ceased on December 18, 2025)*
Ms. ZHANG Lan (張嵐) *(ceased on December 18, 2025)*

Biographical details of the current Directors and the senior management of the Group as of the date of this annual report are set out in the section headed "Profile of Directors and Senior Management" of this annual report.

DIRECTORS' AND SUPERVISORS' INTERESTS IN TRANSACTION, ARRANGEMENT OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in the section headed "Connected Transactions" and note 45 to the consolidated financial statements, the Group has not entered into any transaction, arrangement or contract of significance in which the Group's Directors and Supervisors, or any entity connected with such Directors or Supervisors, have direct or indirect material interests during the Reporting Period.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the Reporting Period, none of the Directors or their respective associates (as defined under the Listing Rules) had engaged in or had any interest in any business which competes or may compete, either directly or indirectly, with the business of the Group.

EMOLUMENTS OF THE DIRECTORS AND THE FIVE HIGHEST PAID INDIVIDUALS

The Remuneration and Appraisal Committee makes recommendation to the Board on the remuneration and other benefits payable to the Directors by the Group. The Remuneration and Appraisal Committee regularly oversees the remuneration of all Directors to ensure that their remuneration and compensation are at an appropriate level. The Group maintains competitive remuneration packages with reference to the industry standard and according to the business development of the Group, and determines remuneration of the Directors based on their qualifications, experience and contributions, to attract and retain its Directors as well as to control costs.

Details of the emoluments of Directors, Supervisors and the top 5 highest paid individuals are set out in note 9 and note 10 to the consolidated financial statements.

PERMITTED INDEMNITY PROVISION

The Company has purchased appropriate liability insurance for its Directors and Supervisors which provides proper protection for the Directors and Supervisors.

DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVES' INTERESTS IN THE SHARES OF THE COMPANY

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

Long Position in Shares

Name	Nationality/ Place of registration	Class of Shares	Nature of Interest	Number of Shares	Approximate percentage of its class of Shares	Percentage in total number of Shares
Dr. LOU Boliang	U.S.	A Shares	Interests held jointly with another person; interests of controlled corporation	323,212,550	21.89%	18.18%
Mr. LOU Xiaoqiang	China	A Shares	Beneficial owner; interests held jointly with another person; interests of controlled corporation; interests of spouse	323,212,550	21.89%	18.18%
Ms. ZHENG Bei	China	A Shares	Interests held jointly with another person; interests of controlled corporation; interests of spouse	323,212,550	21.89%	18.18%
Ms. LI Lihua	China	A Shares	Beneficial owner	75,000	0.005%	0.004%

Notes:

1. Pharmaron Holdings Limited directly held 180,496,500 A Shares and is held as to 76.76% by Dr. LOU Boliang.

   Mr. LOU Xiaoqiang directly held 60,540,050 A Shares. Additionally, Ningbo Longtaikang Investment Management Co., Ltd., which is wholly owned by Mr LOU Xiaoqiang, directly held 40,135,026 A Shares.

   Ms. ZHENG Bei directly held 15,750,000 A Shares. Additionally, Beihai Duotai Venture Capital Co., Ltd., which is wholly owned by Ms. ZHENG Bei, directly held 21,956,986 A Shares. Furthermore, Anyi Longtai Zhongxin Enterprise Management Partnership (Limited Partnership), of which Ms. ZHENG Bei serves as the general partner, directly held 4,333,988 A Shares.

   Dr. LOU Boliang, Mr. LOU Xiaoqiang and Ms. ZHENG Bei have entered into a voting rights agreement on October 19, 2018 (which formalizes their pre-existing voting arrangement), pursuant to which they have agreed to reach consensus on any proposal presented to the Board and the general meeting of the shareholders of the Company for voting (the "Voting Agreement"). Pursuant to the Voting Agreement, Dr. LOU Boliang, Mr. LOU Xiaoqiang and Ms. ZHENG Bei are concert parties and they are deemed to be interested in each other's interests in our Company under the SFO.

2. Mr. LOU Xiaoqiang and Ms. ZHENG Bei are spouses.

3. As of December 31, 2025, the total number of issued A Shares and H Shares were 1,476,658,400 and 301,537,125, respectively.

Save as disclosed above, as of December 31, 2025, to the knowledge of the Board, none of the Directors, the Supervisors or chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors, the Supervisors and chief executives of the Company were taken or deemed to have under such provisions of the SFO); (ii) recorded in the register kept by the Company pursuant to Section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As of December 31, 2025, according to the register kept by the Company pursuant to Section 336 of the SFO and so far as is known to, or can be ascertained after reasonable enquiry by the Directors, the following person/entity had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO, or be directly and indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote on all circumstances at general meetings of the Company:

Interests in the Shares of the Company

Name	Nationality/ Place of registration	Class of Shares	Nature of Interest	Number of Shares	Approximate percentage in the respective class of share capital	Percentage in total number of Shares
CITIC Securities Co. Ltd. (中信証券股份有限公司) ("CITIC Securities")[2]	China	A Shares	Interest of controlled corporation	225,313,933(L)	15.26%	12.67%
Dr. LOU Boliang[3]	U.S.	A Shares	Interests held jointly with another person; interests of controlled corporation	323,212,550	21.89%	18.18%
Mr. LOU Xiaoqiang[3]	China	A Shares	Beneficial owner; interests held jointly with another person; interests of controlled corporation; interests of spouse	323,212,550	21.89%	18.18%
Ms. ZHENG Bei[3]	China	A Shares	Beneficial owner; Interests held jointly with another person; interests of controlled corporation; interests of spouse	323,212,550	21.89%	18.18%
JPMorgan Chase & Co.[4]	U.S.	H Shares	Interest of controlled corporation	15,810,331(L) 9,897,160(S) 2,897,363(P)	5.24% 3.28% 0.96%	0.89% 0.56% 0.16%
The Bank of New York Mellon Corporation	U.S.	H Shares	Interest of controlled corporation	14,521,725(L) U.S.	4.82% 4.58%	0.82% 0.78%
Citigroup Inc.[5]	U.S.	H Shares	Interest of controlled corporation	21,753,056(L) 1,973,300(S) 17,913,543(P)	7.21% 0.65% 5.94%	1.22% 0.11% 1.01%
Norges Bank	Norway	H Shares	Beneficial owner	18,270,424(L)	6.06%	1.03%

Notes:

1. The letter "L", "S" and "P" stand for long position, short position and lending pool, respectively.

2. Shenzhen Xinzhong Kangcheng Investment Partnership (Limited Partnership) (深圳市信中康成投資合夥企業(有限合夥)) ("Shenzhen Xinzhong Kangcheng") and Shenzhen Xinzhong Longcheng Investment Partnership (Limited Partnership) (深圳市信中龍成投資合夥企業(有限合夥)) ("Shenzhen Xinzhong Longcheng") directly held 214,597,333 A Shares and 10,716,600 A Shares, respectively. To the best knowledge of our Company, the general partner of Shenzhen Xinzhong Kangcheng and Shenzhen Xinzhong Longcheng is CITIC Buyout Fund Management Company Limited (中信併購基金管理有限公司) ("CITIC Fund"). Shenzhen Xinzhong Kangcheng is held as to 50.16% by CITIC Buyout Investment Fund (Shenzhen) (Limited Partnership) (中信併購投資基金(深圳)合夥企業(有限合夥)) ("CITIC Fund Shenzhen") as a limited partner, the general partner of which is CITIC Fund. CITIC Fund is wholly-owned by CITIC Goldstone Investment Co., Ltd. (中信金石投資有限公司), which is in turn wholly-owned by CITIC Securities, a company listed on the Hong Kong Stock Exchange (stock code: 6030). Shenzhen Xinzhong Longcheng is held as to 72.74% by Anhui Industrial Buyout Fund Partnership (Limited Partnership) (安徽產業併購基金合夥企業(有限合夥)) as a limited partner, the general partner of which is Anhui Xin'an Investment Partnership Enterprise (Limited Partnership) (安徽信安投資合夥企業(有限合夥)) ("Anhui Xin'an"). The general partner of Anhui Xin'an, being Anhui Xin'an Mergers and Acquisitions Private Fund Management Company (安徽信安併購私募基金管理有限公司), is in turn held as to 80% by CITIC Goldstone Investment Co., Ltd. (中信金石投資有限公司).

3. For details of the interests held by Dr. LOU Boliang, Mr. LOU Xiaoqiang and Ms. ZHENG Bei, please refer to the notes to the section headed "Directors', Supervisors' and Chief Executives' Interests in the Shares of the Company" above.

4. According to the disclosure of interest notice filed by JPMorgan Chase & Co. with a relevant event date of December 30, 2025, the following interest in H Shares were held by JPMorgan Chase & Co:

Name of controlled corporation	Name of controlling person	% control	Direct interest (Y/N)	Number of shares
J.P. Morgan Securities LLC	J.P. Morgan Broker-Dealer Holdings Inc.	100.00	Y	4,383,637(L) 0(S)
JPMORGAN ASSET MANAGEMENT (UK) LIMITED	JPMORGAN ASSET MANAGEMENT INTERNATIONAL LIMITED	100.00	Y	82,000(L) 0(S)
J.P. Morgan Investment Management Inc.	JPMorgan Asset Management Holdings Inc.	100.00	Y	51,700(L) 0(S)
J.P. Morgan Prime Inc.	J.P. Morgan Securities LLC	100.00	Y	107,200(L) 1,000(S)
JPMorgan Chase Bank, National Association	JPMorgan Chase & Co.	100.00	Y	2,897,363(L) 0(S)
J.P. MORGAN SECURITIES PLC	J.P. MORGAN CAPITAL HOLDINGS LIMITED	100.00	Y	8,288,431(L) 9,896,160(S)
J.P. Morgan Broker-Dealer Holdings Inc.	JPMorgan Chase Holdings LLC	100.00	N	4,490,837(L) 1,000(S)
JPMorgan Chase Holdings LLC	JPMorgan Chase & Co.	100.00	N	4,624,537(L) 1,000(S)
JPMORGAN ASSET MANAGEMENT INTERNATIONAL LIMITED	JPMorgan Asset Management Holdings Inc.	100.00	N	82,000(L) 0(S)
JPMorgan Asset Management Holdings Inc.	JPMorgan Chase Holdings LLC	100.00	N	133,700(L) 0(S)
J.P. Morgan Securities LLC	J.P. Morgan Broker-Dealer Holdings Inc.	100.00	N	107,200(L) 1,000(S)
J.P. MORGAN CAPITAL HOLDINGS LIMITED	J.P. Morgan International Finance Limited	100.00	N	8,288,431(L) 9,896,160(S)
J.P. Morgan International Finance Limited	JPMorgan Chase Bank, National Association	100.00	N	8,288,431(L) 9,896,160(S)
JPMorgan Chase Bank, National Association	JPMorgan Chase & Co.	100.00	N	8,288,431(L) 9,896,160(S)

The capacity under which the interests are held are as follow:

Capacity in which interest is held Number of H Shares	Number of H Shares
Beneficial owner	8,289,431(L) 9,897,160(S)
Investment manager	133,700(L)
Person having a security interest in shares	4,489,837(L)
Approved lending agent	2,897,363(L)

Additionally, 468,700 H Shares (long position) and 4,609,275 H Shares (short position) were held through cash settled unlisted derivatives. 2,045,764 H Shares (long position) and 3,843,527 H shares (short position) were held through physically settled unlisted derivatives.

5. According to the disclosure of interest notice filed by Citigroup Inc. with a relevant event date of December 31, 2025, the following interest in H Shares were held by Citigroup Inc.:

Name of controlled corporation	Name of controlling person	% control	Direct interest (Y/N)	Number of shares
Citicorp LLC	Citigroup Inc.	100.00	N	17,913,543(L) 0(S)
Citibank, N.A.	Citicorp LLC	100.00	Y	17,913,543(L) 0(S)
Citigroup Global Markets Holdings Inc.	Citigroup Inc.	100.00	N	3,839,513(L) 1,973,300(S)
Citigroup Financial Products Inc.	Citigroup Global Markets Holdings Inc.	100.00	N	3,839,513(L) 1,973,300(S)
Citigroup Global Markets Holdings Bahamas Limited	Citigroup Financial Products Inc.	90.00	N	3,839,513(L) 1,973,300(S)
Citigroup Global Markets Limited	Citigroup Global Markets Holdings Bahamas Limited	100.00	Y	3,839,513(L) 1,973,300(S)

The capacity under which the interests are held are as follow:

Capacity in which interest is held Number of H Shares	Number of H Shares
Interest of corporation controlled by you	3,839,513(L) 1,973,300(S)
Approved lending agent	17,913,543(L)

Additionally, 3,500 H Shares (long position) and 46,000 H Shares (short position) were held through cash settled unlisted derivatives.

6. As of December 31, 2025, the total number of issued A Shares and H Shares were 1,476,658,400 and 301,537,125, respectively.

CONNECTED TRANSACTIONS

During the year ended December 31, 2025, details of the Group's connected transactions subject to the reporting, annual review, announcement requirements are set out as follows:

Connected transactions

Connected transaction	Date	Connected person	Description and purpose of the transaction	Actual transaction value for the year ended December 31, 2025
Acquisition of 82.54% of the equity interest in Biortus Biosciences Co., Ltd.* (無錫佰翱得生物科學股份有限公司) ("Biortus")	October 28, 2025	The general partner and fund manager of Beijing Kangjun Ningyuan Equity Investment Partnership (Limited Partnership)* (北京康君寧元股權投資合夥企業(有限合夥)) ("Kangjun Ningyuan") and Ningbo Kangjun Zhongyuan Equity Investment Partnership (Limited Partnership)* (寧波康君仲元股權投資合夥企業(有限合夥)) ("Kangjun Zhongyuan") is Kangjun Investment Management (Beijing) Co.Ltd.* (康君投資管理(北京)有限公司) ("Kangjun Investment"). Kangjun Investment is owned by Ningbo Kangwan Enterprise Management Consulting Partnership (Limited Partnership) (寧波康灣企業管理諮詢合夥企業(有限合夥)) ("Ningbo Kangwan"), the Company, Xiamen Kangwan Enterprise Management Consulting Partnership (Limited Partnership) (廈門康灣企業管理諮詢合夥企業(有限合夥)) ("Xiamen Kangwan") and Beijing Kangwan Enterprise Management Consulting Partnership (Limited Partnership) (北京康灣企業管理諮詢合夥企業(有限合夥)) ("Beijing Kangwan") as to 40%, 30%, 20% and 10%, respectively. Ningbo Kangwan is owned by Zhangjiajie Kanghongwan Venture Capital Partnership (Limited Partnership) (張家界康泓灣創業投資合夥企業(有限合夥)) ("Zhangjiajie Kanghongwan") (as the general partner) as to 75%, whereas Zhangjiajie Kanghongwan is jointly owned by Mr. Lou Xiaoqiang and Ms. Zheng Bei, both being the substantial shareholders and executive Directors of the Company. Xiamen Kangwan is owned by Mr. Lou Xiaoqiang (as a limited partner), Ms. Zheng Bei (as a limited partner) and Mr. Su Yuexing (as the general partner) (an Independent Third Party) as to 35%, 50% and 15%, respectively. Mr. Lou Xiaoqiang also serves as a director of Kangjun Investment. Kangjun Investment is therefore ultimately owned by Mr. Lou Xiaoqiang, being the substantial shareholder and executive Director of the Company. The general partner of Ningbo Yufeng Venture Capital Partnership (Limited Partnership) (寧波煜澧創業投資合夥企業(有限合夥)) ("Hongfeng Venture") is Ningbo Hongfeng Investment Management Co., Ltd. (寧波宏澧投資管理有限公司), which is in turn owned by Ningbo Huichangjian Investment Co., Ltd. (寧波匯昌健投資有限公司) ("Ningbo Huichangjian"). Ningbo Huichangjian is owned by Mr. Lou Guoqiang (a brother of Dr. Lou Boliang and Mr. Lou Xiaoqiang, both being the substantial shareholders and executive Directors of the Company) and Ms. Chen Jing (the spouse of Mr. Lou Guoqiang). Therefore, each of Kangjun Ningyuan, Kangjun Zhongyuan and Hongfeng Venture is a connected person of the Company.	The Company entered into the Biortus Agreements with the Biortus Shareholders (including Kangjun Ningyuan, Kangjun Zhongyuan and Hongfeng Venture), pursuant to which the Company agreed to acquire and the Biortus Shareholders agreed to sell 82.54% of the equity interest in Biortus at a total consideration of approximately RMB1,346 million.	RMB1,346 million

The detailed terms of the connected transaction mentioned above are as follows:

Acquisition of 82.54% of the equity interest in Biortus

On October 28, 2025, the Company entered into the Biortus Agreements with the Biortus Shareholders (including Kangjun Ningyuan, Kangjun Zhongyuan and Hongfeng Venture), pursuant to which the Company agreed to acquire and the Biortus Shareholders agreed to sell 82.54% of the equity interest in Biortus at a total consideration of approximately RMB1,346 million.

The total consideration is approximately RMB1,346 million, which was determined between the parties to the Acquisition after arm's length negotiations, with a differentiated consideration benchmark for the different transferors reflecting their respective entry timing, investment made, contribution levels, and risk profiles across multiple rounds financing of Biortus.

Biortus is a leading company in the PRC and one of the few CROs globally capable of providing one-stop services from gene synthesis to protein production and to Cryo-EM and X-ray crystallography structure determination. The Directors are of the view that the Acquisition will help strengthen the Company's capabilities in structural biology, complex target protein production and analysis services, and will form favorable synergies with the Company's existing business platforms and customer service capabilities, thereby advancing the Company's core strategy of developing an end-to-end, fully integrated, globalized and multimodality services platform.

For details, please refer to the announcements of the Company dated October 28, 2025 and November 17, 2025, respectively.

Continuing connected transactions

Continuing connected transaction	Date	Connected person	Description and purpose of the transaction	Annual cap for the year ended December 31, 2025	Actual transaction value for the year ended December 31, 2025
Commissioned Experiments and Research Framework Agreements	October 27, 2023	Ningbo Newbay Technology Development Co., Ltd. (寧波新灣科技發展有限公司) ("Newbay Technology"), a company which is held as to, amongst others, 25.3269%, 15.6296% and 13.663% by Beihai Duotai Venture Capital Co., Ltd. ("Beihai Duotai"), Ningbo Taikang Huisheng Enterprise Management Consulting Partnership Enterprise (Limited Partnership) (寧波泰康匯盛企業管理諮詢合夥企業(有限合夥)) ("Ningbo Taikang") and Kangjun Zhongyuan, respectively. Beihai Duotai is wholly owned by Ms. Zheng Bei. Ningbo Taikang is owned by Mr. Lou Xiaoqiang as to 99%. In addition, the general partner of Kangjun Zhongyuan is Kangjun Investment, which is in turn ultimately owned by Mr. Lou Xiaoqiang. Therefore, Newbay Technology is a connected person of the Company.	The Group shall continue to provide special technical services such as relevant laboratory services, process development and manufacturing, and clinical development services to Newbay Technology and its subsidiaries for a term of three years ending on December 31, 2026.	RMB80.0 million	RMB32.3 million

The detailed terms of the non-exempt continuing connected transaction mentioned above are as follows:

Commissioned Experiments and Research Framework Agreement 2023

On October 27, 2023, the Company and Newbay Technology entered into the commissioned experiments and research framework agreement ("Framework Agreement 2023") for a term from January 1, 2024 to December 31, 2026, pursuant to which the Group would continue to provide special technical services such as relevant laboratory services, process development and manufacturing, and clinical development services to Newbay Technology and its subsidiaries (the "Newbay Group"). For details of the commissioned experiments and research framework agreement, please refer to the announcement of the Company dated October 29, 2023 and November 6, 2023.

Pricing

Services fees will be charged at rates no less favorable than rates at which our Group charges independent third parties for comparable transactions and will be determined by the relevant parties through arm's length negotiations based on a number of factors applicable to all customers, including but not limited to the nature, complexity, and value of tasks completed by the Group at each stage under each work order, the materials required to complete the tasks, the fees charged for historical transactions of similar nature and the then prevailing market rates.

Annual caps

The total service fees receivable by the Group from the Newbay Group for the services under the Framework Agreement 2023 for the financial years ended December 31, 2024, 2025 and 2026 are expected not to exceed RMB70 million, RMB80 million and RMB90 million, respectively.

The annual cap has been arrived at based on (i) the historical transaction amounts received by the Group from the Newbay Group; (ii) the service fees received or receivable by the Group with respect to existing agreements between the Group and the Newbay Group; and (iii) the potential business opportunity after taking into account the development stages and expected development of the projects of the Newbay Group.

For the year ended December 31, 2025, the total service fees receivable by the Group from the Newbay Group for the services under the Framework Agreement 2023 was approximately RMB32.3 million.

Review by and confirmation of independent non-executive Directors of the Company

The independent non-executive Directors have reviewed the above continuing connected transactions, and after due and careful enquiry with the management of the Group, confirmed that such transactions were:

(i) carried out in the ordinary and usual course of business of the Group;

(ii) made on normal commercial terms or better; and

(iii) carried out according to the terms in the relevant transaction agreements, which are fair and reasonable, and in the interests of the Shareholders as a whole.

The independent non-executive Directors are satisfied that they have received and reviewed sufficient information to give the confirmations above.

Confirmation of the auditor

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued an unqualified letter containing the findings and conclusions in respect of the above mentioned continuing connected transactions in accordance with Rule 14A.56 of the Listing Rules.

The auditors of the Group had informed the Board and confirmed nothing has come to their attention that cause them to believe that the continuing connected transactions:

(i) have not been approved by the Board;

(ii) were not, in all material respects, in accordance with the pricing policies of the listed issuer's group if the transactions involve the provision of goods or services by the Group;

(iii) are not carried out in accordance with the related transaction agreement in any material respects; and

(iv) exceed the annual cap.

In respect of the above mentioned non-exempt connected transactions, the Directors also confirmed that the Company has complied with the disclosure requirements under Chapter 14A of the Listing Rules.

Save as disclosed above, there was no connected transaction or continuing connected transaction of the Group which has to be disclosed in accordance with the Listing Rules during the Report Period. For details, please refer to the abovementioned announcements of the Company.

RELATED PARTY TRANSACTIONS

Details on related party transactions for the Reporting Period are set out in note 45 to the consolidated financial statements. Save as disclosed in the paragraph headed "Connected Transactions" in this annual report, the related party transactions as set out in note 45 to the consolidated financial statements are not regarded as connected transactions or were exempt from reporting, announcement and shareholders' approval requirements under the Listing Rules.

PRE-EMPTIVE RIGHTS

There is no provision for the pre-emptive rights in the Articles of Association of the Company or under the laws of the PRC being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new Shares on a pro-rata basis to its existing shareholders.

PURCHASE, SALE, REDEMPTION OR CANCELLATION OF LISTED SECURITIES

During the Reporting Period, the Company repurchased 542,000 H Shares on the Stock Exchange for an aggregate consideration of approximately HKD7.3 million (exclusive of expenses). As at December 31, 2025, the Company held a total of 7,263,300 repurchased H Shares as treasury shares (as defined under the Listing Rules), comprising 542,000 H Shares repurchased during the Reporting Period and 6,721,300 H Shares repurchased in December 2024. These 7,263,300 treasury H shares have been designated for utilization as share incentives pursuant to the 2025 H Share Award and Trust Scheme. In accordance with the articles of association of the Company, such treasury H Shares would not receive the proposed final dividend for the year ended December 31, 2025.

Details of the H Shares repurchased during the Reporting Period are as follows:

Month of repurchase	Number of H Shares repurchased	Highest price paid per H Share (HKD)	Lowest price paid per H Share (HKD)	Aggregate consideration (HKD)
January 2025	542,000	13.44	13.32	7,250,100
Total	542,000			7,250,100

Save as disclosed above, during the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including treasury shares).

EQUITY-LINKED AGREEMENT

During the Reporting Period, other than the share incentive arrangements as set out in the section under "Share Incentive Schemes" of this annual report and note 38 to the consolidated financial statements of this annual report, the Company has not entered into any other equity-linked agreements.

DONATIONS

During the Reporting Period, the Company made donations of RMB1.1 million.

SUBSIDIARIES

Details of the Company's subsidiaries as of December 31, 2025 are set out in note 1 to the consolidated financial statements.

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 for the year ended December 31, 2025.

CORPORATE GOVERNANCE

The Company has established and improved the Company's rules and regulations, optimized the Company's governance structure, strengthened internal control construction, improved the standard operation level, strictly promoted the implementation of various systems, and established a more standardized and transparent listed company operation system to ensure the Company's stability and sustainable development. The Board is of the view that, the Company has complied with the relevant code provisions contained in the CG Code during the Reporting Period, save for deviations from code provisions C.2.1 of the CG Code. Details of these deviations and information on the corporate governance practices adopted by the Company are discussed in the section headed "Corporate Governance Report" of this annual report.

Last but not least, the Board will continue to review and monitor the Company's code of corporate governance practices with an aim to maintaining a high standard of corporate governance.

SUFFICIENCY OF PUBLIC FLOAT

According to the information that is publicly available to the Company and within the knowledge of the Board, as of the date of this annual report, the Company has maintained sufficient public float as required under the Listing Rules during the year ended December 31, 2025 and up to the date of this annual report.

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

The Company does not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

SHARE INCENTIVE SCHEMES

A Share Incentive Schemes

(1) 2021 A Share Incentive Scheme

On July 12, 2021, the Shareholders resolved to adopt the 2021 A Share Incentive Scheme, the assessment management measures for the implementation of the 2021 A Share Incentive Scheme and the authorization to the Board to handle matters pertaining to the 2021 A Share Incentive Scheme.

(i) Purpose of the 2021 A Share Incentive Scheme

In order to further perfect the Company's corporate governance structure, establish and improve the Company's long-term incentive mechanism, attract and retain the Company's core management, mid-level management, core technical personnel, basic-level management and technical personnel, fully mobilize their enthusiasm and creativity, effectively strengthen the cohesion of the core team and the competitiveness of the Company, align the interests of the shareholders, the Company and the core staff members, bring their attention to the long-term development of the Company and ensure that the Company's development strategy and business goals shall be realized, the 2021 A Share Incentive Scheme was approved by the general meeting.

(ii) Category of grantees and participants of the 2021 A Share Incentive Scheme

The total number of grantees who have been granted and who have taken up the relevant Restricted A Shares under the 2021 A Share Incentive Scheme is 204, including core management of the Company, mid-level managements and core technical personnel and basic-level management and technical personnel. All eligible participants must have an employment or labour relationship with the Company or its subsidiaries when a grant under the 2021 A Share Incentive Scheme is made and during the assessment period of the 2021 A Share Incentive Scheme.

None of the Directors, supervisors, members of senior management, non-PRC employee, shareholders who individually or collectively hold more than 5% of the Shares of the Company, de facto controllers, or their respective spouses, parents or children, or the Directors, supervisors, substantial shareholders has been the grantee of any awards granted pursuant to the 2021 A Share Incentive Scheme.

(iii) Maximum entitlement of each participant and maximum number of Restricted A Shares to be issued by the Company under the 2021 A Share Incentive Scheme

None of the grants under the 2021 A Share Incentive Scheme was subject to approval by the shareholders of the Company. The grants under the 2021 A Share Incentive Scheme would not result in the awards granted and to be granted to each individual grantee in the 12-month period up to and including the date of such grant in aggregate to exceed 1% of the relevant class of shares in issue (excluding treasury shares (as defined under the Listing Rules)).

Pursuant to the Management Measures and the 2021 A Share Incentive Scheme, the maximum number of Restricted A Shares to be issued by the Company was 1,161,300 A Shares (as adjusted after the implementation of the 2021 Capitalization of Reserve), and was further adjusted to 1,741,950 A Shares (as adjusted after the implementation of the 2022 Capitalization of Reserve), representing approximately 0.10% of the Company's total number of issued Shares as of December 31, 2025. The total number of Shares to be granted to any participants under all the fully effective share incentive schemes of the Company shall not exceed 1% of the total share capital of the Company.

(iv) Grant price and the basis of determining the grant price

The grant price of the Restricted A Shares under the 2021 A Share Incentive Scheme shall be RMB70.47 per A Share (subject to adjustment). Pursuant to the Shenzhen Listing Rules and the Management Measures, the pricing method for the Restricted A Shares under the 2021 A Share Incentive Scheme is independent pricing, and the share price is the 50% of average trading price of the Company's shares for 120 trading days prior to the date of the announcement of the 2021 A Share Incentive Scheme, which is RMB70.47 per share:

1. 50% of the average trading price of the Company's shares on the trading day immediately preceding the date of the announcement on the adoption of the 2021 A Share Incentive Scheme amongst other things, being RMB92.57 per A Share;

2. 50% of the average trading price of the Company's shares for the 20 trading days immediately preceding the date of the announcement on the adoption of the 2021 A Share Incentive Scheme amongst other things, being RMB89.86 per A Share;

3. 50% of the average trading price of the Company's shares for the 60 trading days immediately preceding the date of the announcement on the adoption of the 2021 A Share Incentive Scheme amongst other things, being RMB77.47 per A Share; and

4. 50% of any one of the average trading price of the Company's shares for the 120 trading days immediately preceding the date of the announcement on the adoption of the 2021 A Share Incentive Scheme amongst other things, being RMB70.47 per A Share.

The grant price was determined in accordance with the price references abovementioned. This was also determined with a view to stabilize talents and effectively incentivize employees under different cycles and business environments which may allow the Company to gain advantage in the competitive industry that it operates in. The Board has also taken into consideration the level of difficulty of the performance targets which eligible participants must achieve for the restricted A Shares to be vested, and considers that this is in balance with a discount in the grant price.

As a result of the implementation of the 2021 Profit Distribution Plan and pursuant to the Management Measures and the 2021 A Share Incentive Scheme, on July 28, 2022, the Board has resolved to adjust the grant price of Restricted A Shares granted under the 2021 A Share Incentive Scheme from RMB70.17 per A Share to RMB46.48 per A Share.

As a result of the implementation of the 2022 Profit Distribution Plan and pursuant to the Management Measures and the 2021 A Share Incentive Scheme, on October 27, 2023, the Board has resolved to adjust the grant price of Restricted A Shares granted under the 2021 A Share Incentive Scheme from RMB46.48 per A Share to RMB30.79 per A Share.

As a result of the implementation of the 2023 Profit Distribution and pursuant to the Management Measures and the 2021 A Share Incentive Scheme, on August 27, 2024, the Board has resolved to adjust the grant price of Restricted A Shares granted under the 2021 A Share Incentive Scheme from RMB30.79 per A Share to RMB30.59 per A Share.

As a result of the implementation of the 2024 Profit Distribution and pursuant to the Management Measures and the 2021 A Share Incentive Scheme, on August 21, 2025, the Board has resolved to adjust the grant price of Restricted A Shares granted under the 2021 A Share Incentive Scheme from RMB30.59 per A Share to RMB30.39 per A Share.

(v) Granting of Restricted A Shares during the Reporting Period

No awards were granted under the 2021 A Share Incentive Scheme during the Reporting Period, and no further share incentives shall be available for grant under the 2021 A Share Incentive Scheme.

(vi) Vesting and Cancellation/Forfeiture of Restricted A Shares during the Reporting Period

In January 2025, the Company conducted the registration of vesting of Restricted A Shares. Restricted A Shares were vested to a total of 20 eligible employees, and the total number of Restricted A Shares vested was 24,459. The Restricted A Shares vested were circulated on February 5, 2025.

In the process of payment of funds and share registration, a total of 347,001 Restricted A Shares that could be vested to 157 eligible employees were cancelled/forfeited in whole or in part due to personal reasons. Please refer to the overseas regulatory announcement of the Company dated January 23, 2025 for further details.

During the Reporting Period, one grantee who was granted Restricted A Shares under the 2021 A Share Incentive Scheme resigned for personal reasons. As a result, this employee no longer qualifies as an eligible employee under the 2021 A Share Incentive Scheme, and 42,189 unvested Restricted A Shares previously granted to this employee have been cancelled/forfeited. Please refer to the overseas regulatory announcement of the Company dated August 21, 2025 for further details.

(vii) Particulars of movement of unvested awards during the Reporting Period

The granted Restricted A Shares shall be vested over a four-year period, with 25%, 25%, 25% and 25% of total shares vesting on the first trading date after each anniversary date after the vesting commencement date upon meeting certain performance conditions, and shall last until the last trading dates by the next anniversary date.

Set out below are details of the unvested awards and the movements of the number of granted awards under the 2021 A Share Incentive Scheme during the Reporting Period:

Category of grantee	Date of grant	Grant Price[1]	Number of unvested and not registered awards as at January 1, 2025	Number of awards vested during the year of 2025[2]	Number of awards cancelled/ forfeited during the year of 2025	Number of unvested and not registered awards as at December 31, 2025
Employees	July 27, 2021	RMB30.39	742,980	24,459	389,190	329,331

Note:

(1) The grant price was adjusted from RMB30.59 to RMB30.39 as a result of the implementation of the 2024 Profit Distribution. Please refer to section under "12A. (1) 2021 A Share Incentive Scheme – (iv) Grant price and the basis of determining the grant price" above for further details. Employees shall pay for the grant price of the vested Restricted A Shares based on the amount vested at the time of each vesting.

(2) The weighted average closing price of the A Shares immediately before the dates on which the awards were vested was RMB24.85.

(viii) Remaining validity period of the 2021 A Share Incentive Scheme

The 2021 A Share Incentive Scheme shall be valid until the date on which all Restricted A Shares available for issue under the 2021 A Share Incentive Scheme have been vested or forfeited, and such period shall not exceed 60 months from the grant date. As such, as of December 31, 2025, the remaining life of the 2021 A Share Incentive Scheme is 6 months.

(ix) Others

In January 2026, the Company conducted the registration of vesting of Restricted A Shares. Restricted A Shares were vested to a total of 44 eligible employees, and the total number of Restricted A Shares vested was 81,643. The Restricted A Shares vested were circulated on January 29, 2026.

In the process of payment of funds and share registration, a total of 247,688 Restricted A Shares that could be vested to 133 eligible employees were forfeited in whole or in part due to personal reasons. Please refer to the overseas regulatory announcement of the Company dated January 27, 2026 for further details.

As at the date of this annual report, all awards granted under the 2021 A Share Incentive Scheme have been vested or cancelled/forfeited.

(2) 2022 A Share Incentive Scheme

On May 31, 2022, the Shareholders resolved to adopt the 2022 A Share Incentive Scheme, the assessment management measures for the implementation of the 2022 A Share Incentive Scheme and the authorization to the Board to handle matters pertaining to the 2022 A Share Incentive Scheme.

(i) Purpose of the 2022 A Share Incentive Scheme

In order to further perfect the Company's corporate governance structure, establish and improve the Company's long-term incentive mechanism, attract and retain the Company's core management, mid-level management and core technical personnel, basic-level management and technical personnel, fully mobilize their enthusiasm and creativity, effectively strengthen the cohesion of the core team and the competitiveness of the Company, align the interests of the shareholders, the Company and the core staff members, bring their attention to the long-term development of the Company and ensure that the Company's development strategy and business goals shall be realized, the 2022 A Share Incentive Scheme was approved by Shareholders' meeting of the Company.

(ii) Category of grantees and participants of the 2022 A Share Incentive Scheme

The total number of the eligible participants for the grant proposed under the 2022 A Share Incentive Scheme shall be 379. All eligible participants must have an employment or labour relationship with the Company or its subsidiaries when a grant under the 2022 A Share Incentive Scheme is made and during the assessment period of the 2022 A Share Incentive Scheme.

None of the Directors, supervisors, members of senior management, non-PRC employee, shareholders who individually or collectively hold more than 5% of the Shares of the Company, de facto controllers, or their respective spouses, parents or children, or the respective associates of the Directors, supervisors, substantial shareholders has been the grantee of any awards granted pursuant to the 2022 A Share Incentive Scheme.

(iii) Maximum entitlements of each participant and maximum number of Restricted A Shares to be issued by the Company under the 2022 A Share Incentive Scheme

None of the grants under the 2022 A Share Incentive Scheme was subject to approval by the shareholders of the Company. The grants under the 2022 A Share Incentive Scheme would not result in the awards granted and to be granted to each individual grantee in the 12-month period up to and including the date of such grant in aggregate to exceed 1% of the relevant class of shares in issue (excluding treasury shares (as defined under the Listing Rules)).

Pursuant to the Management Measures and the 2022 A Share Incentive Scheme, the maximum number of Restricted A Shares to be issued by the Company was 2,203,200 A Shares (as adjusted after the implementation of the 2021 Capitalization of Reserve), and was further adjusted to 3,304,800 A Shares (as adjusted after the implementation of the 2022 Capitalization of Reserve), representing approximately 0.19% of the Company's total number of issued Shares as of December 31, 2025. The total number of Shares to be granted to any participants under all the fully effective share incentive schemes of the Company shall not exceed 1% of the total share capital of the Company.

(iv) Grant price and the basis of determining the grant price

The grant price of the Restricted A Shares under the 2022 A Share Incentive Scheme was RMB58.38 per A Share (subject to adjustment). Pursuant to the Shenzhen Listing Rules and the Management Measures, the grant price of the Restricted A Shares under the 2022 A Share Incentive Scheme shall be not less than the par value of the Shares, and in principle not less than the higher of:

1. 50% of the average trading price of the Company's A Shares for one trading day immediately preceding the date of the announcement with respect to the adoption of the 2022 A Share Incentive Scheme, being RMB58.38 per A Share; and

2. 50% of the average trading price of the Company's A Shares for the 20 trading days immediately preceding the date of the announcement with respect to the adoption of the 2022 A Share Incentive Scheme, being RMB55.06 per A Share.

The grant price was determined in accordance with the price references abovementioned. This was also determined with a view to stabilize talents and effectively incentivize employees under different cycles and business environments which may allow the Company to gain advantage in the competitive industry that it operates in. The Board has also taken into consideration the level of difficulty of the performance targets which participants must achieve for the restricted shares to be vested, and considers that this is in balance with a discount in the grant price.

As a result of the implementation of the 2021 Profit Distribution Plan, and pursuant to the Management Measures and the 2022 A Share Incentive Scheme, on July 28, 2022, the Board has resolved to adjust the grant price of Restricted A Shares granted under the 2022 A Share Incentive Scheme from RMB58.38 per A Share to RMB38.62 per A Share.

As a result of the implementation of the 2022 Profit Distribution Plan, and pursuant to the Management Measures and the 2022 A Share Incentive Scheme, on October 27, 2023, the Board has resolved to adjust the grant price of Restricted A Shares granted under the 2022 A Share Incentive Scheme from RMB38.62 per A Share to RMB25.55 per A Share.

As a result of the implementation of the 2023 Profit Distribution, and pursuant to the Management Measures and the 2022 A Share Incentive Scheme, on August 27, 2024, the Board has resolved to adjust the grant price of Restricted A Shares granted under the 2022 A Share Incentive Scheme from RMB25.55 per A Share to RMB25.35 per A Share.

As a result of the implementation of the 2024 Profit Distribution, and pursuant to the Management Measures and the 2022 A Share Incentive Scheme, on August 21, 2025, the Board has resolved to adjust the grant price of Restricted A Shares granted under the 2022 A Share Incentive Scheme from RMB25.35 per A Share to RMB25.15 per A Share.

(v) Granting of Restricted A Shares during the Reporting Period

No awards were granted under the 2022 A Share Incentive Scheme during the Reporting Period, and no further share incentives shall be available for grant under the 2022 A Share Incentive Scheme.

(vi) Vesting and Cancellation/Forfeiture of Restricted A Shares during the Reporting Period

In January 2025, the Company conducted the registration of vesting of Restricted A Shares. Restricted A Shares were vested to a total of 209 eligible employees, and the total number of Restricted A Shares vested was 385,057. The Restricted A Shares vested were circulated on February 5, 2025.

In the process of payment of funds and share registration, a total of 317,632 Restricted A Shares that could be vested to 140 eligible employees were cancelled/forfeited in whole or in part due to personal reasons. Please refer to the overseas regulatory announcement of the Company dated January 23, 2025 for further details.

During the Reporting Period, ten grantees who were granted Restricted A Shares under the 2022 A Share Incentive Scheme resigned for personal reasons. As a result, they no longer qualify as eligible employees under the 2022 A Share Incentive Scheme, and a total of 44,104 unvested Restricted A Shares previously granted to them have been cancelled/forfeited. Please refer to the overseas regulatory announcement of the Company dated August 21, 2025 for further details.

(vii) Particulars of movement of unvested awards during the Reporting Period

The granted Restricted A Shares shall be vested over a four-year period, with 25%, 25%, 25% and 25% of total shares vesting on the first trading date after each anniversary date after the vesting commencement date upon meeting certain performance conditions, and shall last until the last trading dates by the next anniversary date.

Set out below are details of the unvested awards and the movements of the number of granted awards under the 2022 A Share Incentive Scheme during the Reporting Period:

Category of grantee	Date of grant	Grant Price[1]	Number of unvested and not registered awards as at January 1, 2025	Number of awards vested during the year of 2025[2]	Number of awards cancelled/ forfeited during the year of 2025	Number of unvested and not registered awards as at December 31, 2025
Employees	July 28, 2022	RMB25.15	2,110,711	385,057	361,736	1,363,918

Note:

(1) The grant price was adjusted from RMB25.35 to RMB25.15 as a result of the implementation of the 2024 Profit Distribution. Please refer to section under "12A. (2) 2022 A Share Incentive Scheme – (iv) Grant price and the basis of determining the grant price" above for further details. Employees shall pay for the grant price of the vested Restricted A Shares based on the amount vested at the time of each vesting.

(2) The weighted average closing price of the A Shares immediately before the dates on which the awards were vested was RMB24.85.

(viii) Remaining validity period of the 2022 A Share Incentive Scheme

The 2022 A Share Incentive Scheme shall be valid until the date on which all Restricted A Shares have been vested or forfeited under the 2022 A Share Incentive Scheme, and such period shall not exceed 60 months. As such, as of December 31, 2025, the remaining life of the 2022 A Share Incentive Scheme is 18 months.

(ix) Others

In January 2026, the Company conducted the registration of vesting of Restricted A Shares. Restricted A Shares were vested to a total of 276 eligible employees, and the total number of Restricted A Shares vested was 565,698. The Restricted A Shares vested were circulated on January 29, 2026.

In the process of payment of funds and share registration, a total of 116,068 Restricted A Shares that could be vested to 65 eligible employees were forfeited in whole or in part due to personal reasons. Please refer to the overseas regulatory announcement of the Company dated January 27, 2026 for further details.

(3) 2023 A Share Incentive Scheme

On June 21, 2023, the Shareholders resolved to adopt the 2023 A Share Incentive Scheme, the assessment management measures for the implementation of the 2023 A Share Incentive Scheme and the authorization to the Board to handle matters pertaining to the 2023 A Share Incentive Scheme during the annual general meeting of the Company.

(i) Purpose of the 2023 A Share Incentive Scheme

In order to further perfect the Company's corporate governance structure, establish and improve the Company's long-term incentive mechanism, attract and retain the Company's core management, mid-level management, core technical personnel, basic-level management and technical personnel, fully mobilize their enthusiasm and creativity, effectively strengthen the cohesion of the core team and the competitiveness of the Company, align the interests of the shareholders, the Company and the core staff members, bring their attention to the long-term development of the Company and ensure that the Company's development strategy and business goals shall be realized, the 2023 A Share Incentive Scheme was approved by Shareholders' meeting of the Company.

(ii) Category of grantees and participants of the 2023 A Share Incentive Scheme

The total number of the eligible participants for the first grant proposed under the 2023 A Share Incentive Scheme shall be 295. All eligible participants must have an employment or labour relationship with the Company or its subsidiaries when a grant under the 2023 A Share Incentive Scheme is made and during the assessment period in relation to the First Grant and the Reserved Grant under the 2023 A Share Incentive Scheme.

None of the Directors, supervisors, chief executive, members of senior management, shareholders who individually or collectively hold more than 5% of the Shares of the Company, de facto controllers, or their respective spouses, parents or children, or the respective associates of the Directors, supervisors, substantial shareholders has been the grantee of any awards granted pursuant to the 2023 A Share Incentive Scheme.

(iii) Maximum entitlements of each participant and maximum number of Restricted A Shares to be issued by the Company under the 2023 A Share Incentive Scheme

None of the grants made under the 2023 A Share Incentive Scheme was subject to approval by the shareholders of the Company. The grants made under the 2023 A Share Incentive Scheme would not result in the awards granted and to be granted to each individual grantee in the 12-month period up to and including the date of such grant in aggregate to exceed 1% of the relevant class of shares in issue (excluding treasury shares (as defined under the Listing Rules)).

The maximum number of Restricted A Shares to be granted under the First Grant pursuant to the 2023 A Share Incentive Scheme would be 1,479,300 A Shares, representing approximately 90% of the A Shares available under the 2023 A Share Incentive Scheme, with the remaining 10%, being 164,400 A Shares reserved for further award grants. However, as a result of change of eligibility of four proposed participants, and the voluntary waivers of Restricted A Shares by nine proposed participants, the number of Restricted A Shares to be issued by the Company under the First Grant was adjusted from 1,479,300 A Shares to 1,444,500 A Shares, and was further adjusted to 2,166,750 A Shares (as adjusted after the implementation of the 2022 Capitalization of Reserve), representing approximately 0.12% of the Company's total number of issued Shares as of December 31, 2025. The number of Restricted A Shares to be issued by the Company under the Reserved Grant was adjusted from 164,400 A Shares to 246,600 A Shares (as adjusted after the implementation of the 2022 Capitalization of Reserve), representing approximately 0.01% of the Company's total number of issued Shares as of December 31, 2025. The total number of Shares to be granted to any participants under all the fully effective share incentive schemes of the Company shall not exceed 1% of the total share capital of the Company.

(iv) Grant price and the basis of determining the grant price

The Grant Price of the Restricted A Shares under the First Grant and the Reserved Grant shall be RMB28.58 per A Share (subject to adjustment).

Pursuant to the Shenzhen Listing Rules and the Management Measures, the grant price of the Restricted A Shares under the First Grant and the Reserved Grant shall be not less than the par value of the Shares, and in principle not less than the higher of:

1. 50% of the average trading price of the Company's A Shares for one trading day immediately preceding the date of the announcement in relation to the adoption of the 2023 A Share Incentive Scheme, being RMB28.51 per A Share; and

2. 50% of the average trading price of the Company's A Shares for the 20 trading days immediately preceding the date of the announcement in relation to the adoption of the 2023 A Share Incentive Scheme, being RMB28.58 per A Share.

The Grant Price was determined in accordance with the price references above mentioned. This was also determined with a view to stabilize talents and effectively incentivize employees under different cycles and business environments which may allow the Company to gain advantage in the competitive industry that it operates in. The Board has also taken into consideration the level of difficulty of the performance targets which participants must achieve for the Restricted A Shares to be vested, and considers that this is in balance with the discount in the Grant Price.

As a result of the implementation of the 2022 Profit Distribution Plan and 2023 Profit Distribution, and pursuant to the Management Measures and the 2023 A Share Incentive Scheme, on August 27, 2024, the Board has resolved to adjust the grant price of Restricted A Shares granted under the 2023 A Share Incentive Scheme from RMB28.58 per A Share to RMB18.65 per A Share.

As a result of the implementation of the 2024 Profit Distribution, and pursuant to the Management Measures and the 2023 A Share Incentive Scheme, on August 21, 2025, the Board has resolved to adjust the grant price of Restricted A Shares granted under the 2023 A Share Incentive Scheme from RMB18.65 per A Share to RMB18.45 per A Share.

(v) Granting of Restricted A Shares during the Reporting Period

No awards were granted under the 2023 A Share Incentive Scheme during the Reporting Period, and no further share incentives shall be available for grant under the 2023 A Share Incentive Scheme.

(vi) Vesting and Cancellation/Forfeiture of Restricted A Shares during the Reporting Period

The Company did not vest any Restricted Shares during the Reporting Period.

During the Reporting Period, (i) ten grantees who were granted a total of 179,553 Restricted A Shares under the 2023 A Share Incentive Scheme resigned for personal reasons, and (ii) 455,327 Restricted A Shares were cancelled/forfeited due to failure to satisfy the Company's performance indicator prescribed by the 2023 A Share Incentive Scheme. As a result, a total of 634,880 unvested Restricted A Shares previously granted have been cancelled/forfeited. Please refer to the overseas regulatory announcement of the Company dated August 21, 2025 for further details.

(vii) Particulars of movement of unvested awards during the Reporting Period

The granted Restricted A Shares shall be vested over a four-year period, with 25%, 25%, 25% and 25% of total shares vesting on the first trading date following each anniversary date after the vesting commencement date upon meeting certain performance conditions, and shall last until the last trading dates by the next anniversary date.

Set out below are details of the unvested awards and the movements of the number of granted awards under the 2023 A Share Incentive Scheme during the Reporting Period:

Category of grantee	Date of grant	Grant Price[1]	Number of unvested and not registered awards as at January 1, 2025	Number of awards vested during the year of 2025	Number of awards cancelled/ forfeited during the year of 2025	Number of unvested and not registered awards as at December 31, 2025
Employees	July 7, 2023	RMB18.45	1,545,826	0	634,880	910,946

(1) The grant price was adjusted from RMB18.65 to RMB18.45 as a result of the implementation of 2024 Profit Distribution. Please refer to section under "12A. (3) 2023 A Share Incentive Scheme – (iv) Grant price and the basis of determining the grant price" above for further details. Employees shall pay for the grant price of the vested Restricted A Shares based on the amount vested at the time of each vesting.

(viii) Remaining validity period of the 2023 A Share Incentive Scheme

The 2023 A Share Incentive Scheme shall be valid until the date on which all Restricted A Shares have been vested or forfeited, and such period shall not exceed 72 months. As such, as of December 31, 2025, the remaining life of the 2023 A Share Incentive Scheme is 42 months.

(4) Concluding statement

The total number of Restricted A Shares that may be issued in respect of awards granted under all A Share incentive schemes of the Company during the year ended December 31, 2025 divided by the weighted average number of A Shares in issue for the year ended December 31, 2025 was 0.18%.

H Share Award and Trust Schemes

(1) First H Share Award and Trust Scheme

The Shareholders have resolved to adopt the First H Share Award and Trust Scheme during the extraordinary general meeting of the Shareholders on December 11, 2020, and have further resolved to amend the First H Share Award and Trust Scheme during the 2024 annual general meeting of the Shareholders on June 20, 2025. The source of the award shares under the First H Share Award and Trust Scheme shall be H Shares to be acquired by the trustee through on-market transactions at the prevailing market price in accordance with the instructions of the Company and the relevant provisions of the relevant scheme rules.

(i) Purpose of First H Share Award and Trust Scheme

1. to attract, motivate and retain skilled and experienced personnel to strive for the future development and expansion of the Group by providing them with the opportunity to own equity interests in the Company;

2. to deepen the reform on the Company's remuneration system and to develop and constantly improve the interests balance mechanism among the Shareholders, the operational and executive management; and

3. to (a) recognize the contributions of the leadership of the Company including the Directors and long standing employees of the Company; (b) encourage, motivate and retain the leadership of the Company and long standing employees whose contributions are beneficial to the continual operation, development and long-term growth of the Group; and (c) provide additional incentive for the leadership of the Company and long standing employee by aligning the interests of the leadership of the Company to that of the Shareholders and the Group as a whole.

(ii) Category of grantees and participants of the First H Share Award and Trust Scheme

Eligible employee is any PRC or non-PRC employee, Director or consultant of any members of the Group.

None of the Directors, supervisors, members of senior management, shareholders who individually or collectively hold more than 5% of the Shares of the Company, de facto controllers, or the spouses, parents or children of such de facto controllers of the Company, or their respective associates has been the grantee of any awards granted pursuant to the First H Share Award and Trust Scheme.

(iii) Maximum entitlements of each participant and maximum number of H Shares to be granted by the Company under the First H Share Award and Trust Scheme

None of the grants made under the First H Share Award and Trust Scheme was subject to approval by the shareholders of the Company. The grants made under the First H Share Award and Trust Scheme would not result in the awards granted and to be granted to each individual grantee in the 12-month period up to and including the date of such grant in aggregate to exceed 1% of the Shares in issue.

Pursuant to the First H Share Award and Trust Scheme, the maximum number of H Shares that can be purchased on the market by the trustee appointed by the Company for the purpose of servicing the First H Share Award and Trust Scheme was 17,865,000 H Shares, and was adjusted to 35,563,910 H Shares on June 20, 2025, representing approximately 12% of the number of the Company's H Shares in issue (excluding any treasury H Shares) and approximately 2% of the total issued shares of the Company as of December 31, 2025.

The Company shall not make any further grant of award which will result in the aggregate number of H Shares underlying all grants made pursuant to the First H Share Award and Trust Scheme to exceed the scheme limit without Shareholders' approval. Award shares that have been forfeited in accordance with the First H Share Award and Trust Scheme shall not be added to the scheme limit, nor shall such forfeited shares be added to the total number of H Shares granted under the First H Share Award and Trust Scheme. As of December 31, 2025, there are 10,443,117 H Shares to be granted under the First H Share Award, which represents approximately 3.55% of the number of the Company's H Shares in issue (excluding any treasury H Shares) as of the same date.

(iv) Particulars of movement of unvested awards during the Reporting Period

Unless otherwise approved by the Board or the Delegatee, all granted H Shares shall be vested in four equal annual tranches of 25% each upon the corresponding anniversary of the grant date.

On July 2, 2025, the Management Committee resolved to approve the following grants under First H Share Award and Trust Scheme:

(a) A total of 5,396,470 H Shares was granted to 546 eligible employees pursuant to the 2025 First H Shares Employee Share Awards of the First H Share Award and Trust Scheme, which shall be vested over a four-year period, with 25%, 25%, 25% and 25% of total shares vesting on the first trading date after each anniversary date after the respective vesting commencement date upon meeting certain vesting conditions, and shall last until the last trading dates by the next anniversary date;

(b) A total of 2,103,398 H Shares was granted to 241 eligible employees pursuant to the 2025 Second H Shares Employee Share Awards of the First H Share Award and Trust Scheme, which shall be vested over a two-year period with 50% and 50% of total shares vesting on the first trading date after each anniversary date after the respective vesting commencement date upon meeting certain vesting conditions, and shall last until the last trading dates by the next anniversary date; and

(c) A total of 3,217,500 H Shares was granted to 25 eligible employees pursuant to the 2025 Third H Shares Employee Share Awards of the First H Share Award and Trust Scheme, which shall be vested over a one-year period with 100% of total shares vesting on the first trading date after the anniversary date after the vesting commencement date upon meeting certain vesting conditions, and shall last until the last trading dates by the next anniversary date.

Set out below are details of the movements of the number of unvested awards under the First H Share Award and Trust Scheme during the Reporting Period:

Category of grantee	Date of grant	Grant Price	Number of unvested awards as at January 1, 2025	Number of awards granted during the Reporting Period	Number of awards vested during the Reporting Period	Number of awards forfeited during the Reporting Period	Number of awards canceled during the Reporting Period	Number of unvested awards as at December 31, 2025
Employees	July 2, 2025[1]	N/A	0	5,396,470	0	0	0	5,396,470
Employees	July 2, 2025[1]	N/A	0	2,103,398	0	0	0	2,103,398
Employees	July 2, 2025[1]	N/A	0	3,217,500	0	0	0	3,217,500
Employees	August 29, 2023	N/A	1,331,114	0	0	1,331,114	0	0
Employees	May 31, 2022	N/A	5,305,908	0	2,605,597	94,652	0	2,605,659
Employees	April 1, 2022	N/A	537,499	0	231,832	73,764	0	231,903
Employees	December 14, 2020	N/A	321,255	0	279,456	41,799	0	0
Total			7,495,776	10,717,368	3,116,885	1,541,329	0	13,554,930

Note:

(1) The closing price of the H Shares immediately before the date on which the Awards were granted was HKD16.58.

None of the grantees is a director or connected person of the Company or one of its five highest paid individuals during the Reporting Period, and none of the abovementioned grants was subject to approval by the shareholders of the Company.

(v) Remaining validity period of the First H Share Award and Trust Scheme

The First H Share Award and Trust Scheme shall be valid and effective for a term commencing on the date on which the Shareholders and the Board approved the First H Share Award and Trust Scheme (the "Adoption Date"), and ending on the business day immediately prior to the 10th anniversary of the Adoption Date, and after which no further awards will be granted, and thereafter for so long as there are any non-vested award shares granted hereunder prior to the expiration of the First H Share Award and Trust Scheme, in order to give effect to the vesting of such award shares or otherwise as may be required in accordance with the provisions of the rules of the First H Share Award and Trust Scheme. As such, as of December 31, 2025, the remaining life of the First H Share Award and Trust Scheme is 58 months.

(vi) Others

For the 12 months ended December 31, 2025, the Group had recorded share-based compensation expenses of RMB77,647,000 (the 12 months ended December 31, 2024: RMB64,745,000) in relation to the First H Share Award and Trust Scheme.

(2) 2025 H Share Award and Trust Scheme

The Shareholders have resolved to adopt the 2025 H Share Award and Trust Scheme during the annual general meeting of the Shareholders on June 20, 2025. The source of the award shares under the 2025 H Share Award and Trust Scheme shall be treasury H Shares repurchased in accordance with the instructions of the Company and the relevant provisions of the relevant scheme rules.

As of December 31, 2025, 7,263,300 H Shares had been repurchased and held as treasury H Shares by Company, which are designated for utilization under the 2025 H Share Award and Trust Scheme. As of December 31, 2025 and up to the date of this annual report, the Company had not made any grants under the 2025 H Share Award and Trust Scheme.

(3) Summary

The total number of existing H Shares that may be vested in respect of awards granted under both H Share award and trust schemes of the Company during the year ended December 31, 2025 was 13,554,930, which represents approximately 0.76% of the total share capital of the Company as of December 31, 2025.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

There was no incident of non-compliance with relevant laws and regulations that had a significant impact on the Group during the Reporting Period.

AUDITOR

There has been no change in auditors during the Reporting Period. The consolidated financial statements for the Reporting Period have been audited by Ernst & Young, who are proposed for reappointment at the forthcoming AGM.

By order of the Board
Pharmaron Beijing Co., Ltd.
Dr. Lou Boliang
Chairman

Beijing, the PRC
March 30, 2026

To the shareholders of Pharmaron Beijing Co., Ltd.
(Registered in the People's Republic of China with limited liability)

OPINION

We have audited the consolidated financial statements of Pharmaron Beijing Co., Ltd. (the "Company") and its subsidiaries (the "Group") set out on pages 118 to 235, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (the "IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") as issued by the Hong Kong Institute of Certified Public Accountants ("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
Impairment of trade receivables and contract assets	
At 31 December 2025, the net carrying amounts of trade receivables and contract assets were RMB2,707,106,000 and RMB465,832,000, respectively, which accounted for 9.99% and 1.72% of the total assets, respectively. The loss allowance for impairment of trade receivables was RMB138,975,000, which accounted for 4.88% of trade receivables, and the loss allowance for impairment of contract assets was RMB11,594,000 which accounted for 2.43% of contract assets. Management of the Group calculated the expected credit loss for trade receivables and contract assets by applying the simplified approach under IFRS 9. The provision matrix considered migration rate, historical loss ratio and forward-looking adjustments. The assumptions applied in determining the expected credit loss required significant management judgement and estimates. Therefore, we identified the impairment of trade receivables and contract assets as a key audit matter. The related disclosures are included in note 2.4, note 3, note 25 and note 26 to the consolidated financial statements.	Our procedures in relation to the impairment of trade receivables and contract assets included: (1) Evaluating and testing the internal controls over impairment test of trade receivables and contract assets; (2) Evaluating the appropriateness of the impairment policy of trade receivables and contract assets; (3) Obtaining the provision matrix used by management to estimate the loss allowance for trade receivables and contract assets and evaluating the appropriateness of the inputs used by management, such as migration rate, historical loss ratio and forward-looking adjustments, and then recalculating the expected losses; (4) Testing the accuracy of aging on a sample basis; (5) Performing confirmation procedure and inspecting collection of trade receivables subsequent to the financial year end on a sample basis; and (6) Evaluating the adequacy of the related disclosures.

Key audit matter	How our audit addressed the key audit matter
Impairment of goodwill acquired in business combinations	
At 31 December 2025, the net carrying amount of goodwill was RMB3,585,974,000, which accounted for 13.24% of the total assets. Management of the Group performed impairment test over goodwill at least on an annual basis and adjusted the carrying amount based on the result of the test. The result of goodwill impairment test heavily depends on the assumptions applied by management, especially, revenue growth rates, gross profit margins and discount rates, which required significant management estimates. There are significant uncertainties in these estimates, which are affected by management's judgement on the future market and economic environment, and the recoverable amount of goodwill could be affected by the adoption of different estimates and assumptions. Therefore, we identified the impairment of goodwill as a key audit matter. The related disclosure is included in note 2.4, note 3 and note 16 to the consolidated financial statements.	Our procedures in relation to the impairment of goodwill acquired in business combinations included: (1) Evaluating and testing the key internal controls over impairment test of goodwill; (2) Evaluating the appropriateness of management's allocation of goodwill to cash-generating units ("CGU"); (3) Evaluating the reasonableness of the valuation model used by management in the impairment test of goodwill with the assistance of our internal valuation specialists; (4) Evaluating the appropriateness of key assumptions by comparing the key assumptions such as revenue growth rates and gross margin rates with the historical performance and management's budget; (5) Evaluating the appropriateness of discount rate by comparing to those of the comparable companies in the same industry; and (6) Evaluating the adequacy of the related disclosure.

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.

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 Cheong Ming Yik (practicing certificate number: P04626).

Ernst & Young
Certified Public Accountants
Hong Kong

30 March 2026

Consolidated Statement of Profit or Loss

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
REVENUE	5	**14,095,079**	12,275,775
Cost of sales		**(9,237,745)**	(8,126,520)
Gross profit		**4,857,334**	4,149,255
Other income and gains	6	**223,712**	884,520
Other expenses	6	**(22,650)**	(67,763)
Selling and distribution expenses		**(306,457)**	(258,431)
Administrative expenses		**(1,854,513)**	(1,663,598)
Research and development costs		**(576,020)**	(469,260)
Impairment losses on financial and contract assets, net of reversal	8	**(80,279)**	(42,947)
Impairment losses of goodwill	16	**–**	(73,539)
Finance costs	7	**(192,805)**	(243,718)
Share of losses of associates	18	**(135,612)**	(123,256)
Profit before tax		**1,912,710**	2,091,263
Income tax expense	11	**(357,524)**	(377,104)
Profit for the year		**1,555,186**	1,714,159
Attributable to:			
Owners of the parent		**1,663,899**	1,793,351
Non-controlling interests		**(108,713)**	(79,192)
		1,555,186	1,714,159
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT		**RMB**	RMB
Basic			
For profit for the year	13	**0.9443**	1.0133
Diluted			
For profit for the year	13	**0.9393**	1.0113

Consolidated Statement of Comprehensive Income

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
Profit for the year		**1,555,186**	1,714,159
OTHER COMPREHENSIVE INCOME			
Other comprehensive gain/(loss) that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**59,558**	37,123
Other comprehensive loss attributable to profit or loss under the equity method		**(57)**	–
Cash flow hedges:			
Effective portion of changes in fair value of hedging instruments arising during the year	29	**52,592**	(170,311)
Reclassification adjustments for loss/(gain) included in the consolidated statement of profit or loss	29	**(25,740)**	125,573
Income tax effect		**(4,028)**	6,711
Net other comprehensive gain/(loss) that may be reclassified to profit or loss in subsequent periods		**82,325**	(904)
Other comprehensive gain/(loss) for the year, net of tax		**82,325**	(904)
Total comprehensive income for the year		**1,637,511**	1,713,255
Attributable to:			
Owners of the parent		**1,743,454**	1,790,423
Non-controlling interests		**(105,943)**	(77,168)
		1,637,511	1,713,255

Consolidated Statement of Financial Position

31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	**12,124,897**	10,944,152
Right-of-use assets	15	**852,287**	922,592
Goodwill	16	**3,585,974**	2,760,736
Other intangible assets	17	**634,539**	225,319
Investments in associates	18	**639,861**	648,983
Equity investments at fair value through profit or loss	19	**518,451**	234,059
Biological assets	20	**172,574**	175,001
Deferred tax assets	21	**262,907**	192,684
Other non-current assets	22	**524,126**	215,693
Total non-current assets		**19,315,616**	16,319,219
CURRENT ASSETS			
Inventories	23	**641,158**	486,811
Contract costs	24	**422,816**	211,572
Trade and bills receivable	25	**2,721,913**	2,413,629
Contract assets	26	**465,832**	457,811
Biological assets	20	**408,331**	418,282
Prepayments, other receivables, and other assets	27	**1,364,012**	809,831
Financial assets at fair value through profit or loss	28	**714,073**	1,115,265
Derivative financial instruments	29	**22,550**	5,063
Pledged deposits	30	**174,792**	66,844
Cash and cash equivalents	30	**842,690**	1,623,072
Total current assets		**7,778,167**	7,608,180
CURRENT LIABILITIES			
Interest-bearing bank borrowings	31	**4,766,489**	1,047,309
Trade payables	32	**606,590**	477,089
Other payables and accruals	33	**1,774,415**	1,507,999
Contract liabilities	34	**960,613**	834,858
Lease liabilities	35	**122,698**	149,508
Derivative financial instruments	29	**–**	47,165
Tax payable		**133,198**	160,078
Total current liabilities		**8,364,003**	4,224,006
NET CURRENT ASSETS		**(585,836)**	3,384,174
TOTAL ASSETS LESS CURRENT LIABILITIES		**18,729,780**	19,703,393

	Notes	2025 RMB'000	2024 RMB'000
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	31	**1,771,806**	4,377,368
Deferred tax liabilities	21	**397,151**	291,867
Deferred income	36	**442,865**	409,978
Lease liabilities	35	**379,423**	401,307
Total non-current liabilities		**2,991,245**	5,480,520
NET ASSETS		**15,738,535**	14,222,873
EQUITY			
Share capital	37	**1,778,843**	1,778,196
Treasury shares	37	**(304,892)**	(416,271)
Reserves	39	**13,590,208**	12,257,410
Equity attributable to owners of the parent		**15,064,159**	13,619,335
Non-controlling interests		**674,376**	603,538
Total equity		**15,738,535**	14,222,873

LOU Boliang
Director

LOU Xiaoqiang
Director

Consolidated Statement of Changes In Equity

Year ended 31 December 2025

	Attributable to owners of the parent												
	Share capital (note 37) RMB'000	Treasury shares RMB'000	Share premium* RMB'000	Share-based payment reserve* (note 38) RMB'000	Capital reserve* (note 39) RMB'000	Statutory reserve* (note 39) RMB'000	Cash flow hedge reserve* (note 29) RMB'000	Exchange fluctuation reserve* (note 39) RMB'000	Contributed surplus* RMB'000	Retained profits* RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
As at 1 January 2025	1,778,196	(416,271)	4,742,476	203,538	62,210	814,215	(17,789)	10,032	–	6,442,728	13,619,335	603,538	14,222,873
Profit for the year	–	–	–	–	–	–	–	–	–	1,663,899	1,663,899	(108,713)	1,555,186
Other comprehensive loss for the year:													
Cash flow hedges, net of tax	–	–	–	–	–	–	22,824	–	–	–	22,824	–	22,824
Other comprehensive income attributable to loss under the equity method	–	–	–	–	–	–	–	–	(57)	–	(57)	–	(57)
Exchange differences on translation of foreign operations	–	–	–	–	–	–	–	56,788	–	–	56,788	2,770	59,558
Total comprehensive income/(loss) for the year	–	–	–	–	–	–	22,824	56,788	(57)	1,663,899	1,743,454	(105,943)	1,637,511
Transferred from retained profits	–	–	–	–	–	75,206	–	–	–	(75,206)	–	–	–
Transaction with non-controlling interests	–	–	(17,811)	–	–	–	–	–	–	–	(17,811)	(3,569)	(21,380)
Repurchase of H shares	–	(6,713)	–	–	–	–	–	–	–	–	(6,713)	–	(6,713)
Restricted H shares vested	–	118,092	(24,831)	(93,261)	–	–	–	–	–	–	–	–	–
Restricted A shares granted and vested	647	–	51,759	(35,698)	–	–	–	–	–	–	16,708	–	16,708
Dividends declared	–	–	–	–	–	–	–	–	–	(352,662)	(352,662)	(9,998)	(362,660)
Acquisition of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	188,496	188,496
Impact of passive dilution of equity interest in an associate	–	–	–	–	(17,886)	–	–	–	–	–	(17,886)	–	(17,886)
Recognition of share-based payments	–	–	–	79,734	–	–	–	–	–	–	79,734	1,852	81,586
As at 31 December 2025	1,778,843	(304,892)	4,751,593	154,313	44,324	889,421	5,035	66,820	(57)	7,678,759	15,064,159	674,376	15,738,535

* These reserve accounts comprise the consolidated reserves of RMB13,590,208,000 (2024: RMB12,257,410,000) in the consolidated statement of financial position.

	Attributable to owners of the parent												
	Share capital (note 37)	Treasury shares	Equity component of convertible bonds	Share premium*	Share-based payment reserve* (note 38)	Capital reserve* (note 39)	Statutory reserve* (note 39)	Cash flow hedge reserve* (note 29)	Exchange fluctuation reserve* (note 39)	Retained profits*	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2024	1,787,394	(463,453)	198,554	4,911,831	250,143	59,602	613,042	20,238	(25,067)	5,204,513	12,556,797	681,249	13,238,046
Profit for the year	–	–	–	–	–	–	–	–	–	1,793,351	1,793,351	(79,192)	1,714,159
Other comprehensive loss for the year:													
Cash flow hedges, net of tax	–	–	–	–	–	–	–	(38,027)	–	–	(38,027)	–	(38,027)
Exchange differences on translation of foreign operations	–	–	–	–	–	–	–	–	35,099	–	35,099	2,024	37,123
Total comprehensive income/(loss) for the year	–	–	–	–	–	–	–	(38,027)	35,099	1,793,351	1,790,423	(77,168)	1,713,255
Transferred from retained profits	–	–	–	–	–	–	201,173	–	–	(201,173)	–	–	–
Transaction with non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	2,765	2,765
Repurchase of A shares	–	(200,092)	–	–	–	–	–	–	–	–	(200,092)	–	(200,092)
Repurchase of restricted H shares	–	(85,814)	–	–	–	–	–	–	–	–	(85,814)	–	(85,814)
Repurchase of convertible bonds	–	–	(198,554)	11,650	–	–	–	–	–	–	(186,904)	–	(186,904)
H shares RSU granted	–	132,996	–	(37,920)	(97,923)	2,608	–	–	–	–	(239)	–	(239)
Restricted A shares granted and vested	410	–	–	47,399	(37,299)	–	–	–	–	–	10,510	–	10,510
Payment of dividends	–	–	–	–	–	–	–	–	–	(353,963)	(353,963)	(5,799)	(359,762)
Cancellation of treasury A shares	(9,608)	200,092	–	(190,484)	–	–	–	–	–	–	–	–	–
Recognition of share-based payments	–	–	–	–	88,617	–	–	–	–	–	88,617	2,491	91,108
As at 31 December 2024	1,778,196	(416,271)	–	4,742,476	203,538	62,210	814,215	(17,789)	10,032	6,442,728	13,619,335	603,538	14,222,873

Consolidated Statement of Cash Flows

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
Cash flows from operating activities			
Profit before tax		**1,912,710**	2,091,263
Adjustments for:			
Depreciation of property, plant and equipment	8	**1,050,467**	926,184
Depreciation of right-of-use assets	8	**165,621**	179,432
Amortisation of other intangible assets	8	**53,532**	39,796
Impairment losses of goodwill	8	**–**	73,539
Impairment losses on inventories, net of reversal	8	**19,231**	18,783
Impairment losses on financial and contract assets, net of reversal	8	**80,279**	42,947
Gains on financial assets at amortised cost		**(21,184)**	(3,997)
(Gains)/losses on derivative financial instruments	6	**(5,259)**	14,211
Gains on financial assets at fair value through profit or loss	6	**(32,817)**	(23,108)
Gains on equity investments	6	**(48,781)**	(570,812)
(Gains)/losses on fair value change of biological assets	6	**(12,787)**	3,020
Losses on disposal of property, plant and equipment	6	**4,712**	34,099
Gains on repurchase of convertible bonds	6	**–**	(88,593)
Gains on termination of lease contracts	6	**(26)**	(8,723)
Finance costs	7	**192,805**	243,718
Foreign exchange losses/(gains)		**35,588**	(81,840)
Share of losses of associates	18	**135,612**	123,256
Share-based compensation expenses	8	**81,586**	91,108
		3,611,289	3,104,283
Increase in inventories		**(153,289)**	(148,069)
Decrease in biological assets		**18,226**	62,436
Increase in contract costs		**(209,899)**	(55,695)
Increase in trade receivables		**(363,939)**	(180,530)
Decrease/(increase) in prepayments, other receivables and other assets		**77,715**	(47,771)
Increase in contract assets		**(13,839)**	(65,713)
Decrease in other non-current assets		**1,663**	8,691
Increase in trade payables		**114,733**	64,868
Increase in other payables and accruals		**366,914**	181,786
Increase in deferred income		**24,374**	93,992
Increase in contract liabilities		**131,293**	18,024
Cash flows generated from operations		**3,605,241**	3,036,302
Income tax paid		**(384,194)**	(459,646)
Net cash flows generated from operating activities		**3,221,047**	2,576,656

	Notes	2025 RMB'000	2024 RMB'000
Cash flows from investing activities			
Purchase of property, plant and equipment		**(2,617,306)**	(1,993,063)
Proceeds from disposal of property, plant and equipment		**1,846**	3,324
Proceeds from disposal of financial assets at fair value through profit or loss		**3,338,676**	2,467,568
Proceeds from disposal of equity investments		**70,203**	754,434
Additions of other intangible assets		**(51,771)**	(47,578)
Purchase of equity investments at fair value through profit or loss		**(241,500)**	(5,108)
Settlement of derivative financial instruments		**9,919**	1,864
Purchase of financial assets at fair value through profit or loss and financial assets at amortised cost		**(3,609,794)**	(2,996,779)
Purchase of derivative financial instruments		**(6,255)**	–
Net cash flow on acquisition of subsidiaries		**(1,110,655)**	(22,628)
Capital injection in associates		**(144,027)**	(189,027)
Payment for acquisitions in prior periods		**(13,726)**	–
Withdrawal of time deposits with original maturity of more than three months		**–**	2,713
Net cash flows used in investing activities		**(4,374,390)**	(2,024,280)
Cash flows from financing activities			
Interest on bank loans and other borrowings paid		**(178,387)**	(188,271)
Proceeds from bank loans and other borrowings		**2,866,265**	1,321,965
Repayments of bank loans and other borrowings		**(1,770,680)**	(946,066)
Payments of lease liabilities		**(178,842)**	(197,424)
Payments of other non-current assets		**2,696**	(4,431)
Repurchase of A shares		**–**	(200,092)
Repurchase of H shares		**(6,713)**	(85,814)
Proceeds from issue of shares		**16,708**	10,509
Dividends paid to non-controlling shareholders		**–**	(5,799)
Purchases of non-controlling shareholders		**(21,380)**	–
Payments for repurchase of convertible bonds		**–**	(4,147,289)
Payment of dividends		**(352,662)**	(353,962)
Net cash generated from/(used in) financing activities		**377,005**	(4,796,674)
Net decrease in cash and cash equivalents		**(776,338)**	(4,244,298)
Cash and cash equivalents at beginning of year		**1,622,961**	5,789,115
Effect of foreign currency rate changes, net		**(3,933)**	78,144
Cash and cash equivalents at end of year		**842,690**	1,622,961
Analysis of balance of cash and cash equivalents			
Cash and cash equivalents	30	**842,690**	1,623,072
Less: Time deposits with original maturity of more than three months		**–**	(111)
Cash and cash equivalents as stated in the statement of cash flows		**842,690**	1,622,961

1. CORPORATE INFORMATION

Pharmaron Beijing Co., Ltd. was incorporated and registered in the People's Republic of China ("PRC") on July 1, 2004. With the approval of the China Securities Regulatory Commission, the Company completed its initial public offering and was listed on the Shenzhen Stock Exchange (stock code: 300759.SZ) on January 28, 2019. On November 28, 2019, the Company was listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "HKSE") (stock code: 3759.HK). The address of the registered office is 8th Floor, Block 1, 6 Taihe Road, Beijing Economic Technological Development Area, Beijing, China.

The Company is a leading fully integrated pharmaceutical R&D services platform with global operations to accelerate drug innovation for our customers. The principal activity of the Company and its subsidiaries (together, the "Group") is to provide contract research, development, and manufacturing services for innovative pharmaceutical products throughout the research and development cycle and the services are organised in four major categories: laboratory services, chemistry, manufacturing and controls ("CMC") (small molecule CDMO) services, clinical development services and biologics and CGT services.

Information about subsidiaries

As at 31 December 2025, the Company had direct and indirect interests in principal subsidiaries, the particulars of which are set out below:

Name	Place and date of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Pharmaron (Beijing) TSP Services Co., Ltd. ("康龍化成(北京)生物技術有限公司")	PRC/Chinese Mainland 11 January 2006	RMB 200,000,000	100.00%	N/A	Laboratory services
Pharmaron (Tianjin) Process Development and Manufacturing Co., Ltd. ("康龍化成(天津)藥物製備技術有限公司")	PRC/Chinese Mainland 16 July 2008	RMB 620,000,000	100.00%	N/A	CMC (small molecule CDMO) services
Pharmaron Xi'an Co., Ltd. ("康龍化成(西安)新藥技術有限公司")	PRC/Chinese Mainland 11 May 2010	USD 10,000,000	100.00%	N/A	Laboratory services
Pharmaron Ningbo Co., Ltd. ("康龍化成(寧波)新藥技術有限公司")	PRC/Chinese Mainland 9 January 2015	RMB 100,000,000	100.00%	N/A	Investment holding
Pharmaron CRI (Ningbo) Co., Ltd. ("康龍化成手性醫藥技術(寧波)有限公司")	PRC/Chinese Mainland 18 August 2016	RMB 1,000,000	N/A	100.00%	Laboratory services
Pharmaron Shaoxing Co., Ltd. ("康龍化成(紹興)藥業有限公司")	PRC/Chinese Mainland 3 January 2017	RMB 1,500,000,000	100.00%	N/A	CMC (small molecule CDMO) services
Pharmaron (Ningbo) Technology Development Co., Ltd. (formerly known as Ningbo KTB Technology Development Co., Ltd.) ("康龍化成(寧波)科技發展有限公司")	PRC/Chinese Mainland 12 January 2015	RMB 1,100,000,000	88.64%	11.36%	Laboratory and CMC (small molecule CDMO) services
Pharmaron Shanghai Co., Ltd. ("康龍化成(上海)新藥技術有限公司")	PRC/Chinese Mainland 11 February 2018	RMB 20,000,000	100.00%	N/A	Laboratory services
Pharmaron (Ningbo) Bioscience Services Co., Ltd. ("康龍化成(寧波)藥物開發有限公司")	PRC/Chinese Mainland 31 August 2018	RMB 800,000,000	100.00%	N/A	Laboratory services
Pharmaron (Ningbo) Biologics Co., Ltd. ("康龍化成(寧波)生物醫藥有限公司")	PRC/Chinese Mainland 9 October 2020	RMB 3,487,405,209	88.89%	N/A	Biologics and CGT services

1. CORPORATE INFORMATION (CONTINUED)

Information about subsidiaries (continued)

As at 31 December 2025, the Company had direct and indirect interests in principal subsidiaries, the particulars of which are set out below: (continued)

Name	Place and date of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Pharmaron (Chengdu) Clinical Services Co., Ltd. ("康龍化成(成都)臨床研究服務有限公司")	PRC/Chinese Mainland 27 May 2021	RMB701,960,000	82.33%	N/A	Clinical development services
Pharmaron Qingdao Co., Ltd. ("康龍化成(青島)新藥技術有限公司")	PRC/Chinese Mainland 25 November 2021	RMB50,000,000	100.00%	N/A	Laboratory services
Pharmaron (Beijing) Technology Development Co., Ltd. ("康龍化成(北京)科技發展有限公司")	PRC/Chinese Mainland 29 September 2021	RMB100,000,000	100.00%	N/A	Laboratory services
Pharmaron (Beijing) Pharmaceutical Technology Co., LTD ("康龍化成(北京)醫藥科技有限公司")	PRC/Chinese Mainland 21 October 2021	RMB500,000,000	100.00%	N/A	Laboratory and CMC (small molecule CDMO) services
Pharmaron Chongqing Co., Ltd. ("康龍化成(重慶)新藥技術有限公司")	PRC/Chinese Mainland 16 December 2021	RMB100,000,000	100.00%	N/A	Not yet commenced
Pharmaron (Xi'an) Technology Development Co., Ltd. ("康龍化成(西安)科技發展有限公司")	PRC/Chinese Mainland 28 September 2021	RMB450,000,000	100.00%	N/A	Laboratory services
Beijing LinkStart Med-Tech Co., Ltd. ("北京聯斯達醫藥科技發展有限公司")	PRC/Chinese Mainland 19 July 2012	RMB250,000,000	N/A	82.33%	Clinical development services
Beijing Kangsida Health Management Co., Ltd. ("北京康斯達健康管理有限公司")	PRC/Chinese Mainland 15 April 2014	RMB5,000,000	N/A	82.33%	Clinical development services
Hainan Shenzhou Deshu Medical Technology Co., Ltd. ("海南神州德數醫療科技有限公司")	PRC/Chinese Mainland 19 March 2020	RMB5,000,000	N/A	82.33%	Clinical development services
RAMED (Beijing) Medical Technology Co., Ltd. ("法謇(北京)醫療科技有限公司")	PRC/Chinese Mainland 4 June 2010	RMB50,000,000	N/A	82.33%	Clinical development services
Shanghai RAMED Medical Technology Co., Ltd. ("上海法謇醫療科技有限公司")	PRC/Chinese Mainland 21 July 2015	RMB1,000,000	N/A	82.33%	Clinical development services
Nanjing Sirui Biotechnology Co., Ltd. ("Nanjing Sirui") ("南京思睿生物科技有限公司")	PRC/Chinese Mainland 7 February 2018	RMB90,040,496	N/A	82.33%	Investment holding
Pharmaron (Nanjing) Clinical Services Co., Ltd. ("康龍化成(南京)臨床醫學研究有限公司")	PRC/Chinese Mainland 20 January 2017	RMB80,000,000	N/A	82.33%	Clinical development services
Pharmaron (Beijing) Clinical Services Co., Ltd. ("康龍化成(北京)醫學研究有限公司")	PRC/Chinese Mainland 30 September 2018	RMB5,000,000	N/A	82.33%	Clinical development services
Pharmaron (Shanghai) Clinical Services Co., Ltd. ("康龍化成(上海)醫學臨床研究有限公司")	PRC/Chinese Mainland 13 October 2020	RMB5,000,000	N/A	82.33%	Clinical development services
AniKeeper (Zhaoqing) Biotech Co., Ltd. ("安凱毅博(肇慶)生物技術有限公司")	PRC/Chinese Mainland 12 August 2003	USD9,731,586	50.01%	N/A	Animal breeding
Enyuan Pharmaceutical Technology (Beijing) Co., Ltd. ("恩遠醫藥科技(北京)有限公司")	PRC/Chinese Mainland 21 September 2015	RMB10,000,000	N/A	82.33%	Clinical development services
AniKeeper (Zhanjiang) Biotech Co., Ltd. ("安凱毅博(湛江)生物技術有限公司")	PRC/Chinese Mainland 6 September 2017	RMB20,000,000	100.00%	N/A	Animal breeding

1. CORPORATE INFORMATION (CONTINUED)

Information about subsidiaries (continued)

As at 31 December 2025, the Company had direct and indirect interests in principal subsidiaries, the particulars of which are set out below: (continued)

Name	Place and date of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Pharmaron (Hangzhou) Clinical Services Co., Ltd. ("康龍化成(杭州)醫學研究有限公司")	PRC/Chinese Mainland 13 September 2018	RMB5,000,000	N/A	82.33%	Clinical development services
Pharmaron (Wuhan) Clinical Services Co., Ltd. ("康龍化成(武漢)醫學研究有限公司")	PRC/Chinese Mainland 27 June 2019	RMB1,000,000	N/A	82.33%	Clinical development services
DeltaMed (Beijing) Co., Ltd. ("北京德泰邁醫藥科技有限公司")	PRC/Chinese Mainland 21 March 2018	RMB1,000,000	N/A	82.33%	Clinical development services
Beijing Anikeeper Biotech Co., Ltd. ("北京安凱毅博生物技術有限公司")	PRC/Chinese Mainland 13 September 2012	RMB50,000,000	100.00%	N/A	Animal breeding
AniKeeper (Ningbo) Biotech Co., Ltd. ("安凱毅博(寧波)生物技術有限公司")	PRC/Chinese Mainland 5 September 2022	RMB50,000,000	N/A	100.00%	Animal breeding
Pharmaron (Beijing) Biologics Co., Ltd. ("康龍化成(北京)生物醫藥技術研究有限公司")	PRC/Chinese Mainland 18 July 2023	RMB30,000,000	N/A	88.89%	Biologics and CGT services
Pharmaron (Ningbo) Medical Device Testing Co., Ltd. ("康龍化成(寧波)醫療器械檢驗檢測有限公司")	PRC/Chinese Mainland 16 August 2023	RMB20,000,000	N/A	82.33%	Clinical development services
Pharmaron (Zhuhai) Clinical Services Co., Ltd. ("康龍化成(珠海)醫學研究有限公司")	PRC/Chinese Mainland 23 October 2023	RMB80,000,000	N/A	82.33%	Not yet commenced
Pharmaron (US) Clinical Services, Inc.	United States of America 9 February 2019	10,000 shares	N/A	82.33%	Clinical development services
Pharmaron US, Inc.	United States of America 12 August 2015	100 shares	100.00%	N/A	Investment holding
Pharmaron (US) Holdings, Inc.	United States of America 2 October 2020	10,000 shares	N/A	100.00%	Investment holding
Pharmaron, Inc.	United States of America 22 December 2006	100 shares	N/A	100.00%	Business development
Pharmaron (Hong Kong) International Limited	PRC/Hong Kong 31 December 2015	10,000 shares	100.00%	N/A	Investment holding
Pharmaron UK Limited	United Kingdom 30 October 2013	63,362,246 shares	N/A	100.00%	Laboratory, CMC (small molecule CDMO) and clinical development services
Pharmaron (Hong Kong) Investments Limited	PRC/Hong Kong 11 February 2016	10,000 shares	N/A	100.00%	Investment holding
Pharmaron Biologics (UK) Holdings Limited	United Kingdom 2 December 2020	412,500,000 shares	N/A	88.89%	Investment holding
Quotient Bioresearch (Radiochemicals) Limited	United Kingdom 9 April 2009	1 share	N/A	100.00%	Clinical development services

1. CORPORATE INFORMATION (CONTINUED)

Information about subsidiaries (continued)

As at 31 December 2025, the Company had direct and indirect interests in principal subsidiaries, the particulars of which are set out below: (continued)

Name	Place and date of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Pharmaron (Germantown) Lab Services Inc.	United States of America 31 October 2001	1,500 shares	N/A	100.00%	Clinical development services
Pharmaron CPC, Inc.	United States of America 7 October 2004	100,000 shares	N/A	65.86%	Clinical development services
Pharmaron Japan LLC	Japan 2 November 2020	JPY200,000,000	N/A	100.00%	Laboratory services
Pharmaron (UK) Investments Limited	United Kingdom 1 October 2020	27,600 shares	N/A	100.00%	Investment holding
Pharmaron (Exton) Lab Services LLC	United States of America 31 July 2017	N/A	N/A	88.89%	Biologics and CGT services
Pharmaron (San Diego) Lab Services LLC	United States of America 29 November 1999	N/A	N/A	88.89%	Biologics and CGT services
Pharmaron (Boston) Lab Services LLC	United States of America 20 September 2017	N/A	N/A	88.89%	Biologics and CGT services
Pharmaron Biologics (UK) Ltd	United Kingdom 24 September 2002	2 shares	N/A	88.89%	Biologics and CGT services
Pharmaron Manufacturing Services (UK) Ltd	United Kingdom 23 July 2004	117,947,756 shares	N/A	100.00%	CMC (small molecule CDMO) services
Pharmaron Manufacturing Services (US) LLC	United States of America 18 April 2022	N/A	N/A	100.00%	CMC (small molecule CDMO) services
Pharmaron Biologics (HK) Holdings Limited	PRC/Hong Kong 5 December 2022	50,000 shares	N/A	88.89%	Investment holding
Pharmaron (US) Clinical Holdings, Inc.	United States of America 19 July 2022	10,000 shares	N/A	82.33%	Investment holding
Pharmaron Biologics (US) Holdings, Inc.	United States of America 23 February 2023	10,000 shares	N/A	88.89%	Investment holding
Shanghai JiYing AI TECH Co., Ltd. (上海機穎智能科技有限公司)	PRC/Chinese Mainland 28 March 2018	RMB39,430,316	78.50%	N/A	Clinical development services
Hangzhou RuiTuo AI TECH Co., Ltd. (杭州睿拓智能科技有限公司)	PRC/Chinese Mainland 7 May 2018	RMB15,252,000	N/A	78.50%	Clinical development services
Aistarfish Technology Co., Ltd. (浙江海心智惠科技有限公司)	PRC/Chinese Mainland 26 January 2018	RMB22,768,271	N/A	42.31%	Clinical development services
Hangzhou Aistarfish Care Health Technology Co., Ltd. (杭州患友之家健康科技有限公司)	PRC/Chinese Mainland 24 June 2022	RMB10,000,000	N/A	42.31%	Clinical development services
Hangzhou Aistarfish Research Technology Co., Ltd. (杭州海心智醫信息科技有限公司)	PRC/Chinese Mainland 18 August 2016	RMB8,660,000	N/A	42.31%	Clinical development services

1. CORPORATE INFORMATION (CONTINUED)

Information about subsidiaries (continued)

As at 31 December 2025, the Company had direct and indirect interests in principal subsidiaries, the particulars of which are set out below: (continued)

Name	Place and date of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Shanghai Youchi Technology Co., Ltd. (上海幽熾科技有限公司)	PRC/Chinese Mainland 30 July 2021	RMB1,000,000	N/A	42.31%	Clinical development services
Haikou Aistarfish Information Technology Co., Ltd. (海口海心知愈科技有限公司)	PRC/Chinese Mainland 23 June 2022	RMB10,000	N/A	42.31%	Clinical development services
Chengdu Aistarfish Internet Hospital Co., Ltd. (成都海心智惠互聯網醫院有限公司)	PRC/Chinese Mainland 16 April 2021	RMB5,000,000	N/A	42.31%	Clinical development services
Beijing Aistarfish Technology Co., Ltd. (北京海心智惠科技有限公司)	PRC/Chinese Mainland 16 July 2024	RMB10,000	N/A	42.31%	Clinical development services
Shanghai Aistarfish Technology Co., Ltd. (海心智惠(上海)科技有限公司)	PRC/Chinese Mainland 18 April 2025	RMB30,000,000	N/A	42.31%	Clinical development services
MedData Kangming (Beijing) Technology Co., Ltd. (醫數康明(北京)科技有限公司)	PRC/Chinese Mainland 27 May 2025	RMB28,000,000	N/A	42.31%	Clinical development services
MedData Kangxin (Beijing) Technology Co., Ltd. (醫數康欣(北京)科技有限公司)	PRC/Chinese Mainland 24 April 2025	RMB19,000,000	N/A	42.31%	Clinical development services
MedData Kangcheng (Shenzhen) Technology Co., Ltd. (醫數康成(深圳)科技有限公司)	PRC/Chinese Mainland 18 October 2023	RMB2,000,000	N/A	42.31%	Clinical development services
MedData Kangyuan (Beijing) Technology Co., Ltd. (醫數康遠(北京)科技有限公司)	PRC/Chinese Mainland 5 June 2025	RMB5,000,000	N/A	42.31%	Clinical development services
Biortus Biosciences Co. Ltd (無錫佰翱得生物科學股份有限公司)	PRC/Chinese Mainland 6 March 2009	RMB52,333,424	82.54%	N/A	Laboratory services
Biortus Discovery Co. Ltd (佰翱得(無錫)新藥開發有限公司)	PRC/Chinese Mainland 24 November 2020	RMB100,000,000	N/A	82.54%	Laboratory services
Kryo Biosciences Co. Ltd. (上海科勵優生物科技有限公司)	PRC/Chinese Mainland 9 April 2019	RMB5,000,000	N/A	82.54%	Laboratory services
Biortus USA Inc.	United States of America 24 January 2022	USD3,850,000	N/A	82.54%	Laboratory services

The English names of the companies registered in the PRC represent the best efforts made by the management of the Company in directly translating the Chinese names of these companies as no English names have been registered.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group.

2.1 BASIS OF PREPARATION

The consolidated financial statements of the Group 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.

The consolidated financial statements have been prepared under the historical cost convention, except for biological assets which are measured at fair value less costs to sell, equity investments at fair value through profit or loss, derivative financial instruments, financial assets and financial liabilities at fair value through profit or loss which have been measured at fair value. The consolidated financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended December 31, 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.

Generally, there is a presumption that a majority of voting rights results in control. When the Company has, directly or indirectly, 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 (OCI) 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. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

2.1 BASIS OF PREPARATION (CONTINUED)

Basis of consolidation (continued)

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

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted amendments to 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, branches, 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 these 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: Disclosure*[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

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

2.3 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS (CONTINUED)

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

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 April 2025 to include IFRS Accounting Standards in the eligibility criteria for applying the standard. The standard was further amended in October 2025 to (i) remove disclosure objectives from 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. 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.

2.3 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS (CONTINUED)

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.

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

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.

2.4 MATERIAL ACCOUNTING POLICIES

Investments in associates and joint ventures

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

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

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

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Investments in associates and joint ventures (continued)

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

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

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Business combinations and goodwill (continued)

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at December 31. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

The Group measures its derivative financial instruments, equity investments at fair value through profit or loss, financial assets and liabilities at fair value through profit or loss and biological assets 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.

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Fair value measurement (continued)

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

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

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

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

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing 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, contract assets, deferred tax assets, financial assets, investment properties and non-current assets/a disposal group classified as held for sale), 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.

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) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Related parties

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

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

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

(ii) has significant influence over the Group; or

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

or

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

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

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

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

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

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

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

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

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

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.

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment and depreciation (continued)

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

Category	Estimated useful life	Estimated residual value
Buildings	20 to 39 years	0 to 5%
Laboratory equipment	3 to 10 years	0 to 3%
Transportation equipment	5 to 10 years	0 to 5%
Furniture, fixtures and equipment	3 to 8 years	0 to 5%
Leasehold improvements	3 to 30 years	0%
Land	Indefinite useful life	0%

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

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.

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Intangible assets (other than goodwill)

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

The principal estimated useful lives of other intangible assets are as follows:

Category	Estimated useful life	Estimated residual value
Software (i)	3 to 10 years	0%
Patents (ii)	10 to 20 years	0%
Client relationship (iii)	9 to 10 years	0%
Software Copyright (iv)	10 to 50 years	0%

(i) Software has amortisation periods from three to ten years based on the estimated useful lives.

(ii) Patents have amortisation periods from ten to twenty years based on the periods covered by their licenses.

(iii) Client relationships have amortisation periods from nine to ten years based on estimated beneficial periods considering industry experience, customer retention rate and others.

(iv) Software copyright is the exclusive right of software developers to copy, distribute and modify their developed software according to law. The term of protection usually covers the author's life and several years after his death. It is used to encourage innovation, protect the rights and interests of developers and safeguard fair competition in the software market.

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Research and development costs

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

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

Biological assets

Biological assets mainly include cynomolgus and macaque non-human primates for experiment, beagles, and rats, which are classified as current assets and macaque non-human primates for breeding, which are classified as non-current assets of the Group. Biological assets are measured on initial recognition and at the end of the reporting period at their fair value less costs to sell, with any resultant gain or loss recognised in the consolidated statement of profit or loss for the period in which it arises. The fair value of monkeys is determined by using the market method through direct comparison or analysis of the recent trading prices of the same or similar assets, and is determined independently by a professional valuer.

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.

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Leases (continued)

Group as a lessee (continued)

(a) Right-of-use assets

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

Office premises	2 to 24 years
Laboratory equipment	3 to 8 years
Transportation equipment	3 years
Furniture, fixtures and equipment	3 to 5 years
Land use rights	42 to 50 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.

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

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment and laptop computers that are considered to be of low value.

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.

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Leases (continued)

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. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease term and is included in revenue in the statement of 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. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, are accounted for as finance leases.

Investments and other financial assets

Initial recognition and measurement

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, 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 OCI, it needs to give rise to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

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

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

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Investments and other financial assets (continued)

Subsequent measurement

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

Financial assets at amortised cost (debt instrument)

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

Financial assets at fair value through profit or loss

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

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

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Derecognition of financial assets

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

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

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

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

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

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.

2.4 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 and contract assets which apply the simplified approach as detailed below.

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

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

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

Simplified approach

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

Financial liabilities

Initial recognition and measurement

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

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

The Group's financial liabilities include trade and other payables, an amount due to the ultimate holding company, derivative financial instruments and interest-bearing bank and other borrowings.

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial liabilities (continued)

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading, financial liabilities as contingent consideration of an acquirer in a business combination to which IFRS 3 applies and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognised in the statement of profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

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

After initial recognition, trade and other payables, and interest-bearing loans and 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 the statement of profit or loss.

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial liabilities (continued)

Convertible bonds

The component of convertible bonds that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs. On issuance of convertible bonds, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond; and this amount is carried as a long-term liability on the amortised cost basis until extinguished on conversion or redemption. The remainder of the proceeds is allocated to the conversion option that is recognised and included in shareholders' equity, net of transaction costs. The carrying amount of the conversion option is not remeasured in subsequent years. Transaction costs are apportioned between the liability and equity components of the convertible bonds based on the allocation of proceeds to the liability and equity components when the instruments are first recognised.

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

Derecognition of financial liabilities

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

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

Offsetting of financial instruments

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

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts, to hedge its foreign currency risk. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the statement of profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to profit or loss when the hedged item affects profit or loss.

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment; or
- cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction, or a foreign currency risk in an unrecognised firm commitment; or
- hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting, the risk management objective and its strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is "an economic relationship" between the hedged item and the hedging instrument.
- The effect of credit risk does not "dominate the value changes" that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedges which meet all the qualifying criteria for hedge accounting are accounted for as follows:

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Derivative financial instruments and hedge accounting (continued)

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The amounts accumulated in other comprehensive income are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognised in other comprehensive income for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment to which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in other comprehensive income is reclassified to the statement of profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect the statement of profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in other comprehensive income must remain in accumulated other comprehensive income if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to the statement of profit or loss as a reclassification adjustment. After the discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated other comprehensive income is accounted for depending on the nature of the underlying transaction as described above.

Treasury shares

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

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average cost basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, are 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.

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Provisions

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

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

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

Income tax

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

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

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

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

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

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, 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.

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Income tax (continued)

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward 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, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

Government grants

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

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

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Revenue recognition

Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

For contracts that contain more than one performance obligations, the Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis.

The stand-alone selling price of the distinct good or service underlying each performance obligation is determined at contract inception. It represents the price at which the Group would sell a promised good or service separately to a customer. If a stand-alone selling price is not directly observable, the Group estimates it using appropriate techniques such that the transaction price ultimately allocated to any performance obligation reflects the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customer.

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (continued)

Revenue from contracts with customers (continued)

The Group has different contractual arrangements with different customers under two different charge models: full-time-equivalents ("FTE") or fee-for-services ("FFS") model.

Certain laboratory and CMC (small molecule CDMO) services are under the FTE model. For services under the FTE model, a dedicated team of employees are provided to a customer's project for a specific time and charge the customer at fixed rate per employee. The customer simultaneously receives and consumes benefits provided by the Group's performance. Therefore, the revenue is recognised over time at the amount to which the Group has the right to invoice for the performance completed to date (i.e. FTE billable amounts, which are calculated based on the number of employees assigned to the project and the time employees worked), usually in the form of a monthly or quarterly statement. Under the FTE model, the Group measures its progress by using units produced/services transferred to the customer to date (output method).

Certain laboratory, CMC (small molecule CDMO), clinical development services and biologics and CGT services are under the FFS model, and the revenue is recognised at a point in time when the Group transfers the control for services/deliverable units at a point in time and has right to payment from the customers for the services performed upon finalisation, delivery and acceptance of the deliverable units.

Certain of the revenue from laboratory and clinical development services are under the FFS model, and the revenue is recognised over time, as the Group's performance has created an asset with no alternative use and the Group has an enforceable right for payments for performance completed to date. The selection of the method to measure progress towards completion requires judgement and is based on the nature of the products or services to be provided. Depending on which better depicts the transfer of value to the customer, the Group generally measures its progress using either cost-to-cost (input method) or units produced/services transferred to the customer to date (output method).

Under the input method, the Group uses the known cost measure of progress when it best depicts the transfer of value to the customer which occurs as the Group incurs costs on its contract, under the cost-to-cost measure of progress, the extent of progress towards completion is measured based on the ratio of costs incurred to date to the total estimated costs at completion of the performance obligation. Revenue is recorded proportionally as costs are incurred. Under the output method, the units produced/services transferred to the customer to date are measured to the extent of progress towards completion, based on discrete services or time-based increments.

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (continued)

Revenue from other sources

Rental income arising from leases on investment properties is accounted for on a straight-line basis over the lease terms and is included in revenue.

Other income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued for each period, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

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

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before being unconditionally entitled to the consideration under the contract terms, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets. They are reclassified to trade receivables when the right to the consideration becomes unconditional.

Contract liabilities

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

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.

(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.

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Share-based payments

The Group operate several share incentive schemes. 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 on which they are granted. The fair value is computed based on their most recent post-money valuations. 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 service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the consolidated statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

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

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

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

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Other employee benefits

Retirement benefits

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. The Group is required to contribute a certain percentage of their 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.

Employee benefits to all eligible employees of the overseas subsidiaries are made in accordance with the rules set forth in the collective labour agreement, and recorded as an expense in the period they are due as a charge to profit or loss.

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. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. 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.

Events after the reporting period

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

Dividends

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

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

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 differences on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss are 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 RMB. As at the end of each reporting period, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates prevailing at the end of each reporting period and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgements

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

Determining the timing of satisfaction of performance obligations

The Group has different contractual arrangements with different customers. In determining the timing of satisfaction of performance obligations, management reviews the contract terms of each individual contract.

For certain types of revenue under the FFS model, the directors of the Company have determined that performance obligations are satisfied over time. Significant judgement is required in determining whether the terms of the Group's contracts with customers in relation to certain types of revenue under the FFS model create an enforceable right to payment for the Group.

Determining the method for measuring progress towards complete satisfaction of performance obligations

Depending on which better depicts the transfer of value to the customer, the directors of the Company make judgement to measure the progress of the projects using either the input method or the output method.

Determining significant influence over entities in which the Group holds less than 20% equity interests

The Group's certain investments in associates are accounted for under the equity method of accounting if the Group has significant influence over these entities by way of participation in the policy-making process, despite the fact that the Group's direct or indirect equity interests in these associates were lower than 20%.

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 the level of future taxable profits, together with future tax planning strategies.

The Group has tax losses of RMB261,038,000 (2024: RMB174,246,000) carried forward. These losses related to subsidiaries that have a history of losses, have not expired, and may not be used to offset taxable income elsewhere in the Group. The subsidiaries have neither any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the Group has determined that it cannot recognise deferred tax assets on the tax losses carried forward.

If the Group had been able to recognise all unrecognised deferred tax assets, the profit and equity would have increased by RMB4,647,592,000 (2024: RMB2,665,271,000). Further details on deferred taxes are disclosed in note 21 to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Judgements (Continued)

Significant judgement in determining the lease term of contracts with renewal options

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate the lease (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Group includes the renewal period as part of the lease term for leases of machinery due to the significance of these assets to its operations. These leases have a short non-cancellable period (i.e., three to five years) and there will be a significant negative effect on production if a replacement is not readily available.

Estimation uncertainty

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

Share-based payments

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Details of share-based payments are contained in note 38.

The share-based compensation expense is measured based on the fair value of the share incentives as calculated under the Black-Scholes pricing model. The Group is responsible for determining the fair value of the restricted shares granted to employees. The key assumptions used to determine the fair value of the share unit incentives at the grant date and the re-measurement dates include share price on the measurement date, expected volatility and risk-free interest rate. Changes in these assumptions could significantly affect the fair value of share incentives and hence the amount of compensation expenses the Group recognises in our consolidated financial statements.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and 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 estimates of the number of equity instruments that will ultimately vest. The charge or credit to the consolidated statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Fair value of biological assets

The Group's biological assets are valued at fair value less costs to sell. The fair value of biological assets is determined based on the market-determined prices as at each year end adjusted with reference to the species, age, and growing condition to reflect differences in stages of growth of biological. Any changes in the estimates may affect the fair value of the biological assets significantly. The management reviews the assumptions and estimates periodically to identify any significant change in fair value of biological assets. Further details are given in note 20 to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Estimation uncertainty (Continued)

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2025 was RMB76,032,000 (2024: RMB73,147,000). Further details are given in note 16.

Provision for expected credit losses on trade receivables and contract assets

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

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

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables and contract assets is disclosed in notes 25 and 26.

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).

Fair value of financial instruments

If the market for a financial instrument is not active, the Group estimates fair value by using a valuation technique. Valuation techniques include using recent prices in arm's length market transactions between knowledgeable and willing parties, if available, reference to the current fair value of another instrument that is substantially the same, or discounted cash flow analyses and option pricing models. To the extent practicable, valuation technique makes the maximum use of market inputs. However, where market inputs are not available, management needs to make estimates on such unobservable market inputs.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Estimation uncertainty (continued)

Impairment of non-financial assets (other than goodwill)

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

Inventories and contract costs

The Group assesses periodically if cost of inventories and contract cost may not be recoverable based on an assessment of the net realisable value of inventories and contract cost. Allowances are applied to inventories and contract costs where events or changes in circumstances indicate that the net realisable value is lower than the cost of inventories or contract cost. The identification of obsolete inventories requires the use of judgment and estimates on the conditions and usefulness of the inventories and in the case of contract cost, the net realisable value has been determined based on the contracted selling price to be recognised upon the completion of the contract cost less all estimated remaining costs to completion and costs necessary to provide the service. Where the expectation is different from the original estimate, such difference will impact the carrying value of the inventories and contract cost in the year in which such estimate changes.

Useful lives and residual values of property, plant and equipment

The Group determines the estimated useful lives, residual values and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. The Group will increase the depreciation charge where useful lives are less than previously estimated lives, or will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

Useful lives and residual values of other intangible assets

The Group's management determines the useful lives, residual values and related amortisation charges for its other intangible assets. This estimate is based on the historical experience of the actual useful lives of other intangible assets of similar nature and functions and may vary significantly as a result of technical innovations and keen competitions from competitors, resulting in higher amortisation charge and/or write-off or write-down of technically obsolete assets when useful lives are less than previously estimated. The Group will increase the amortisation charges where useful lives are less than previously estimated lives, or will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their services and has five reportable business segments as follows:

- The laboratory services segment includes laboratory chemistry and bioscience services, covering small molecule drugs, oligonucleotides, peptides, antibodies, antibody-drug conjugates (ADC) and CGT products, etc.
- The CMC (small molecule CDMO) services segment includes API process development and manufacturing, materials science/pre-formulation, formulation development and manufacturing, and analytical development services
- The clinical development services segment includes overseas clinical development services (including radiolabelled science services and early stage clinical trial services) and domestic clinical development services (including clinical research services and site management services)
- The Biologics and CGT services segment includes biologics discovery, development and manufacturing services (CDMO), CGT lab and Gene therapy CDMO services
- The "Others" segment

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segments:

Year ended December 31, 2025	Laboratory services RMB'000	CMC services RMB'000	Clinical development services RMB'000	Biologics and CGT services RMB'000	Others RMB'000	Total RMB'000
Segment revenue	8,158,885	3,482,932	1,956,669	474,691	21,902	14,095,079
Segment results	3,643,498	1,178,760	223,202	(191,580)	3,454	4,857,334
Unallocated amounts:						
Other income and gains						223,712
Other expenses						(22,650)
Selling and distribution expenses						(306,457)
Administrative expenses						(1,854,513)
Research and development costs						(576,020)
Impairment losses on financial and contract assets, net of reversal						(80,279)
Finance costs						(192,805)
Share of losses of associates						(135,612)
Group's profit before tax						1,912,710

4. OPERATING SEGMENT INFORMATION (CONTINUED)

Segment revenue and results (continued)

The following is an analysis of the Group's revenue and results by reportable segments: (continued)

Year ended December 31, 2024	Laboratory services RMB'000	CMC services RMB'000	Clinical development services RMB'000	Biologics and CGT services RMB'000	Others RMB'000	Total RMB'000
Segment revenue	7,046,875	2,988,773	1,826,208	407,519	6,400	12,275,775
Segment results	3,128,352	988,432	234,183	(204,322)	2,610	4,149,255
Unallocated amounts:						
Other income and gains						884,520
Other expenses						(67,763)
Selling and distribution expenses						(258,431)
Administrative expenses						(1,663,598)
Research and development costs						(469,260)
Impairment losses on financial and contract assets, net of reversal						(42,947)
Impairment losses of goodwill						(73,539)
Finance costs						(243,718)
Share of losses of associates						(123,256)
Group's profit before tax						2,091,263

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. No analysis of segment assets and liabilities is presented as management does not regularly review such information for the purposes of resource allocation and performance assessment. Therefore, only segment revenue and segment results are presented.

4. OPERATING SEGMENT INFORMATION (CONTINUED)

Geographical information

(a) Revenue

	2025 RMB'000	2024 RMB'000
North America	**8,713,835**	7,852,729
Europe	**2,894,931**	2,271,934
Chinese Mainland	**2,137,182**	1,847,332
Asia (except Chinese Mainland)	**298,440**	264,275
Others	**50,691**	39,505
	14,095,079	12,275,775

The revenue information above is based on the locations of the customers.

(b) Non-current assets

	2025 RMB'000	2024 RMB'000
Chinese Mainland	**13,709,042**	11,237,927
Europe	**2,830,317**	2,599,672
North America	**1,982,220**	2,039,131
Others	**12,679**	15,746
	18,534,258	15,892,476

The non-current asset information above is based on the locations of the assets and excludes equity investments at fair value through profit or loss and deferred tax assets.

Information about major customers

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

5. REVENUE

An analysis of revenue is as follows:

	2025 RMB'000	2024 RMB'000
Revenue from contracts with customers	**14,095,079**	12,275,775

Revenue from contracts with customers

(a) Disaggregated revenue information

Segments	2025 RMB'000	2024 RMB'000
Types of services		
Laboratory services	**8,158,885**	7,046,875
CMC (small molecule CDMO) services	**3,482,932**	2,988,773
Clinical development services	**1,956,669**	1,826,208
Biologics and CGT services	**474,691**	407,519
Others	**21,902**	6,400
Total revenue from contracts with customers	**14,095,079**	12,275,775
Timing of revenue recognition		
Services transferred at a point of time	**7,749,202**	6,599,158
Services transferred over time	**6,345,877**	5,676,617
Total revenue from contracts with customers	**14,095,079**	12,275,775

(b) Performance obligations

The Group has different contractual arrangements with different customers under two different charge methods: Full-Time-Equivalent ("FTE") or Fee-For-Service ("FFS") model.

For all the services under the FTE model, revenue is recognised over time at the amount to which the Group has the right to invoice for services performed. Therefore, under practical expedients allowed by IFRS 15, the Group does not disclose the value of unsatisfied performance obligations under the FTE model.

Similarly, for certain services under the FFS model, revenue is recognised over time and contracts are generally within an original expected length of one year or less. Therefore, the practical expedients are also applied.

6. OTHER INCOME AND GAINS AND OTHER EXPENSES

	Notes	2025 RMB'000	2024 RMB'000
Other income			
Interest income		**39,391**	73,631
Government grants and subsidies related to			
– Assets (i)		**28,158**	22,160
– Income (ii)		**51,670**	62,082
		119,219	157,873
Other gains			
Foreign exchange gains, net		**2,648**	31,428
Gains on fair value change of biological assets	20	**12,787**	–
Gains on equity investment at fair value through profit or loss		**48,781**	572,388
Gains on termination of lease contracts		**26**	8,723
Gains on financial assets at fair value through profit or loss		**32,817**	23,108
Gains on financial assets at amortised cost		**–**	1,583
Gains on repurchase of convertible bonds		**–**	88,593
Gains of derivative financial instruments		**5,259**	–
Others		**2,175**	824
		104,493	726,647
		223,712	884,520
Other expenses			
Losses on disposal of property, plant and equipment		**(4,712)**	(34,099)
Losses on derivative financial instruments		**–**	(14,211)
Losses on fair value change of equity investment at fair value through profit or loss		**–**	(1,576)
Losses on fair value change of biological assets	20	**–**	(3,020)
Others		**(17,938)**	(14,857)
		(22,650)	(67,763)

i. The Group has received certain government grants related to assets to invest in laboratory equipment and plant. The grants related to assets were recognised in profit and loss over the useful lives of relevant assets. Details of these grants related to assets are set out in note 36.

ii. The government grants and subsidies related to income have been received to compensate for the Group's research and development expenditures. Some of the grants related to income have future related costs expected to be incurred, require the Group to comply with conditions attached to the grants and require the government to acknowledge the compliance of these conditions. These grants related to income are recognised in the statement of profit or loss on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed. Other government grants related to income for that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

7. FINANCE COSTS

	Note	2025 RMB'000	2024 RMB'000
Interest expenses on bank borrowings		**195,341**	199,164
Interest expenses on convertible bond – debt component		**–**	34,387
Interest expenses on lease liabilities	35	**22,754**	27,791
Total interest		**218,095**	261,342
Less: Interest capitalised		**(25,290)**	(17,624)
		192,805	243,718

8. PROFIT BEFORE TAX

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

	Notes	2025 RMB'000	2024 RMB'000
Depreciation of property, plant and equipment	14	**1,050,467**	926,184
Depreciation of right-of-use assets	15	**165,621**	179,432
Amortisation of other intangible assets	17	**53,532**	39,796
Staff costs* (including directors' and chief executive's remuneration):			
Salaries and other benefits		**4,889,774**	4,383,974
Pension scheme contributions, social welfare and other welfare**		**1,578,021**	1,386,825
Share-based compensation expenses	38	**81,586**	91,108
Gains on financial assets at fair value through profit or loss	6	**(32,817)**	(23,108)
Losses on fair value change of equity investments at fair value through profit or loss	6	**–**	1,576
(Gains)/losses on fair value change of biological assets	6	**(12,787)**	3,020
Gains on financial assets at amortised cost	6	**–**	(1,583)
Gains on repurchase of convertible bonds	6	**–**	(88,593)
Gains on equity investment at fair value through profit or loss	6	**(48,781)**	(572,388)
Impairment losses on inventories, net of reversal		**19,231**	18,783
Impairment losses on financial and contract assets, net of reversal	25, 26	**80,279**	42,947
Impairment losses of goodwill	16	**–**	73,539
Foreign exchange gains, net	6	**(2,648)**	(31,428)
(Gains)/losses on derivative financial instruments	6	**(5,259)**	14,211
Auditor's remuneration		**4,270**	4,275

* The staff costs for the year are included in "Cost of sales", "Administrative expenses", "Selling and distribution expenses" and "Research and development costs" in the consolidated statement of profit or loss.

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

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Details of the emoluments paid or payable to the directors and the chief executive of the Company for the services provided to the Group during each reporting period are as follows:

2025	Fees RMB'000	Salaries RMB'000	Performance-related bonus RMB'000	Social welfare benefits RMB'000	Total RMB'000
Chief executive and executive director:					
Dr. LOU Boliang	–	2,100	3,000	117	5,217
Executive directors:					
Mr. LOU Xiaoqiang	–	1,800	2,500	117	4,417
Ms. ZHENG Bei	–	1,600	2,000	–	3,600
Employee representative director：					
Mr. LI Shing Chung Gilbert (i)	–	69	96	7	172
Non-executive directors:					
Mr. HU Baifeng (ii)	–	–	–	–	–
Mr. LI Jiaqing	–	–	–	–	–
Ms. WAN Xuan (iii)	–	–	–	–	–
Independent non-executive directors:					
Mr. YU Jian	300	–	–	–	300
Ms. LI Lihua	300	–	–	–	300
Mr. TSANG Kwan Hung Benson (iv)	294	–	–	–	294
Mr. TSANG King Fung (v)	7	–	–	–	7
Supervisors:					
Dr. YANG Kexin (vi)	–	1,338	100	–	1,438
Ms. ZHANG Lan (vii)	–	496	180	117	793
Ms. FENG Shu (viii)	–	–	–	–	–
	901	7,403	7,876	358	16,538

(i) Mr. LI Shing Chung Gilbert was appointed as a director of the Company on 18 December 2025.

(ii) Mr. HU Baifeng ceased on 20 June 2025.

(iii) Ms. WAN Xuan was appointed as a director of the Company on 20 June 2025.

(iv) Mr. TSANG Kwan Hung Benson ceased on 18 December 2025.

(v) Mr. TSANG King Fung was appointed as a director of the Company on 18 December 2025.

(vi) Dr. YANG Kexin ceased on 18 December 2025.

(vii) Ms. ZHANG Lan ceased on 18 December 2025.

(viii) Ms. FENG Shu ceased on 18 December 2025.

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

Details of the emoluments paid or payable to the directors and the chief executive of the Company for the services provided to the Group during each reporting period are as follows: (continued)

2024	Fees RMB'000	Salaries RMB'000	Performance-related bonus RMB'000	Social welfare benefits RMB'000	Total RMB'000
Chief executive and executive director:					
Dr. LOU Boliang	–	2,100	–	113	2,213
Executive directors:					
Mr. LOU Xiaoqiang	–	1,800	–	113	1,913
Ms. ZHENG Bei	–	1,600	–	–	1,600
Non-executive directors:					
Mr. HU Baifeng	–	–	–	–	–
Mr. LI Jaiqing	–	–	–	–	–
Independent non-executive directors:					
Mr. YU Jian	300	–	–	–	300
Ms. LI Lihua	300	–	–	–	300
Mr. TSANG Kwan Hung Benson	300	–	–	–	300
Mr. ZHOU Qilin (i)	277	–	–	–	277
Supervisors:					
Dr. YANG Kexin	–	1,299	100	–	1,399
Ms. ZHANG Lan	–	472	180	113	765
Ms. FENG Shu	–	–	–	–	–
	1,177	7,271	280	339	9,067

(i) Mr. ZHOU Qilin resigned on 27 November 2024.

10. FIVE HIGHEST PAID EMPLOYEES

The five individuals with the highest emoluments in the Group during the year included four (2024: three) directors disclosed above, details of whose remuneration are set out as above in note 9. Details of the remuneration of the remaining highest paid employees who are neither a director nor chief executive of the Company for the reporting periods are as follows:

	2025 RMB'000	2024 RMB'000
Salaries	**3,531**	3,600
Performance-related bonus	**4,404**	–
Social welfare benefits	**305**	186
	8,240	3,786

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
HKD1,500,001 to HKD2,000,000	**1**	2
	1	2

11. INCOME TAX

	2025 RMB'000	2024 RMB'000
Current tax	**380,489**	410,448
Deferred tax	**(22,965)**	(33,344)
	357,524	377,104

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the EIT rate of the PRC subsidiaries is 25% unless subject to tax exemption set out below.

The Company was accredited as a "High and New Technology Enterprise" in 2017 which was subsequently renewed in 2023 and as an "Advanced Technology Enterprise" in 2015 which was subsequently renewed in 2023, and therefore, the Company was entitled to a preferential EIT rate of 15% for the year ended December 31, 2025. These qualifications are subject to review by the relevant tax authority in the PRC for every three years.

11. INCOME TAX (CONTINUED)

Pharmaron (Xi'an) Technology Development Co., Ltd. was accredited as an "Advanced Technology Enterprise" in 2025. The result of the application has been publicly announced, while the certificate has not yet been obtained. It is expected to be recognized as an "Advanced Technology Enterprise", therefore, Pharmaron (Xi'an) Technology Development Co., Ltd. was entitled to a preferential EIT rate of 15% for the year ended December 31, 2025.

Pharmaron (Beijing) TSP Service Co., Ltd. was accredited as an "Advanced Technology Enterprise" in 2015 with the qualification was renewed in 2023 and as an "High and New Technology Enterprise" in 2020 with the qualification renewed in 2023, therefore Pharmaron (Beijing) TSP Service Co., Ltd. was entitled to a preferential EIT rate of 15% for the year ended December 31, 2025. These qualifications are subject to review by the relevant tax authority in the PRC for every three years.

Pharmaron (Ningbo) Bioscience Services Co., Ltd. was accredited as a "High and New Technology Enterprise" in 2024, therefore, Pharmaron (Ningbo) Bioscience Services Co., Ltd. was entitled to a preferential EIT rate of 15% for the year ended December 31, 2025. These qualifications are subject to review by the relevant tax authority in the PRC for every three years.

Pharmaron (Tianjin) Process Development and Manufacturing Co., Ltd. was accredited as a "High and New Technology Enterprise" in 2020 and the qualification was subsequently renewed in 2023, therefore, Pharmaron (Tianjin) Process Development and Manufacturing Co., Ltd. was entitled to a preferential EIT rate of 15% for the year ended December 31, 2025. This qualification is subject to review by the relevant tax authority in the PRC for every three years.

Beijing LinkStart Med-Tech Co., Ltd. was accredited as a "High and New Technology Enterprise" in 2020 and the qualification was subsequently renewed in 2023, therefore, Beijing LinkStart Med-Tech Co., Ltd. was entitled to a preferential EIT rate of 15% for the year ended December 31, 2025. This qualification is subject to review by the relevant tax authority in the PRC for every three years.

RAMED (Beijing) Medical Technology Co., Ltd. was accredited as a "High and New Technology Enterprise" in 2020 and the qualification was subsequently renewed in 2023, therefore, RAMED (Beijing) Medical Technology Co., Ltd. was entitled to a preferential EIT rate of 15% for the year ended December 31, 2025. This qualification is subject to review by the relevant tax authority in the PRC for every three years.

Pharmaron Shanghai Co., Ltd. was accredited as an "Advanced Technology Enterprise" in 2023, therefore, Pharmaron Shanghai Co., Ltd. was entitled to a preferential EIT rate of 15% for the year ended December 31, 2025. This qualification is subject to review by the relevant tax authority in the PRC for every three years.

Pharmaron (Beijing) Technology Development Co., Ltd. was accredited as an "Advanced Technology Enterprise" in 2023, therefore, Pharmaron (Beijing) Technology Development Co., Ltd. was entitled to a preferential EIT rate of 15% for the year ended December 31, 2025. This qualification is subject to review by the relevant tax authority in the PRC for every three years.

11. INCOME TAX (CONTINUED)

Pharmaron (Ningbo) Technology Development Co., Ltd. was accredited as an "Advanced Technology Enterprise" in 2025, therefore, Pharmaron (Ningbo) Technology Development Co., Ltd. was entitled to a preferential EIT rate of 15% for the year ended December 31, 2025. This qualification is subject to review by the relevant tax authority in the PRC for every three years.

Pharmaron CRI (Ningbo) Co., Ltd. was accredited as a "High and New Technology Enterprise" in 2024, therefore, Pharmaron CRI (Ningbo) Co., Ltd. was entitled to a preferential EIT rate of 15% for the year ended December 31, 2025. This qualification is subject to review by the relevant tax authority in the PRC for every three years.

Pharmaron Qingdao Co., Ltd. was accredited as an "Advanced Technology Enterprise" in 2024, therefore, Pharmaron Qingdao Co., Ltd. was entitled to a preferential EIT rate of 15% for the year ended December 31, 2025. This qualification is subject to review by the relevant tax authority in the PRC for every three years.

Pharmaron (Chengdu) Clinical Services Co., Ltd. was accredited as a "High and New Technology Enterprise" in 2025, therefore, Pharmaron (Chengdu) Clinical Services Co., Ltd. was entitled to a preferential EIT rate of 15% for the year ended December 31, 2025. This qualification is subject to review by the relevant tax authority in the PRC for every three years.

Pharmaron (Beijing) Pharmaceutical Technology Co., Ltd. was accredited as a "High and New Technology Enterprise" in 2025, therefore, Pharmaron (Beijing) Pharmaceutical Technology Co., Ltd. was entitled to a preferential EIT rate of 15% for the year ended December 31, 2025. This qualification is subject to review by the relevant tax authority in the PRC for every three years.

Pharmaron (Beijing) Biologics Co., Ltd. was accredited as an "Advanced Technology Enterprise" in 2025, therefore, Pharmaron (Beijing) Biologics Co., Ltd. was entitled to a preferential EIT rate of 15% for the year ended December 31, 2025. This qualification is subject to review by the relevant tax authority in the PRC for every three years.

Pharmaron Shaoxing Co., Ltd. was accredited as a "High and New Technology Enterprise" in 2025, therefore, Pharmaron Shaoxing Co., Ltd. was entitled to a preferential EIT rate of 15% for the year ended December 31, 2025. This qualification is subject to review by the relevant tax authority in the PRC for every three years.

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

Biortus Discovery Co. Ltd was accredited as a "High and New Technology Enterprise" in 2025, therefore, Biortus Discovery Co. Ltd was entitled to a preferential EIT rate of 15% for the year ended December 31, 2025. This qualification is subject to review by the relevant tax authority in the PRC for every three years.

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

11. INCOME TAX (CONTINUED)

The Group entities incorporated in the U.S. were subject to the federal corporate tax at a rate of 21% for the year ended December 31, 2025.

The Group entities incorporated in the U.K. were subject to tax at a rate of 19% for the year ended December 31, 2025.

The Group entities incorporated in Japan were subject to the national corporate tax at a rate of 23.2% and the local corporate tax at a rate of 2.4% for the year ended December 31, 2025.

The Group entities incorporated in Hong Kong were subject to Hong Kong profits tax at a rate of 16.5% on the estimated assessable profits for the year ended December 31, 2025.

The tax charge for the reporting period can be reconciled to the profit before tax per the consolidated statement of profit or loss as follows:

	2025 RMB'000	2024 RMB'000
Profit before tax	**1,912,710**	2,091,263
Tax at tax rates of 15%	**286,907**	313,689
Effect of different tax rates of subsidiaries	**(63,013)**	(72,384)
Over provision in respect of prior years	**(32,333)**	–
Effect of share of results of profits and losses attributable to associates	**18,963**	47,887
Income not subject to tax	**–**	(94,628)
Non-deductible expenses	**9,457**	10,180
Additional deductible allowance for research and development ("R&D") expenses	**(51,871)**	(43,704)
Utilisation of tax losses and other deductible temporary differences previously not recognised as deferred tax assets	**(7,578)**	(4,729)
Unrecognised deductible temporary differences and tax losses	**199,482**	211,971
Others	**(2,490)**	8,822
	357,524	377,104

11. INCOME TAX (CONTINUED)

Pillar Two income taxes

The Group is within the scope of the Pillar II model rules. The Group has applied the mandatory exception to recognising and disclosing information about deferred tax assets and liabilities arising from Pillar Two income taxes, and will account for the Pillar Two income taxes as current tax when incurred. Pillar Two legislation has been enacted in the two jurisdictions (i.e., the U.K. and Japan) in which the Group operates on 1 January 2024.

The Group is in the process of assessing the potential exposure arising from Pillar Two legislation based on the information available for the year ended 31 December 2025. The Group estimated the tax impact is immaterial for the above two jurisdictions where the Pillar Two legislation has been effective. The Group will continue monitoring and assessing pending legislation and implementation by individual countries and evaluate the potential impact in the future periods.

12. DIVIDENDS

	2025 RMB'000	2024 RMB'000
Proposed final – RMB0.20 (2024 approved final: RMB0.20) per ordinary share	**366,004**	352,662

On June 20, 2025, the Company's shareholders approved the 2024 Profit Distribution at the annual general meeting, pursuant to which a final dividend of RMB2.0 (inclusive of tax) per 10 shares in respect of the year ended December 31, 2024 was declared to both holders of A Shares and H Shares and the aggregate dividend amounted to RMB352,662,000 (inclusive of tax), excluding the dividend amount in the trust account relating to the First H Share Award and Trust Scheme. As at December 31, 2025, all A Shares and H Shares dividends have been paid.

The Board proposed to declare a final cash dividend of RMB2.0 (inclusive of tax) per 10 shares or an aggregate of approximately RMB366,004,000 (inclusive of tax) for the year ended December 31, 2025.

The proposed final dividend for the year ended December 31, 2025 is subject to the approval of the Company's shareholders at the forthcoming Annual General Meeting.

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

The calculation of basic earnings per share is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 1,761,987,868 (2024: 1,769,742,721) in issue during the year, as adjusted to reflect the rights issue during the year.

The weighted average number of ordinary shares used in the calculation of diluted earnings per share is based on the number of ordinary shares used in the basic earnings per share calculation adjusted for the dilutive effect of share options and restricted A Shares issued by the Company. For the year ended December 31, 2025, the calculation of the diluted earnings per share is based on the profit for the year attributable to ordinary equity holders of the parent, adjusted to reflect the dilutive impact of the Company's share options and restricted A Shares.

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

	2025 RMB'000	2024 RMB'000
Earnings:		
Profit attributable to ordinary equity holders of the parent	**1,663,899**	1,793,351
Number of shares ('000):		
Weighted average number of ordinary shares outstanding during the year, used in the basic earnings per share calculation	**1,761,988**	1,769,743
Effect of diluted potential ordinary shares:		
Effect of restricted shares units and share awards issued by the Company	**9,367**	3,613
Weighted average number of ordinary shares outstanding during the year, used in the diluted earnings per share calculation	**1,771,355**	1,773,356

14. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Laboratory equipment RMB'000	Transportation equipment RMB'000	Furniture, fixtures and equipment RMB'000	Leasehold improvements RMB'000	Land RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2025								
At 1 January 2025:								
Cost	4,921,211	5,731,912	24,902	519,041	771,966	203,314	2,253,662	14,426,008
Accumulated depreciation and impairment	(743,757)	(2,332,138)	(12,942)	(299,555)	(93,464)	–	–	(3,481,856)
Net carrying amount	4,177,454	3,399,774	11,960	219,486	678,502	203,314	2,253,662	10,944,152
At 1 January 2025, net of accumulated depreciation	4,177,454	3,399,774	11,960	219,486	678,502	203,314	2,253,662	10,944,152
Additions	1,219	627,110	4,457	77,543	11,887	–	1,303,883	2,026,099
Acquisition of subsidiaries (note 40)	–	137,914	–	7,031	18,231	–	–	163,176
Disposals	–	(1,988)	(178)	(513)	–	–	–	(2,679)
Depreciation provided during the year	(209,605)	(660,439)	(3,274)	(88,475)	(88,674)	–	–	(1,050,467)
Transfer to fixed assets	708,782	462,295	688	32,099	–	–	(1,203,864)	–
Exchange realignment	13,311	14,332	(6)	1,863	(1,961)	5,348	11,729	44,616
At 31 December 2025, net of accumulated depreciation	4,691,161	3,978,998	13,647	249,034	617,985	208,662	2,365,410	12,124,897
At 31 December 2025:								
Cost	5,647,455	6,932,572	28,862	635,654	708,620	208,662	2,365,410	16,527,235
Accumulated depreciation and impairment	(956,294)	(2,953,574)	(15,215)	(386,620)	(90,635)	–	–	(4,402,338)
Net carrying amount	4,691,161	3,978,998	13,647	249,034	617,985	208,662	2,365,410	12,124,897

14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Buildings RMB'000	Laboratory equipment RMB'000	Transportation equipment RMB'000	Furniture, fixtures and equipment RMB'000	Leasehold improvements RMB'000	Land RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2024								
At 1 January 2024:								
Cost	3,970,600	4,643,212	22,579	485,193	595,111	202,052	2,632,539	12,551,286
Accumulated depreciation and impairment	(558,226)	(1,824,074)	(10,683)	(231,959)	(74,639)	–	–	(2,699,581)
Net carrying amount	3,412,374	2,819,138	11,896	253,234	520,472	202,052	2,632,539	9,851,705
At 1 January 2024, net of accumulated depreciation	3,412,374	2,819,138	11,896	253,234	520,472	202,052	2,632,539	9,851,705
Additions	2,346	509,011	2,665	9,724	251,494	–	1,233,230	2,008,470
Acquisition of subsidiaries	–	–	–	126	–	–	–	126
Disposals	–	(4,391)	(69)	(364)	–	–	–	(4,824)
Depreciation provided during the year	(188,023)	(559,494)	(2,642)	(79,279)	(96,746)	–	–	(926,184)
Transfer to fixed assets	947,000	631,994	108	35,152	–	–	(1,614,254)	–
Exchange realignment	3,757	3,516	2	893	3,282	1,262	2,147	14,859
At 31 December 2024, net of accumulated depreciation	4,177,454	3,399,774	11,960	219,486	678,502	203,314	2,253,662	10,944,152
At 31 December 2024:								
Cost	4,921,211	5,731,912	24,902	519,041	771,966	203,314	2,253,662	14,426,008
Accumulated depreciation and impairment	(743,757)	(2,332,138)	(12,942)	(299,555)	(93,464)	–	–	(3,481,856)
Net carrying amount	4,177,454	3,399,774	11,960	219,486	678,502	203,314	2,253,662	10,944,152

At 31 December 2025, certain buildings, land and equipment with a net carrying amount of approximately RMB971,314,000 (2024: RMB867,655,000) were pledged to secure general banking facilities and other borrowings granted to the Group (note 31).

15. RIGHT-OF-USE ASSETS

	Office premises RMB'000	Laboratory equipment RMB'000	Transportation equipment RMB'000	Furniture, fixtures and equipment RMB'000	Land use rights RMB'000	Total RMB'000
As at 1 January 2024	747,075	2,428	64	344	396,231	1,146,142
Additions	56,078	513	61	2,270	802	59,724
Disposal	(105,807)	–	–	–	–	(105,807)
Depreciation provided during the year	(167,636)	(799)	(90)	(1,962)	(8,945)	(179,432)
Exchange realignment	1,955	10	–	–	–	1,965
As at 31 December 2024 and 1 January 2025	**531,665**	**2,152**	**35**	**652**	**388,088**	**922,592**
Additions	**74,292**	**1,646**	**64**	**2,438**	**–**	**78,440**
Acquisition of subsidiaries (note 40)	**19,123**	**–**	**–**	**1**	**–**	**19,124**
Disposal	**(192)**	**(383)**	**–**	**(59)**	**–**	**(634)**
Depreciation provided during the year	**(152,079)**	**(1,028)**	**(63)**	**(923)**	**(11,528)**	**(165,621)**
Exchange realignment	**(1,724)**	**83**	**2**	**25**	**–**	**(1,614)**
As at 31 December 2025	**471,085**	**2,470**	**38**	**2,134**	**376,560**	**852,287**

As at 31 December 2025, certain land use rights with a net carrying amount of approximately RMB122,689,000 (2024: RMB125,501,000) were pledged to secure general banking facilities granted to the Group (note 31).

16. GOODWILL

	2025 RMB'000	2024 RMB'000
Cost	3,662,006	2,833,883
Accumulated impairment	(76,032)	(73,147)
Net carrying amount	3,585,974	2,760,736
Opening carrying amount, net of accumulated impairment	2,760,736	2,780,918
Acquisition of subsidiaries (note 40)	810,554	32,905
Impairment losses of goodwill	–	(73,539)
Exchange realignment	14,684	20,452
	3,585,974	2,760,736

The carrying amount of goodwill allocated to each of the cash-generating units ("CGUs") is as follows:

	2025 RMB'000	2024 RMB'000
Pharmaron (Exton) Lab Services LLC business	836,249	855,237
Biortus Biosciences Co. Ltd. business	630,952	–
Pharmaron Biologics (UK) Ltd business	603,055	580,164
Pharmaron (Chengdu) Clinical Services Co., Ltd. business	602,891	605,357
Pharmaron Manufacturing Services (UK) Ltd business	418,053	402,185
Aistarfish Technology Co., Ltd. business	179,602	–
Coventry API manufacturing facility business	87,365	89,349
AniKeeper (Zhanjiang) Biotech Co., Ltd. business	69,852	69,852
Beijing Anikeeper Biotech Co.,Ltd. business	66,857	66,857
Shanghai JiYing AI TECH Co., Ltd. business	32,905	32,905
Pharmaron (Germantown) Lab Services Inc. business	28,020	28,657
AniKeeper (Zhaoqing) Biotech Co., Ltd. business	23,631	23,631
Pharmaron (Ningbo) Technology Development business	6,542	6,542
	3,585,974	2,760,736

16. GOODWILL (CONTINUED)

In February, July and November 2025, the Group acquired Aistarfish Technology Co., Ltd., MedData Kangming (Beijing) Technology Co., Ltd. and Biortus Biosciences Co., Ltd., respectively, giving rise to goodwill of RMB145,592,000, RMB34,010,000 and RMB630,952,000, respectively.

In 2025, the Group integrated the business of Aistarfish Technology Co., Ltd. and MedData Kangming (Beijing) Technology Co., Ltd. As at 31 December 2025, management considered that these two entities have been operated and managed as a single business unit. This is primarily reflected in three aspects:

(1) unified and coordinated management in areas such as personnel appointments, performance evaluation and financial planning;

(2) integrated allocation of business activities, including sales, procurement and service provision; and

(3) centralised decision-making regarding the ongoing use or disposal of assets.

Accordingly, management has determined that these two entities constitute a single CGU for the purpose of goodwill impairment testing.

Impairment testing of goodwill

Goodwill acquired through business combinations is allocated to the following cash-generating units for impairment testing:

- Pharmaron (Chengdu) Clinical Services Co., Ltd. business CGU;
- Pharmaron (Germantown) Lab Services Inc. business CGU;
- Pharmaron (Ningbo) Technology Development business CGU;
- Pharmaron (Exton) Lab Services LLC business CGU;
- Pharmaron Biologics (UK) Ltd business CGU;
- AniKeeper (Zhaoqing) Biotech Co., Ltd. business CGU;
- AniKeeper (Zhanjiang) Biotech Co., Ltd. business CGU;
- Pharmaron Manufacturing Services (UK) Ltd business CGU;
- Beijing Anikeeper Biotech Co.,Ltd. business cCGU;
- Coventry API manufacturing facility business CGU;
- Shanghai JiYing AI TECH Co., Ltd. business CGU;
- Aistarfish Technology Co., Ltd. business CGU; and
- Biortus Biosciences Co. Ltd. business CGU.

16. GOODWILL (CONTINUED)

Impairment testing of goodwill (continued)

Pharmaron (Germantown) Lab Services Inc. business CGU

The recoverable amount of the Pharmaron (Germantown) Lab Services Inc. CGU was determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rate applied to the cash flow projections was 15% (2024: 15%) and cash flows beyond the five-year period were extrapolated using a growth rate of 2.32%. This growth rate is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry. These calculations use pre-tax cash flow projections based on financial budgets approved by management.

Pharmaron (Ningbo) Technology Development business CGU

The recoverable amount of the Pharmaron (Ningbo) Technology Development business CGU was determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rate applied to the cash flow projections was 17% (2024: 18%) and cash flows beyond the five-year period were extrapolated using a growth rate of 1.80%. This growth rate is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry. These calculations use pre-tax cash flow projections based on financial budgets approved by management.

Pharmaron (Exton) Lab Services LLC business CGU

The recoverable amount of the Pharmaron (Exton) Lab Services LLC business CGU was determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rate applied to the cash flow projections was 16% (2024: 18%) and cash flows beyond the five-year period were extrapolated using a growth of 2.32%. This growth rate is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry. These calculations use pre-tax cash flow projections based on financial budgets approved by management.

Pharmaron (Chengdu) Clinical Services Co., Ltd. business CGU

The recoverable amount of the Pharmaron (Chengdu) Clinical Services Co., Ltd. business CGU was determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rate applied to the cash flow projections was 17% (2024: 18%) and cash flows beyond the five-year period were extrapolated using a growth of 1.76%. This growth rate is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry. These calculations use pre-tax cash flow projections based on financial budgets approved by management.

AniKeeper (Zhaoqing) Biotech Co., Ltd. business CGU

The recoverable amount of the AniKeeper (Zhaoqing) Biotech Co., Ltd. business CGU was determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rate applied to the cash flow projections was 13% (2024: 15%) and cash flows beyond the five-year period were extrapolated using a growth of 1.80%. This growth rate is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry. These calculations use pre-tax cash flow projections based on financial budgets approved by management.

16. GOODWILL (CONTINUED)

Impairment testing of goodwill (continued)

AniKeeper (Zhanjiang) Biotech Co., Ltd. business CGU

The recoverable amount of the AniKeeper (Zhanjiang) Biotech Co., Ltd. business CGU was determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rate applied to the cash flow projections was 13% (2024: 14%) and cash flows beyond the five-year period were extrapolated using a growth of 1.80%. This growth rate is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry. These calculations use pre-tax cash flow projections based on financial budgets approved by management.

Pharmaron Manufacturing Services (UK) Ltd business CGU

The recoverable amount of the Pharmaron Manufacturing Services (UK) Ltd business CGU was determined based on a value in use calculation using cash flow projections based on financial budgets covering a ten-year period approved by senior management. The discount rate applied to the cash flow projections was 18% (2024: 18%) and cash flows beyond the ten-year period were extrapolated using a growth of 2.13%. This growth rate is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry. These calculations use pre-tax cash flow projections based on financial budgets approved by management.

Beijing Anikeeper Biotech Co., Ltd. business CGU

The recoverable amount of the Beijing Anikeeper Biotech Co., Ltd. business CGU was determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rate applied to the cash flow projections was 11% (2024:12%) and cash flows beyond the five-year period were extrapolated using a growth of 1.80%. This growth rate is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry. These calculations use pre-tax cash flow projections based on financial budgets approved by management.

Pharmaron Biologics (UK) Ltd business CGU

The recoverable amount of the Pharmaron Biologics (UK) Ltd business CGU was determined based on a value in use calculation using cash flow projections based on financial budgets covering a six-year period approved by senior management due to the continuous business integration to achieve stable profitability. The discount rate applied to the cash flow projections was 16% (2024: 16%) and cash flows beyond the six-year period were extrapolated using a growth of 2.08%. This growth rate is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry. These calculations use pre-tax cash flow projections based on financial budgets approved by management.

Coventry API manufacturing facility business CGU

The recoverable amount of the Coventry API manufacturing facility business CGU was determined based on a value in use calculation using cash flow projections based on financial budgets covering an eight-year period approved by senior management due to the continuous business integration to achieve stable profitability. The discount rate applied to the cash flow projections was 17% (2024: 16%) and cash flows beyond the eight-year period were extrapolated using a growth of 2.30%. This growth rate is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry. These calculations use pre-tax cash flow projections based on financial budgets approved by management.

16. GOODWILL (CONTINUED)

Impairment testing of goodwill (continued)

Shanghai JiYing AI TECH Co., Ltd. business CGU

The recoverable amount of the Shanghai JiYing AI TECH Co., Ltd. business CGU was determined based on a value in use calculation using cash flow projections based on financial budgets covering a seven-year period approved by senior management due to the continuous business integration to achieve stable profitability. The discount rate applied to the cash flow projections was 21% (2024: 21%) and cash flows beyond the seven-year period were extrapolated using a growth of 1.80%. This growth rate is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry. These calculations use pre-tax cash flow projections based on financial budgets approved by management.

Aistarfish Technology Co., Ltd. business CGU

The recoverable amount of the Aistarfish Technology Co., Ltd. business CGU was determined based on a value in use calculation using cash flow projections based on financial budgets covering an eight-year period approved by senior management due to the continuous business integration to achieve stable profitability. The discount rate applied to the cash flow projections was 17% and cash flows beyond the eight-year period were extrapolated using a growth of 1.80%. This growth rate is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry. These calculations use pre-tax cash flow projections based on financial budgets approved by management.

Biortus Biosciences Co. Ltd. Business CGU

The recoverable amount of the Biortus Biosciences Co. Ltd. Business CGU was determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management due to the continuous business integration to achieve stable profitability. The discount rate applied to the cash flow projections was 15% and cash flows beyond the five-year period were extrapolated using a growth of 1.80%. This growth rate is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry. These calculations use pre-tax cash flow projections based on financial budgets approved by management.

Assumptions were used in the value in use calculation of these CGUs as at 31 December 2025 and 2024. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Budgeted gross margins – The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the years immediately before the budget year, increased for expected efficiency improvements, and expected market development.

Discount rates – The discount rates used are before tax and reflect specific risks relating to the relevant units.

Revenue growth rate – The revenue growth rate is based on published industry growth forecast, taking into account the historical operation results of the business units before the budget year.

The values assigned to the key assumptions on the market development of CGUs and discount rates are consistent with external information sources.

Management of the Group assessed that any reasonably possible change in any of these assumptions would not cause the carrying amounts of these CGUs to exceed their respective recoverable amounts as at 31 December 2025.

17. OTHER INTANGIBLE ASSETS

	Software RMB'000	Patents RMB'000	Client relationship RMB'000	Software copyright RMB'000	Total RMB'000
31 December 2025					
Cost at 1 January 2025, net of accumulated amortisation	**79,154**	**3,933**	**133,492**	**8,740**	**225,319**
Additions	**51,169**	**675**	**–**	**–**	**51,844**
Acquisition of subsidiaries (note 40)	**3,532**	**318,298**	**–**	**90,200**	**412,030**
Amortisation provided during the year	**(17,684)**	**(3,575)**	**(24,070)**	**(8,203)**	**(53,532)**
Disposals	**(73)**	**–**	**–**	**–**	**(73)**
Exchange realignment	**86**	**(48)**	**(1,087)**	**–**	**(1,049)**
At 31 December 2025	**116,184**	**319,283**	**108,335**	**90,737**	**634,539**

	Software RMB'000	Patents RMB'000	Client relationship RMB'000	Software copyright RMB'000	Total RMB'000
31 December 2024					
Cost at 1 January 2024, net of accumulated amortisation	56,030	3,842	156,620	–	216,492
Additions	37,903	475	–	–	38,378
Acquisition of a subsidiary	–	–	–	9,200	9,200
Amortisation provided during the year	(14,881)	(428)	(24,027)	(460)	(39,796)
Exchange realignment	102	44	899	–	1,045
At 31 December 2024	79,154	3,933	133,492	8,740	225,319

18. INVESTMENTS IN ASSOCIATES

	2025 RMB'000	2024 RMB'000
Share of net assets	**639,861**	648,983

As of 31 December 2025, details of each of the Group's associates are as follows:

Name of entity	Particulars of issued shares held	Place of incorporation/ registration and business	Percentage of ownership interest attributable to the Group	Principal activity
Kangjun Investment Management (Beijing) Co., Ltd.	Ordinary shares	PRC/Chinese Mainland	30.00%	Investment management
Beijing Kangjun Ningyuan Equity Investment Partnership Enterprise (Limited Partnership)	Ordinary shares	PRC/Chinese Mainland	21.28%	Investment management
Ningbo Kangjun Zhongyuan Equity Investment Partnership Enterprise (Limited Partnership)	Ordinary shares	PRC/Chinese Mainland	13.83%	Investment management
AccuGen Group	Ordinary shares	Cayman Islands	47.01%	Genetic and cell research
PharmaGend Global Medical Services Pte. Ltd.	Ordinary shares	Singapore	32.38%	CDMO services
Ningbo Yongxin Equity Investment Partnership Enterprise (Limited Partnership)	Ordinary shares	PRC/Chinese Mainland	28.87%	Investment management

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	2025 RMB'000	2024 RMB'000
Share of the associates' losses for the year	**(135,612)**	(123,256)
Share of the associates' other comprehensive losses	**(57)**	–
Share of the associates' total comprehensive losses	**(135,669)**	(123,256)
Aggregate carrying amount of the Group's investments in the associates	**639,861**	648,983

19. EQUITY INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2025 RMB'000	2024 RMB'000
Unlisted equity investments, at fair value	**39,899**	31,817
Unlisted fund investments, at fair value	**478,552**	202,242
	518,451	234,059

20. BIOLOGICAL ASSETS

(a) Nature of the Group's agricultural activities

The biological assets of the Group are mainly cynomolgus and macaque non-human primates for experiment, beagles, and rats, which are classified as current assets, and cynomolgus and macaque non-human primates for breeding, which are classified as non-current assets of the Group.

The Group is exposed to the following operational risks:

(i) Regulatory and environmental risks

The Group is subject to laws and regulations in the location in which it operates breeding. The Group has established environmental policies and procedures aiming at complying with local environmental regulations and legislations. Management performs regular reviews to identify environmental risks to ensure that the systems in place are adequate to manage these risks.

(ii) Climate, disease and other natural risks

The Group's biological assets are exposed to the risk of damage from climatic changes, diseases and other natural forces. The Group has extensive processes in place aiming at monitoring and mitigating those risks, including regular inspections, disease controls, surveys and insurance.

20. BIOLOGICAL ASSETS (CONTINUED)

(b) Fair value of biological assets

The values of the Group's biological assets at the year-end were as follows:

As of 31 December 2025	Non-human primates for breeding RMB'000	Non-human primates for experiment RMB'000	Total RMB'000
At 1 January 2025	**175,001**	**418,282**	**593,283**
Breeding costs	**–**	**41,574**	**41,574**
Purchases	**–**	**128,772**	**128,772**
Gains arising from changes in fair value less costs to sell of biological assets	**4,137**	**8,650**	**12,787**
Transfer	**375**	**(375)**	**–**
Decrease due to disposal	**(6,939)**	**(15,123)**	**(22,062)**
Decrease due to sales	**–**	**(24,805)**	**(24,805)**
Decrease due to experiments	**–**	**(148,644)**	**(148,644)**
At 31 December 2025	**172,574**	**408,331**	**580,905**

As of 31 December 2024	Non-human primates for breeding RMB'000	Non-human primates for experiment RMB'000	Total RMB'000
At 1 January 2024	157,633	491,724	649,357
Breeding costs	–	14,660	14,660
Purchases	–	24,596	24,596
Gains/(Losses) arising from changes in fair value less costs to sell of biological assets	7,986	(11,006)	(3,020)
Transfer	14,695	(14,695)	–
Decrease due to disposal	(5,313)	(4,172)	(9,485)
Decrease due to sales	–	(14,418)	(14,418)
Decrease due to experiments	–	(68,407)	(68,407)
At 31 December 2024	175,001	418,282	593,283

As at 31 December 2025, no biological assets of the Group were pledged (2024: nil).

20. BIOLOGICAL ASSETS (CONTINUED)

(b) Fair value of biological assets (continued)

Analysed for reporting purposes as:

	2025 RMB'000	2024 RMB'000
Current	**408,331**	418,282
Non-current	**172,574**	175,001
Total	**580,905**	593,283

(c) Fair value measurement

The Group's biological assets as of December 31, 2025 and 2024 were valued by an independent qualified professional valuer unrelated to the Group.

The Group uses the following hierarchy for determining and disclosing the fair values of biological assets:

Level 3 – based on valuation techniques for which any inputs that have a significant effect on the recorded fair value are not based on observable market data (unobservable inputs).

	Level 3 RMB'000
As at 31 December 2025	**580,905**
As at 31 December 2024	593,283

(d) Description of valuation techniques used and key inputs to valuation on biological assets

The following table shows the valuation techniques used in the determination of fair values within Level 3 of the hierarchy, as well as the key unobservable inputs used in the valuation.

Type	Valuation approach	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurements
Cynomolgous and macaque non-human primates for experiment	Comparable market method	Recent transaction prices and adjustment coefficients based on biological asset characteristics (including age, variety, health status, etc.)	The higher the change in the adjustment coefficient, the higher the fair value.
Cynomolgous and macaque non-human primates for breeding	Comparable market method	Recent transaction prices and adjustment coefficients based on biological asset characteristics (including age, variety, health status, etc.)	The higher the change in the adjustment coefficient, the higher the fair value.

21. DEFERRED TAX

The movements in deferred tax assets are as follows:

	2025					
	Losses available for offsetting against future taxable profits RMB'000	Impairment provision for assets RMB'000	Deferred income RMB'000	Lease liabilities RMB'000	Others RMB'000	Total RMB'000
At 31 December 2024 and at 1 January 2025	174,246	17,861	30,586	45,997	55,911	324,601
Acquisition of subsidiaries	579	891	901	4,182	2,829	9,382
Deferred tax credited/(charged) to profit or loss during the year	86,213	5,582	2,764	3,939	(9,790)	88,708
Deferred tax assets at 31 December 2025	261,038	24,334	34,251	54,118	48,950	422,691

	2024					
	Losses available for offsetting against future taxable profits RMB'000	Impairment provision for assets RMB'000	Deferred income RMB'000	Lease liabilities RMB'000	Others RMB'000	Total RMB'000
At 31 December 2023 and at 1 January 2024	135,252	10,394	27,919	39,629	88,809	302,003
Deferred tax credited/(charged) to profit or loss during the year	38,994	7,467	2,667	6,368	(32,898)	22,598
Deferred tax assets at 31 December 2024	174,246	17,861	30,586	45,997	55,911	324,601

21. DEFERRED TAX (CONTINUED)

The movements in deferred tax liabilities are as follows:

	2025					
	Fair value gains arising from acquisition of subsidiaries RMB'000	Accelerated tax depreciation RMB'000	Fair value gain arising from financial instruments RMB'000	Fair value gain arising from biological assets RMB'000	Right-of-use assets RMB'000	Total RMB'000
At 1 January 2025	57,070	235,399	14,025	61,610	55,680	423,784
Deferred tax charged/(credited) to profit or loss during the year	(6,543)	85,844	(594)	(5,483)	(7,481)	65,743
Acquisition of subsidiaries	61,769	405	–	–	2,720	64,894
Charge to other comprehensive income	–	–	4,028	–	–	4,028
Exchange realignment	(1,514)	–	–	–	–	(1,514)
Deferred tax liabilities at 31 December 2025	110,782	321,648	17,459	56,127	50,919	556,935

	2024					
	Fair value gain arising from acquisition of subsidiaries RMB'000	Accelerated tax depreciation RMB'000	Fair value gain arising from financial instruments RMB'000	Fair value gain arising from biological assets RMB'000	Right-of-use assets RMB'000	Total RMB'000
At 1 January 2024	61,604	217,820	10,181	63,436	85,783	438,824
Deferred tax charged/(credited) to profit or loss during the year	(6,951)	17,579	10,555	(1,826)	(30,103)	(10,746)
Credit to other comprehensive income	–	–	(6,711)	–	–	(6,711)
Exchange realignment	2,417	–	–	–	–	2,417
Deferred tax liabilities at 31 December 2024	57,070	235,399	14,025	61,610	55,680	423,784

During the reporting period, deferred tax assets and liabilities related to business combinations under non-controlling interests are disclosed based on their individual gross balances, whereas the consolidated financial statements present them on a net basis, resulting in variances between the disclosed amounts and the reported figures.

21. DEFERRED TAX (CONTINUED)

As at 31 December 2025, certain deferred tax assets and liabilities with an amount of RMB159,784,000 (2024: RMB131,917,000) have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	2025 RMB'000	2024 RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	**262,907**	192,684
Net deferred tax liabilities recognised in the consolidated statement of financial position	**397,151**	291,867

In accordance with PRC laws and regulations, tax losses could be carried forward for five years to offset against future taxable profits. According to the Notice 2018 No.76 of the Ministry of Finance, from 1 January 2018, the enterprises that have the qualifications of High and New Technology Enterprise will be able to make up for the losses that have not been completed in the previous five years before the qualification year. Therefore, certain PRC companies' longest tax loss carried-over period is extended from 5 years to 10 years. For the Group's subsidiaries in the U.S. and the U.K., losses can be carried over indefinitely. Deferred tax assets relating to unutilised tax losses are recognised to the extent that it is probable that sufficient taxable profit will be available to allow such deferred tax assets to be utilised.

The Group had unrecognised temporary differences and unused tax losses available for offsetting against future profits of RMB4,171,069,000 as at 31 December 2025 (2024: RMB2,665,271,000), and the deferred tax assets have not been recognised. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

22. OTHER NON-CURRENT ASSETS

	2025 RMB'000	2024 RMB'000
Prepayments for purchase of property, plant and equipment	**465,276**	155,441
Deposits	**42,723**	36,543
Financial assets at amortised cost	**16,127**	23,709
	524,126	215,693

As at 31 December 2025 and 2024, the financial assets included in other non-current assets of the Group were considered to be of low credit risk and thus the Group has assessed that the ECLs for deposits are immaterial under the 12-month expected credit loss method.

23. INVENTORIES

	2025 RMB'000	2024 RMB'000
Raw materials and consumables	**705,283**	531,489
Impairment	**(64,125)**	(44,678)
	641,158	486,811

24. CONTRACT COSTS

	2025 RMB'000	2024 RMB'000
Costs to fulfill contracts	**422,816**	211,572

25. TRADE AND BILLS RECEIVABLE

	2025 RMB'000	2024 RMB'000
Trade receivables	**2,846,081**	2,492,541
Bills receivable	**14,807**	4,603
Allowance for impairment	**(138,975)**	(83,515)
	2,721,913	2,413,629

The Group's trading terms with its customers are mainly on credit. The credit period is generally one month, extending up to three months for major customers. 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. In view of the aforementioned and the fact that the Group's trade receivables relate to various diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade and bills receivable balances. The balances of trade receivables are non-interest-bearing.

Included in the trade receivables were amounts due from related parties of RMB79,643,000 as at December 31, 2025 (2024: RMB75,356,000), which was repayable on credit terms similar to those offered to the major customers of the Group.

25. TRADE AND BILLS RECEIVABLE (CONTINUED)

An ageing analysis of gross carrying amount of the trade and bills receivables as at the end of each Reporting Period, based on the invoice date, is as follows:

	2025 RMB'000	2024 RMB'000
Within 1 year	**2,678,109**	2,371,741
1 year to 2 years	**116,345**	88,762
More than 2 years	**66,434**	36,641
	2,860,888	2,497,144

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

	2025 RMB'000	2024 RMB'000
At beginning of year	**83,515**	74,461
Impairment losses, net	**77,032**	40,783
Write-offs	**(21,534)**	(31,890)
Exchange realignment	**(38)**	161
	138,975	83,515

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

An impairment analysis is performed at the end of each Reporting Period using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the end of each Reporting Period about past events, current conditions, and forecasts of future economic conditions. Generally, trade and bills receivables are written off if past due for more than two years and are not subject to enforcement activity.

25. TRADE AND BILLS RECEIVABLE (CONTINUED)

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

	2025		
	Expected credit loss rate	**Gross carrying amount RMB'000**	**Expected credit losses RMB'000**
Within 1 year	**0.99%**	**2,678,109**	**26,545**
1 to 2 years	**39.53%**	**116,345**	**45,996**
Over 2 years	**100.00%**	**66,434**	**66,434**
		2,860,888	**138,975**

	2024		
	Expected credit loss rate	Gross carrying amount RMB'000	Expected credit losses RMB'000
Within 1 year	0.79%	2,371,741	18,816
1 to 2 years	31.61%	88,762	28,058
Over 2 years	100.00%	36,641	36,641
		2,497,144	83,515

26. CONTRACT ASSETS

	2025 RMB'000	2024 RMB'000
Contract assets	**477,426**	468,063
Allowance for impairment	**(11,594)**	(10,252)
	465,832	457,811

The contract assets primarily relate to the Group's right to consideration for the work completed and not billed. The contract assets are transferred to trade receivables when the rights become unconditional.

Included in the contract assets was an amount due from related parties of RMB15,519,000 as at 31 December 2025 (2024: RMB5,553,000), which was repayable on credit terms similar to those offered to the major customers of the Group.

The expected timing of recovery or settlement is generally within one year.

The movements in the loss allowance for impairment of contract assets are as follows:

	2025 RMB'000	2024 RMB'000
At beginning of year	**10,252**	8,098
Impairment losses, net	**3,247**	2,164
Write-off	**(1,900)**	(13)
Exchange realignment	**(5)**	3
	11,594	10,252

The Group has applied the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all contract assets. To measure the ECLs, contract assets have been grouped based on shared credit risk characteristics and the days past due. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions, and forecasts of future economic conditions.

26. CONTRACT ASSETS (CONTINUED)

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

	2025	2024
Expected credit loss	**2.43%**	2.19%
Gross carrying amount (RMB'000)	**477,426**	468,063
Impairment (RMB'000)	**(11,594)**	(10,252)

27. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2025 RMB'000	2024 RMB'000
Financial assets at amortized cost (i)	**885,649**	257,274
Prepayments	**18,917**	13,542
Deposits and other receivables	**38,163**	49,620
Prepaid expenses	**125,643**	115,844
Tax recoverable	**281,735**	342,330
Others	**13,905**	31,221
	1,364,012	809,831

(i) Financial assets at amortised cost are mainly the reverse-repurchase products of the national debt with fixed interest rates.

As at the end of the reporting period, other receivables of the Group were considered to be of low credit risk and thus the Group has assessed that the ECLs for other receivables were immaterial under the 12-month expected loss method.

28. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group entered into purchase agreements of wealth management products with banks and other financial institutions. The expected rates of return ranged from 1.26% to 5.80% per annum for the year ended 31 December 2025 (2024: 1.73% to 3.17%), which were determined by reference to the returns of the underlying investment portfolio.

29. DERIVATIVE FINANCIAL INSTRUMENTS

	2025 RMB'000	2024 RMB'000
Current assets		
Derivatives under hedge accounting		
Cash flow hedges -Foreign currency forward contracts	**22,550**	5,063
Current liabilities		
Derivatives under hedge accounting		
Cash flow hedges -Foreign currency forward contracts	**–**	47,165

Cash flow hedges – Foreign currency risk

Foreign currency forward contracts are designated as hedging instruments in cash flow hedges of foreign currency rate risk arising from forecast sales in USD. The balances of foreign currency forward contracts vary with the level of expected foreign currency sales and changes in foreign currency forward rates.

There is an economic relationship between the hedged items and the hedging instruments as the terms of the foreign currency forward contracts match the terms of the expected highly probable forecast transactions. The Group has established a hedge ratio of 1:1 for the hedging relationships as the underlying risks of the foreign currency forward contracts are identical to the hedged risk components. The cash flow hedges were assessed to be highly effective.

Hedge ineffectiveness can arise from:

- Differences in the timing of the cash flows of the forecasted sales and the hedging instruments;
- Changes to the forecasted amounts of cash flows of hedged items and hedging instruments.

29. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Cash flow hedges – Foreign currency risk (Continued)

The Group holds the following foreign currency forward contracts:

	Less than 6 months USD'000	Total USD'000
As at 31 December 2025		
Foreign currency risk		
– Foreign currency forward contracts	270,000	270,000
Average forward rates (USD/RMB)	7.0796	7.0796

The impacts of the hedging instruments on the consolidated statement of financial position are as follows:

	Notional amount USD'000	Carrying amount assets RMB'000	Carrying amount liabilities RMB'000	Line item in the statement of financial position
As at 31 December 2025				
Foreign currency risk				
– Foreign currency forward contracts	270,000	22,550	–	Derivative financial instruments assets/liabilities

The impacts of the hedged items on the consolidated statement of financial position are as follows:

	Cash flow hedge reserve RMB'000
As at 31 December 2025	
Foreign currency risk	
– Foreign currency forward contracts	5,035

29. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Cash flow hedges – Foreign currency risk (Continued)

The effects of the cash flow hedge on the consolidated statement of profit or loss and the consolidated statement of comprehensive income are as follows:

	Total hedging loss recognised in other comprehensive income RMB'000	Amount reclassified from other comprehensive income to profit or loss RMB'000	Line item in the statement of profit or loss
As at 31 December 2025			
Foreign currency risk			
– Foreign currency forward contracts	**52,592**	**25,740**	**Revenue/Other Expenses**

The Group holds the following foreign currency forward contracts:

	Less than 6 months USD'000	Total USD'000
As at 31 December 2024		
Foreign currency risk		
– Foreign currency forward contracts	290,000	290,000
Average forward rates (USD/RMB)	7.1310	7.1310

The impacts of the hedging instruments on the consolidated statement of financial position are as follows:

	Notional amount USD'000	Carrying amount assets RMB'000	liabilities RMB'000	Line item in the statement of financial position
As at 31 December 2024				
Foreign currency risk				
– Foreign currency forward contracts	290,000	5,063	47,165	Derivative financial instruments liabilities

29. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Cash flow hedges – Foreign currency risk (Continued)

The impacts of the hedged items on the consolidated statement of financial position are as follows:

	Cash flow hedge reserve RMB'000
As at 31 December 2024	
Foreign currency risk	
– Foreign currency forward contracts	(17,789)

The effects of the cash flow hedge on the consolidated statement of profit or loss and the consolidated statement of comprehensive income are as follows:

	Total hedging loss recognised in other comprehensive income RMB'000	Amount reclassified from other comprehensive income to profit or loss RMB'000	Line item in the statement of profit or loss
As at 31 December 2024			
Foreign currency risk			
– Foreign currency forward contracts	(170,311)	(125,573)	Revenue/Other Expenses

30. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	2025 RMB'000	2024 RMB'000
Cash and cash equivalents	**842,690**	1,623,072
Pledged deposits	**174,792**	66,844
	1,017,482	1,689,916

30. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS (CONTINUED)

	2025 RMB'000	2024 RMB'000
Cash and cash equivalents and pledged deposits		
Denominated in		
– RMB	**397,201**	749,686
– USD	**405,479**	748,169
– GBP	**172,447**	158,116
– HKD	**11,386**	16,238
– Others	**30,969**	17,707
	1,017,482	1,689,916

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

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

Pledged deposits earn interest at interest rates stipulated by the respective financial institutions. Pledged deposits represent the amounts pledged to issue letters of credit and deposits for environmental protection.

31. INTEREST-BEARING BANK BORROWINGS

	2025			2024		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current						
Bank loans – secured (b)	**2.35-2.85**	**2026**	**273,074**	2.45-3.36	2025	64,879
Bank loans – unsecured	**1.80-3.53**	**2026**	**4,493,415**	1.70-3.53	2025	982,430
			4,766,489			1,047,309
Non-current						
Bank loans – secured (a)&(b)	**2.35-2.85**	**2027~2032**	**1,290,658**	2.45-3.36	2026-2032	732,832
Bank loans – unsecured	**2.95**	**2027~2032**	**481,148**	3.05-3.53	2026-2032	3,644,536
			1,771,806			4,377,368
			6,538,295			5,424,677

31. INTEREST-BEARING BANK BORROWINGS (CONTINUED)

Analysis into:

	2025 RMB'000	2024 RMB'000
Bank loans and other borrowings repayable:		
Within one year	**4,766,489**	1,047,309
In the second year	**351,759**	3,379,020
In the third to fifth years, inclusive	**1,106,201**	574,771
Beyond five years	**313,846**	423,577
	6,538,295	5,424,677

(a) As at 31 December 2025, the bank loans with an amount of RMB1,563,732,000 (2024: RMB797,711,000) were secured by certain assets, such as buildings, land and equipment and right-of-use assets.

(b) As at 31 December 2025, certain borrowings of the Group were secured by share pledges of subsidiaries, and the relevant pledge registration formalities had not yet been completed.

32. TRADE PAYABLES

Trade payables are non-interest-bearing and normally settled on terms of one to three months.

An ageing analysis of the trade payables as at the end of each Reporting Period, based on the invoice date, is as follows:

	2025 RMB'000	2024 RMB'000
Within 1 year	**599,085**	472,489
Over 1 year	**7,505**	4,600
	606,590	477,089

The amount of trade payables due to a related party was RMB26,000 as at December 31, 2025 (2024: RMB nil).

33. OTHER PAYABLES AND ACCRUALS

	2025 RMB'000	2024 RMB'000
Staff payroll and welfare payables	**913,951**	753,135
Payables for acquisition of plant and equipment	**495,183**	525,883
Payables for acquisition of equity interests in subsidiaries	**102,042**	14,758
Accrued expenses	**126,292**	107,922
Other tax payable	**73,986**	58,974
Dividend payable to non-controlling interest	**9,998**	–
Others	**52,963**	47,327
	1,774,415	1,507,999

34. CONTRACT LIABILITIES

	2025 RMB'000	2024 RMB'000
Short-term advances of delivery of services	**960,613**	834,858

Included in the contract liabilities was an amount due to related parties of RMB3,540,000 as at 31 December 2025 (2024: RMB1,994,000), which was repayable on credit terms similar to those offered by the related party to their major customers.

35. LEASE LIABILITIES

	2025 RMB'000	2024 RMB'000
Current		
Lease liabilities	**122,698**	149,508
Non-current		
Lease liabilities	**379,423**	401,307
	502,121	550,815

35. LEASE LIABILITIES (CONTINUED)

The movements of the lease liabilities during each reporting period are as follows:

	2025 RMB'000	2024 RMB'000
Carrying amount at 1 January	**550,815**	770,513
New leases	**78,440**	58,922
Additions as a result of acquisition of subsidiaries (note 40)	**19,588**	–
Accretion of interest recognised during the year	**22,754**	27,791
Payments	**(178,842)**	(197,424)
Revision of a lease term arising from a change in the non-cancellable period of a lease	**–**	(106,453)
Charges on value-added tax	**11,585**	6,850
Exchange realignment	**(2,219)**	(9,384)
Carrying amount at 31 December	**502,121**	550,815

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

	2025 RMB'000	2024 RMB'000
Interest on lease liabilities	**22,754**	27,791
Depreciation charge of right-of-use assets	**165,621**	179,432
Total amount recognised in profit or loss	**188,375**	207,223

36. DEFERRED INCOME

	2025 RMB'000	2024 RMB'000
Government grants	**442,865**	409,978

	2025 RMB'000	2024 RMB'000
At the beginning of the year	**409,978**	391,707
Government grants received	**58,540**	40,184
Credited to profit or loss	**(28,160)**	(22,160)
Exchange realignment	**2,507**	247
At the end of the year	**442,865**	409,978

The Group received government grants for capital expenditure incurred for the acquisition of plant and equipment. The amounts are deferred and amortised over the estimated useful lives of the respective assets.

37. SHARE CAPITAL

	2025 RMB'000	2024 RMB'000
Issued and fully paid:		
1,778,842,866 (2024:1,778,195,525) ordinary shares	**1,778,843**	1,778,196

37. SHARE CAPITAL (CONTINUED)

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	Share capital RMB'000
At 1 January 2024	1,787,394,297	1,787,394
Restricted A shares granted	409,516	410
Cancellation of treasury A shares	(9,608,288)	(9,608)
At 1 January 2025	1,778,195,525	1,778,196
Restricted A shares granted	647,341	647
At 31 December 2025	1,778,842,866	1,778,843

	Treasury shares RMB'000
At 1 January 2024	463,453
Repurchased	285,906
Vested	(132,996)
Cancelled	(200,092)
At 31 December 2024	416,271
Repurchased	**6,713**
Vested	**(118,092)**
At 31 December 2025	**304,892**

38. SHARE OPTION SCHEME

2021 Pharmaron A Share Incentive Scheme

On 12 July 2021, the shareholders of the Company passed a resolution to issue up to 774,200 A Shares of the Company under the 2021 Pharmaron A Share Incentive Scheme consisting of Restricted A shares and share options. On 27 July 2021, 774,200 restricted A shares of the Company were approved to be granted to eligible employees at the price of RMB70.17 per A Share and the grant date was 27 July 2021. These granted restricted A Shares have a contractual term of no more than five years and will be unlocked over a four-year period, with 25%, 25%, 25% and 25% of the awards unlocking on the first, second, third and fourth anniversary dates of the A Share registration date upon meeting certain annual performance conditions. Pursuant to the black-out period provisions of the 2021 Pharmaron A Share Incentive Scheme, employees shall not transfer the A Shares which fulfil the unlocking conditions to any third party in any form within six months from each unlocking anniversary date.

As a result of the implementation of the 2024 Profit Distribution and pursuant to the Management Measures for Share Incentives of Listed Companies and the 2021 Pharmaron A Share Incentive Scheme, on 21 August 2025, the Board has resolved to adjust the grant price of Restricted A Shares granted under the 2021 Pharmaron A Share Incentive Scheme from RMB30.59 per A Share to RMB30.39 per A Share.

The following share units were outstanding under this scheme during the year:

	2025		2024	
	Subscription price RMB per share	**Number of restricted A shares '000**	Subscription price RMB per share	Number of restricted A shares '000
At 1 January	**30.59**	**372**	30.79	765
Forfeited during the year	**30.59**	**(42)**	30.79	(22)
Exercised during the year	**30.39**	**(330)**	30.59	(371)
At 31 December	**30.39**	**–**	30.59	372

For the year ended 31 December 2025, the Group has recorded share-based compensation expenses of RMB605,000 (2024: RMB7,418,000) in relation to the 2021 Pharmaron A Share Incentive Scheme.

38. SHARE OPTION SCHEME (CONTINUED)

2022 Pharmaron A Share Incentive Scheme

On 31 May 2022, the shareholders have resolved to adopt the 2022 Pharmaron A Share Incentive Scheme, pursuant to which, the maximum number of restricted A shares to be issued by the Company is 1,548,800 A shares, representing approximately 0.20% of the Company's total number of issued shares at the time of the adoption of the scheme. The granted Restricted A Shares shall be vested over a four-year period, with 25%, 25%, 25% and 25% of total shares vesting on each anniversary date after the vesting commencement date upon meeting certain performance conditions.

As a result of the implementation of the 2024 Profit Distribution and pursuant to the Management Measures for Share Incentives of Listed Companies and the 2022 Pharmaron A Share Incentive Scheme, on 21 August 2025, the Board has resolved to adjust the grant price of Restricted A Shares granted under the 2022 A Pharmaron Share Incentive Scheme from RMB25.35 per A Share to RMB25.15 per A Share.

The following share units were outstanding under this scheme during the year:

	2025		2024	
	Subscription price RMB per share	**Number of restricted A shares '000**	Subscription price RMB per share	Number of restricted A shares '000
At 1 January	**25.35**	**1,408**	25.55	2,360
Forfeited during the year	**25.35**	**(44)**	25.55	(249)
Exercised during the year	**25.15**	**(682)**	25.35	(703)
At 31 December	**25.15**	**682**	25.35	1,408

The outstanding units at 31 December 2025 had a remaining contractual life of 0.58 years (2024:0.58-1.58 years).

For the year ended 31 December 2025 the Group has recorded share-based compensation expenses of RMB5,243,000 (2024: RMB15,524,000) in relation to the 2022 Pharmaron A Share Incentive Scheme.

38. SHARE OPTION SCHEME (CONTINUED)

2023 Pharmaron A Share Incentive Scheme

On 7 July 2023, the shareholders have resolved to adopt the 2023 Pharmaron A Share Incentive Scheme, pursuant to which, the maximum number of restricted A shares to be issued by the Company is 1,470,300 A shares, representing approximately 0.20% of the Company's total number of issued shares at the time of the adoption of the scheme. The granted Restricted A Shares shall be vested over a four-year period, with 25%, 25%, 25% and 25% of total shares vesting on each anniversary date after the vesting commencement date upon meeting certain performance conditions.

As a result of the implementation of the 2024 Profit Distribution, and pursuant to the Management Measures and the 2023 Pharmaron A Share Incentive Scheme, on 21 August 2025, the Board has resolved to adjust the grant price of Restricted A Shares granted under the 2023 Pharmaron A Share Incentive Scheme from RMB18.65 per A Share to RMB18.45 per A Share.

The following share units were outstanding under this scheme during the year:

	2025		2024	
	Subscription price RMB per share	**Number of restricted A shares '000**	Subscription price RMB per share	Number of restricted A shares '000
At 1 January	**18.65**	**1,546**	28.58	1,470
Forfeited during the year	**18.65**	**(635)**	18.65	(655)
Exercised during the year	**18.45**	**–**	18.65	(4)
Share dividend	**–**	**–**	–	735
At 31 December	**18.45**	**911**	18.65	1,546

The outstanding units at 31 December 2025 had a remaining contractual life of 0.52-1.52 years (2024:0.52-2.52 years).

For the year ended 31 December 2025, the Group has recorded share-based compensation expenses of RMB1,012,000 (2024: RMB1,589,000) in relation to the 2023 Pharmaron A Share Incentive Scheme.

38. SHARE OPTION SCHEME (CONTINUED)

The First H Share Award and Trust Scheme

The Company adopted an H share award and trust scheme (the "H Share Scheme"), comprised of the Employee Share Award Plan (the "ESAP") and the Share Bonus Plan, for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the H Share Scheme include any individual, being a Director, senior management, key operating team member, employee.

The H Share Scheme was approved in the 2020 Third Extraordinary General Meeting of the Company on 11 December 2020 and will remain in force for 10 years from that date. The proposal to increase the authorised limit under the H Share Scheme (from 17,865,000 shares to 35,563,910 shares) was approved by the board of directors on 26 March 2025 and the shareholders of the Company at the 2024 Annual General Meeting on 20 June 2025.

On 14 December 2020, the extraordinary general meeting of the Company passed a resolution to grant 776,100 H Shares of the Company to 81 eligible employees under the H Share Scheme. The awards shall be vested over a four-year period, with 25%, 25%, 25% and 25% of total options vesting on each anniversary date after the vesting commencement date upon meeting certain sales performance conditions.

On 1 April 2022, the Management Committee of the H Share Scheme has resolved to grant awards of a total of 751,110 H Shares to 44 eligible employees. All of the relevant granted H Shares shall be vested over a four-year period, with 25%, 25%, 25% and 25% of total shares vesting on each anniversary date after the respective vesting commencement date upon meeting certain vesting conditions.

The outstanding units at 31 December 2025 had a remaining contractual life of 0.25 years (2024:0.25-1.25 years).

On 31 May 2022, the management committee of the H Share Scheme has further resolved to grant awards of a total of 7,588,450 H Shares to 131 eligible employees. All of the relevant granted H Shares shall be vested over a four-year period, with 25%, 25%, 25% and 25% of total shares vesting on each anniversary date after the respective vesting commencement date upon meeting certain vesting conditions.

The outstanding units at 31 December 2025 had a remaining contractual life of 0.42 years (2024:0.42-1.42 years).

On 29 August 2023, the management committee of the H Share Scheme has further resolved to grant awards of a total of 1,942,071 H Shares to 121 eligible employees. All of the relevant granted H Shares shall be vested over a four-year period, with 25%, 25%, 25% and 25% of total shares vesting on each anniversary date after the respective vesting commencement date upon meeting certain vesting conditions.

The outstanding units at 31 December 2025 had a remaining contractual life of 0.66-1.66 years (2024:0.66-2.66 years).

38. SHARE OPTION SCHEME (CONTINUED)

The First H Share Award and Trust Scheme (continued)

On 29 August 2023, the management committee of the H Share Scheme has further resolved to grant awards of a total of 112,500 H Shares to 2 eligible employees. All of the relevant granted H Shares shall be vested over a two-year period, with 50% and 50% of total shares vesting on each anniversary date after the respective vesting commencement date upon meeting certain vesting conditions.

On 2 July 2025, the management committee of the H Share Scheme has further resolved to grant awards of a total of 5,396,470 H Shares to 546 eligible employees. All of the relevant granted H Shares shall be vested over a four-year period, with 25%, 25%, 25% and 25% of total shares vesting on each anniversary date after the respective vesting commencement date upon meeting certain vesting conditions.

The fair value of the award shares under the H Share Scheme amounting to RMB63,835,000 as at the grant date was determined using the Black-Scholes model by factoring the black-out period into the option pricing model. The fair value and corresponding inputs into the model were as follows:

	ESAP granted on 2 July 2025
Grant date H Share price (HKD)	12.98
Expected volatility in the black-out period	81.34%
Expected life (years)	0.50-3.50
Risk-free interest rate	1.451%

On 2 July 2025, the management committee of the H Share Scheme has further resolved to grant awards of a total of 2,103,398 H Shares to 241 eligible employees. All of the relevant granted H Shares shall be vested over a two-year period, with 50% and 50% of total shares vesting on each anniversary date after the respective vesting commencement date upon meeting certain vesting conditions.

The fair value of the award shares under the H Share Scheme amounting to RMB24,881,000 as at the grant date was determined using the Black-Scholes model by factoring the black-out period into the option pricing model. The fair value and corresponding inputs into the model were as follows:

	ESAP granted on 2 July 2025
Grant date H Share price (HKD)	12.98
Expected volatility in the black-out period	81.34%
Expected life (years)	0.50-1.50
Risk-free interest rate	1.451%

On 2 July 2025, the management committee of the H Share Scheme has further resolved to grant awards of a total of 3,217,500 H Shares to 25 eligible employees. All of the relevant granted H Shares shall be vested over a one-year period, with 100% of total shares vesting on the anniversary date after the vesting commencement date upon meeting certain vesting conditions.

38. SHARE OPTION SCHEME (CONTINUED)

The First H Share Award and Trust Scheme (continued)

The fair value of the award shares under the H Share Scheme amounting to RMB38,060,000 as at the grant date was determined using the Black-Scholes model by factoring the black-out period into the option pricing model. The fair value and corresponding inputs into the model were as follows:

	ESAP granted on 2 July 2025
Grant date H Share price (HKD)	12.98
Expected volatility in the black-out period	81.34%
Expected life (years)	0.50
Risk-free interest rate	1.451%

The following H shares options were outstanding under the H Share Scheme during the year:

	2025 shares'000	2024 shares'000
At 1 January	**7,496**	12,020
Granted during the year	**10,717**	–
Exercised during the year	**(3,117)**	(3,269)
Forfeited during the year	**(1,541)**	(1,255)
At 31 December	**13,555**	7,496

For the year ended 31 December 2025, the Group has recorded share-based compensation expenses of RMB74,147,000 (2024: RMB64,745,000) in relation to the H Share Scheme.

Share Incentive Plan of Subsidiaries

In 2021, certain subsidiaries of the Group granted 857,000 share options to eligible employees to attract and motivate personnel and promote the success of the subsidiaries.

The Group recognised share-based compensation expenses of RMB579,000 (2024: RMB1,832,000) during the year ended 31 December 2025.

39. RESERVES

(i) Statutory reserve

In accordance with the Company Law of the People's Republic of China, the companies in the PRC are required to allocate 10% of the after – tax profits to the statutory reserve until the cumulative total of the reserve reaches 50% of the companies registered capital. Subject to approval from the relevant PRC authorities, the statutory reserve may be used to offset any accumulated losses or increase the registered capital of the companies. The statutory reserve is not available for dividend distribution to shareholders of the PRC subsidiaries.

39. RESERVES (CONTINUED)

(ii) Capital reserve

The capital reserve of the Group represents the reserve arising from the historical reorganisation of subsidiaries and the impact of passive dilution of equity interest in an associate.

(iii) Exchange fluctuation reserve

The exchange fluctuation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the Group's presentation currency.

40. BUSINESS COMBINATIONS

On 25 February 2025, the Group acquired 51.39% equity interest in Aistarfish Technology Co., Ltd. ("Aistarfish Technology") from a third party and was able to exercise control over Aistarfish Technology. Aistarfish Technology is a leading enterprise in the field of digital case management for cancer patients in China, possessing proprietary digital and artificial intelligence technology platforms. The purchase consideration for the acquisition was in the form of cash, amounting to RMB184,996,000, which has been paid in 2025.

The fair values of the identifiable assets and liabilities of Aistarfish Technology as at the date of acquisition were as follows:

	Notes	Fair value recognised on acquisition RMB'000
Property, plant and equipment	14	418
Right-of-use assets	15	1
Other intangible assets	17	92,428
Trade receivables		3,893
Inventories		1,171
Prepayments, other receivables and other assets		1,930
Cash and cash equivalents		34,243
Interest-bearing borrowings – short term		(11,331)
Trade payables		(80)
Contract liabilities		(205)
Accruals and other payables		(32,119)
Deferred tax liabilities	21	(13,670)
Total identifiable net assets at fair value		76,679
Non-controlling interests		(37,275)
Goodwill on acquisition	16	145,592
Satisfied by cash		184,996

40. BUSINESS COMBINATIONS (CONTINUED)

An analysis of the cash flows in respect of the acquisition of this subsidiary is as follows:

	RMB'000
Cash consideration	(184,996)
Cash and cash equivalents acquired	34,243
Net outflow of cash and cash equivalents included in cash flows from investing activities	(150,753)

Since the acquisition, Aistarfish Technology contributed RMB27,054,000 to the Group's revenue and caused a loss of RMB53,043,000 to the consolidated profit of the year ended 31 December 2025.

Had the combination taken place at the beginning of the year, the revenue of the Group and the profit of the Group for the year would have been RMB14,098,784,000 and RMB1,551,694,000, respectively.

On 16 July 2025, the Group acquired 100% equity interest in MedData Kangming (Beijing) Technology Co., Ltd. ("MedData Kangming") through one of its subsidiaries, Aistarfish Technology and was able to exercise control over MedData Kangming. MedData Kangming primarily engaged in the provision of bioscience services in the fields of engineering and technical research and development, and medical research and experimental development (excluding human stem cell, gene diagnosis and therapy technology development and application). The purchase consideration for the acquisition was in the form of cash, amounting to RMB35,000,000, which has been paid in 2025.

The fair values of the identifiable assets and liabilities of MedData Kangming as at the date of acquisition were as follows:

	Notes	Fair value recognised on acquisition RMB'000
Other intangible assets	17	2,200
Prepayments, other receivables and other assets		10,000
Accruals and other payables		(10,660)
Deferred tax liabilities	21	(550)
Total identifiable net assets at fair value		990
Goodwill on acquisition	16	34,010
Satisfied by cash		35,000

40. BUSINESS COMBINATIONS (CONTINUED)

An analysis of the cash flows in respect of the acquisition of this subsidiary is as follows:

	RMB'000
Cash consideration	(35,000)
Net outflow of cash and cash equivalents included in cash flows from investing activities	(35,000)

Since the acquisition, MedData Kangming mainly provided services to entities within the Group, therefore, it contributed nil to the Group's revenue and a loss of RMB1,108,000 to the consolidated profit of the Group for the year ended 31 December 2025.

Had the combination taken place at the beginning of the year, the revenue of the Group and the profit of the Group for the year would have been RMB14,095,103,000 and RMB1,553,990,000, respectively.

On 28 October 2025, the Group entered into a series of equity transfer agreements with various parties (including the related parties of the Group), pursuant to which the Group agreed to acquire 82.54% of the equity interest in Biortus Biosciences Co. Ltd. ("Biortus Biosciences") at a total consideration of approximately RMB1,345,822,000. The acquisition was completed on 24 November 2025 when the Group was able to exercise control over Biortus Biosciences. Biortus Biosciences is principally engaged in provision of CRO services for new drug R&D related to structural biology, with strength and comparative advantage in cryo-electron microscopy analysis. The purchase consideration for the acquisition was in the form of cash, with RMB1,318,614,200 paid in 2025 and the remaining RMB27,207,800 was expected to be paid in 2026.

40. BUSINESS COMBINATIONS (CONTINUED)

The fair values of the identifiable assets and liabilities of Biortus Biosciences as at the date of acquisition were as follows:

	Notes	Fair value recognised on acquisition RMB'000
Property, plant and equipment	14	162,758
Right-of-use assets	15	19,123
Other intangible assets	17	317,402
Deferred tax assets	21	6,257
Other non-current assets		5,678
Trade receivables		52,295
Inventories		17,244
Prepayments, other receivables and other assets		7,782
Cash and cash equivalents		393,712
Trade payables		(14,007)
Contract liabilities		(2,742)
Accruals and other payables		(26,269)
Lease liabilities – short term	35	(5,235)
Lease liabilities – long term	35	(14,353)
Deferred income		(6,005)
Deferred tax liabilities	21	(47,549)
Total identifiable net assets at fair value		866,091
Non-controlling interests		(151,221)
Goodwill on acquisition	16	630,952
Satisfied by cash		1,345,822

An analysis of the cash flows in respect of the acquisition of this subsidiary is as follows:

	RMB'000
Cash consideration	(1,345,822)
Unpaid cash consideration included in other payables and accruals	27,208
Cash and cash equivalents acquired	393,712
Net outflow of cash and cash equivalents included in cash flows from investing activities	(924,902)

Since the acquisition, Biortus Biosciences contributed RMB35,704,000 to the Group's revenue and a profit of RMB11,263,000 to the consolidated profit of the Group for the year ended 31 December 2025.

Had the combination taken place at the beginning of the year, the revenue of the Group and the profit of the Group for the year would have been RMB14,343,566,000 and RMB1,611,862,000, respectively.

41. 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 RMB97,564,000 (2024:RMB58,922,000) and RMB98,028,000 (2024:RMB58,922,000), respectively, in respect of lease arrangements for plant and equipment.

(b) Changes in liabilities arising from financing activities

	Interest-bearing bank borrowings RMB'000	**Lease liabilities RMB'000**
At 1 January 2025	**5,424,677**	**550,815**
Changes from financing cash flows	**917,198**	**(178,842)**
New leases	**–**	**78,440**
Additions as a result of acquisition of subsidiaries	**11,331**	**19,588**
Interest expense	**195,341**	**22,754**
Charges on value-added tax	**–**	**11,585**
Foreign exchange movements	**(10,252)**	**(2,219)**
At 31 December 2025	**6,538,295**	**502,121**

	Interest-bearing bank borrowings RMB'000	Lease liabilities RMB'000	Convertible bonds RMB'000
At 1 January 2024	5,035,577	770,513	3,891,501
Changes from financing cash flows	187,628	(197,424)	(3,931,396)
New leases	–	58,922	–
Reassessment and revision of lease terms	–	(106,453)	–
Interest expense	199,164	27,791	34,387
Charges on value-added tax	–	6,850	–
Foreign exchange movements	2,308	(9,384)	5,508
At 31 December 2024	5,424,677	550,815	–

(c) Total cash outflow for leases

	2025 RMB'000	2024 RMB'000
Within financing activities	**176,146**	201,855

42. CONTINGENT LIABILITIES

As at the end of each reporting period, neither the Group nor the Company had any significant contingent liabilities.

43. PLEDGE OF ASSETS

Details of the Group's interest-bearing bank loans and other borrowings, which are secured by the assets of the Group, are included in note 31 to the consolidated financial statements.

As at 31 December 2025, there were pledged deposits of approximately RMB174,792,000 (2024: RMB66,844,000) for letters of credit and for environmental protection.

44. COMMITMENTS

(a) Capital commitments

	2025 RMB'000	2024 RMB'000
Contracted, but not provided for:		
Property, plant and equipment	**932,239**	1,089,215
Capital contributions payable to associates and equity investments at fair value through profit or loss	**345,222**	253,330
	1,277,461	1,342,545

45. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances detailed elsewhere in the consolidated financial statements, the Group had the following material transactions with related parties during the year:

(a) Transactions with related parties:

	2025 RMB'000	2024 RMB'000
Entities controlled by the close family members of the directors		
Provision of pharmaceutical R&D services (i)	**549**	685
Rental fee paid (ii)	**2,500**	2,500
Purchase of raw materials (iii)	**621**	–
Sewage treatment fee	**286**	–
Property management fee	**257**	–
Entities in which the directors act as key management personnel		
Provision of pharmaceutical R&D service (i)	**37,832**	56,760
Rental income (iv)	**117**	117

45. RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Transactions with related parties: (continued)

(i) The R&D service fees were determined according to the price list for similar nature and quantity of services provided to other clients.

(ii) The Group rented office from Ningbo Kanghui Technology Development Co., Ltd. with an annual rental fee of RMB2,500,000 paid.

(iii) The purchases from related parties were made according to the published prices and conditions similar offered by the related parties to their major customers.

(iv) The rental income from related party was the office rented to Kangjun Investment Management (Beijing) Co., Ltd.

(b) Compensation of key management personnel of the Group:

	2025 RMB'000	2024 RMB'000
Salaries and other benefits	**11,835**	12,048
Performance-related bonus	**12,280**	280
Social welfare benefits	**664**	639
	24,779	12,967

Further details of directors' and the chief executive's emoluments are included in note 9 to the financial statements.

(c) Other transactions with related parties:

In January, September and November 2025, the Company increased capital by RMB28,000,000, RMB22,400,000 and RMB18,200,000 respectively (RMB14,000,000 and RMB42,000,000 in April and July 2024 respectively), in cash to a related party, Ningbo Yongxin Kangjun Venture Capital Partnership (Limited Partnership), raising the Company's equity interest to 28.87%.

In November 2024, PharmaGend Global Medical Services Pte. Ltd., a related party sent an additional financing request of USD30,000,000 to all investors, to which the Company contributed USD10,500,000 in cash. In August 2025, the Company approved a further capital contribution of USD10,500,000. After the completion of the capital increase, the Company's cumulative investment in PharmaGend Global Medical Services Pte. Ltd. raised to USD38,500,000, representing a 32.38% equity interest. Subsequent to 31 December 2025, all the capital payments have been paid.

In November 2025, the Company acquired 82.54% equity interest in Biortus Biosciences Co. Ltd. from several parties, some of which are the Group's related parties. Specifically, the Company acquired 15.66% equity interest from Beijing Kangjun Ningyuan Equity Investment Partnership Enterprise (Limited Partnership) at cash consideration of RMB251,080,000, 4.54% equity interest from Ningbo Kangjun Zhongyuan Equity Investment Partnership Enterprise (Limited Partnership) at cash consideration of RMB111,008,000, 0.86% equity interest from Ningbo Yufeng Venture Capital Partnership (Limited Partnership) at cash consideration of RMB25,953,000 and 4.93% equity interest from Beijing Legend Wellcome Equity Investment Partnership (Limited Partnership) at cash consideration of RMB124,333,000.

45. RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Other transactions with related parties: (continued)

Details of the Group's trade balances with its related parties as at the end of the reporting period are disclosed in notes 25, 26, 32 and 34 to the financial statements and no non-trade balance is involved during the reporting period.

46. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

As at 31 December 2025		Financial assets at fair value through profit or loss		
Financial assets	Financial assets at amortised cost RMB'000	Equity investments at fair value through profit or loss RMB'000	Mandatorily designated as such RMB'000	Total RMB'000
Equity investments at fair value through profit or loss	–	518,451	–	518,451
Financial assets at fair value through profit or loss	–	–	714,073	714,073
Trade and bills receivable	2,721,913	–	–	2,721,913
Derivative financial instruments	–	–	22,550	22,550
Financial assets included in other non-current assets	58,850	–	–	58,850
Financial assets included in prepayments, other receivables and other assets	923,812	–	–	923,812
Pledged deposits	174,792	–	–	174,792
Cash and cash equivalents	842,690	–	–	842,690
	4,722,057	518,451	736,623	5,977,131

Financial liabilities	Financial liabilities at amortised cost RMB'000
Trade payables	606,590
Financial liabilities included in other payables and accruals	762,842
Interest-bearing bank borrowings	6,538,295
Lease liabilities	502,121
	8,409,848

46. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows: (continued)

As at 31 December 2024		Financial assets at fair value through profit or loss		
Financial assets	Financial assets at amortised cost RMB'000	Equity investments at fair value through profit or loss RMB'000	Mandatorily designated as such RMB'000	Total RMB'000
Equity investments at fair value through profit or loss	–	234,059	–	234,059
Financial assets at fair value through profit or loss	–	–	1,115,265	1,115,265
Trade and bills receivable	2,413,629	–	–	2,413,629
Derivative financial instruments	–	–	5,063	5,063
Financial assets included in other non-current assets	60,252	–	–	60,252
Financial assets included in prepayments, other receivables and other assets	306,894	–	–	306,894
Pledged deposits	66,844	–	–	66,844
Cash and cash equivalents	1,623,072	–	–	1,623,072
	4,470,691	234,059	1,120,328	5,825,078

Financial liabilities	Financial liabilities at fair value through profit or loss RMB'000	Financial liabilities at amortised cost RMB'000	Total RMB'000
Trade payables	–	477,089	477,089
Financial liabilities included in other payables and accruals	–	667,568	667,568
Interest-bearing bank borrowings	–	5,424,677	5,424,677
Lease liabilities	–	550,815	550,815
Derivative financial instruments	47,165	–	47,165
	47,165	7,120,149	7,167,314

47. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts of the Group's financial instruments approximate to their fair values.

Management has assessed that the fair values of cash and cash equivalents, trade receivables, financial assets included in prepayments, other receivables and other assets, current interest-bearing bank and other borrowings, trade payables, financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the non-current portion of interest-bearing bank borrowings has been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

The changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank borrowings as at the end of each reporting period were assessed to be insignificant.

The Group's corporate finance team is responsible for determining the policies and procedures for the fair value management of financial instruments. The corporate finance team reports directly to the chief financial officer and the board of directors. At each reporting date, the corporate finance team analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the board of directors for annual 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:

For the fair value of the unlisted equity investments at fair value through profit or loss, management has estimated the potential effect of using reasonably possible alternatives as inputs to the valuation model.

The Group invests in some wealth management products issued by banks. The Group has estimated the fair values of these unlisted investments by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

The Group uses derivative financial instruments, such as forward currency contracts, to hedge its foreign currency risk. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. The carrying amounts of forward currency contracts are the same as their fair values.

47. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Below are material unobservable inputs to the valuation of financial instruments together with a relationship of unobservable inputs to fair value as at 31 December 2025 and 2024:

	Valuation technique	Significant unobservable inputs (level 3)	Range	Relationship of unobservable inputs to fair value
Equity investments at fair value through profit or loss	Price of Last Round Method	Latest Transaction Price	–	The most recent financing price serves as a key input for fair value measurement, with higher prices generally indicating higher fair value
Fund investments at fair value through profit or loss	Net asset value of underlying investments	Net asset value	–	The higher net asset value, the higher the fair value

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value

	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
As at 31 December 2025				
Equity investments at fair value through profit or loss	–	–	518,451	518,451
Derivative financial instruments – foreign currency forward contracts	–	22,550	–	22,550
Financial assets at fair value through profit or loss	–	714,073	–	714,073
	–	736,623	518,451	1,255,074
As at 31 December 2024				
Equity investments at fair value through profit or loss	–	–	234,059	234,059
Derivative financial instruments – foreign currency forward contracts	–	5,063	–	5,063
Financial assets at fair value through profit or loss	–	1,115,265	–	1,115,265
	–	1,120,328	234,059	1,354,387

47. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy (continued)

Assets measured at fair value (continued)

The movements in fair value measurements within Level 3 during the year are as follows:

Equity investments at fair value through profit or loss	2025 RMB'000	2024 RMB'000
At 1 January	**234,059**	282,032
Purchase	**241,500**	5,108
Dividend	**(4,518)**	(51,753)
Gains/(losses) arising from changes in fair value	**47,542**	(1,576)
Exchange realignment	**(132)**	248
	518,451	234,059

Liabilities measured at fair value

The Group did not have any financial liabilities measured at fair value as at 31 December 2025.

	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
As at 31 December 2024				
Derivative financial instruments (liabilities)	–	47,165	–	47,165

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (2024: Nil).

48. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments, other than derivatives, comprise interest-bearing bank and other borrowings, reverse purchase products of national debt and cash and cash equivalents. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

Interest-bearing bank borrowings

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.

The Group's accounting policies in relation to derivatives are set out in note 2.4 to the financial statements.

Interest rate risk

The Group's exposure to the risk of changes in interest rates relates primarily to its interest-bearing bank loans and other borrowings with a floating interest rate.

The following table demonstrates the sensitivity to reasonably possible changes in interest rate, with all other variables held constant, of the Group's profit before tax (mainly the impact on floating rate borrowings) and the Group's equity.

	Increase/ (decrease) in basis points	(Decrease)/ increase in profit before tax RMB'000	(Decrease)/ increase in equity RMB'000
Year ended 31 December 2025	100/(100)	(22,939)/22,939	(19,498)/19,498
Year ended 31 December 2024	100/(100)	(12,704)/12,704	(10,798)/10,798

48. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units and financing activities in currencies other than the operating units' functional currencies.

In addition, the Group has currency exposures from its interest-bearing bank borrowings.

The following table details the Group's sensitivity to a 5% increase and decrease in the relevant foreign currency against the functional currency, of the Group's profit before tax and the Group's equity excluding the impact of retained earnings due to the changes of exchange fluctuation reserve. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of each reporting period for a 5% change in foreign currency rate.

	Increase/(decrease) in profit before tax RMB'000	**Increase/(decrease) in equity RMB'000**
Year ended 31 December 2025		
if RMB weakens against USD	**33,024**	**28,070**
if RMB strengthens against USD	**(33,024)**	**(28,070)**

	Increase/(decrease) in profit before tax RMB'000	Increase/(decrease) in equity RMB'000
Year ended 31 December 2024		
if RMB weakens against USD	25,123	21,355
if RMB strengthens against USD	(25,123)	(21,355)

Credit risk

The Group only trades 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.

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.

48. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (continued)

Maximum exposure and year-end staging (continued)

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
Contract assets*	–	–	–	465,832	465,832
Trade and bills receivables*	–	–	–	2,721,913	2,721,913
Financial assets included in prepayments, other receivables and other assets	923,812	–	–	–	923,812
Financial assets included in other non-current assets	58,850	–	–	–	58,850
Pledged deposits	174,792	–	–	–	174,792
Cash and cash equivalents	842,690	–	–	–	842,690
	2,000,144	–	–	3,187,745	5,187,889

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
Contract assets*	–	–	–	457,811	457,811
Trade and bills receivables*	–	–	–	2,413,629	2,413,629
Financial assets included in prepayments, other receivables and other assets	306,894	–	–	–	306,894
Financial assets included in other non-current assets	60,252	–	–	–	60,252
Pledged deposits	66,844	–	–	–	66,844
Cash and cash equivalents	1,623,072	–	–	–	1,623,072
	2,057,062	–	–	2,871,440	4,928,502

* For trade and bills receivables and contract assets to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in notes 25 and 26 to the financial statements, respectively.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 25 to the consolidated financial statements.

48. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

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 of cash flows.

The maturity profile of the Group's financial liabilities at the end of each reporting period, based on the contractual undiscounted payments, is as follows:

2025	Less than 1 year RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Interest-bearing bank borrowings	4,943,036	1,574,518	323,440	6,840,994
Trade payables	606,590	–	–	606,590
Financial liabilities included in other payables and accruals	762,842	–	–	762,842
Lease liabilities	142,045	337,334	90,947	570,326
	6,454,513	1,911,852	414,387	8,780,752

2024	Less than 1 year RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Interest-bearing bank borrowings	1,243,612	4,159,168	440,382	5,843,162
Trade payables	477,089	–	–	477,089
Financial liabilities included in other payables and accruals	667,568	–	–	667,568
Lease liabilities	179,700	344,282	175,944	699,926
	2,567,969	4,503,450	616,326	7,687,745

48. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximize 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 years ended 31 December 2025 and 2024.

The Group monitors capital using a gearing ratio, which is total liabilities divided by total assets. The gearing ratios as at the end of the reporting periods were as follows:

	Year ended December 31,	
	2025	2024
	RMB'000	RMB'000
Total assets	**27,093,783**	23,927,399
Total liabilities	**11,355,248**	9,704,526
Gearing ratio	**41.91%**	40.56%

49. 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:

	As at December 31	
	2025	2024
	RMB'000	RMB'000
NON-CURRENT ASSETS		
Property, plant and equipment	**1,419,601**	1,528,357
Right-of-use assets	**288,403**	281,101
Other intangible assets	**21,860**	24,025
Investments in associates	**472,551**	494,221
Investments in subsidiaries	**14,627,885**	11,946,107
Equity investments at fair value through profit or loss	**448,445**	234,059
Other non-current assets	**46,680**	33,512
Total non-current assets	**17,325,425**	14,541,382
CURRENT ASSETS		
Inventories	**253,971**	231,818
Trade and bills receivables	**1,328,275**	1,088,398
Contract assets	**17,261**	20,963
Prepayments, other receivables and other assets	**5,915,018**	2,198,303
Derivative financial instruments	**19,158**	5,063
Financial assets at fair value through profit or loss	**426,802**	620,554
Pledged deposits	**80,042**	20
Cash and cash equivalents	**82,896**	401,438
Total current assets	**8,123,423**	4,566,557
CURRENT LIABILITIES		
Interest-bearing bank borrowings	**3,693,286**	443,027
Trade payables	**462,386**	723,574
Other payables and accruals	**3,221,326**	1,270,460
Contract liabilities	**108,099**	82,570
Lease liabilities	**30,248**	28,064
Tax payable	**32,303**	56,460
Derivative financial instruments	**–**	43,935
Total current liabilities	**7,547,648**	2,648,090
NET CURRENT ASSETS	**575,775**	1,918,467
TOTAL ASSETS LESS CURRENT LIABILITIES	**17,901,200**	16,459,849

49. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

Information about the statement of financial position of the Company at the end of the reporting period is as follows: (continued)

	As at December 31	
	2025	2024
	RMB'000	RMB'000
NON-CURRENT LIABILITIES		
Deferred tax liabilities	**48,210**	68,051
Interest-bearing bank and other borrowings	**783,760**	3,201,532
Deferred income	**9,690**	1,959
Lease liabilities	**173,026**	163,724
Total non-current liabilities	**1,014,686**	3,435,266
NET ASSETS	**16,886,514**	13,024,583
EQUITY (Note)		
Share capital	**1,778,843**	1,778,196
Treasury shares	**(304,892)**	(416,271)
Reserves	**15,412,563**	11,662,658
Total equity	**16,886,514**	13,024,583

49. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

Note:

The Company's equity movement is as follows:

	Share capital RMB'000	Treasury shares RMB'000	Equity component of convertible bonds RMB'000	Share premium RMB'000	Share-based payment reserve RMB'000	Statutory reserve RMB'000	Cash flow hedge reserve RMB'000	Other comprehensive income attributable to profit or loss under the equity method RMB'000	Retained profits RMB'000	Total RMB'000
As at 1 January 2024	1,787,394	(463,453)	198,554	4,982,972	263,754	613,042	13,940	–	4,375,387	11,771,590
Profit for the year	–	–	–	–	–	–	–	–	2,011,732	2,011,732
Other comprehensive income for the year:										
Cash flow hedges, net of tax	–	–	–	–	–	–	(31,433)	–	–	(31,433)
Total comprehensive income/(loss) for the year	–	–	–	–	–	–	(31,433)	–	2,011,732	1,980,299
Transferred from retained profits	–	–	–	–	–	201,173	–	–	(201,173)	–
Repurchase of A shares	–	(200,092)	–	–	–	–	–	–	–	(200,092)
Repurchase of restricted H shares	–	(85,814)	–	–	–	–	–	–	–	(85,814)
Repurchase of convertible bonds	–	–	(198,554)	11,650	–	–	–	–	–	(186,904)
H shares RSU granted	–	132,996	–	(35,392)	(97,923)	–	–	–	–	(319)
Restricted A shares granted and vested	410	–	–	47,399	(37,299)	–	–	–	–	10,510
Cancellation of treasury A shares	(9,608)	200,092	–	(190,484)	–	–	–	–	–	–
Payment of dividends	–	–	–	–	–	–	–	–	(353,963)	(353,963)
Recognition of share-based payments	–	–	–	–	89,276	–	–	–	–	89,276
As at 31 December 2024	1,778,196	(416,271)	–	4,816,145	217,808	814,215	(17,493)	–	5,831,983	13,024,583
Profit for the year	–	–	–	–	–	–	–	–	4,098,999	4,098,999
Other comprehensive income for the year:										
Cash flow hedges, net of tax	–	–	–	–	–	–	21,149	–	–	21,149
Other comprehensive income attributable to profit or loss under the equity method	–	–	–	–	–	–	–	(57)	–	(57)
Total comprehensive income/(loss) for the year	–	–	–	–	–	–	21,149	(57)	4,098,999	4,120,091
Transferred from retained profits	–	–	–	–	–	75,206	–	–	(75,206)	–
Repurchase of H shares	–	(6,713)	–	–	–	–	–	–	–	(6,713)
H shares RSU granted	–	118,092	–	(24,831)	(93,261)	–	–	–	–	–
Restricted A shares granted and vested	647	–	–	51,759	(35,698)	–	–	–	–	16,708
Payment of dividends	–	–	–	–	–	–	–	–	(352,662)	(352,662)
Recognition of share-based payments	–	–	–	–	84,507	–	–	–	–	84,507
As at 31 December 2025	1,778,843	(304,892)	–	4,843,073	173,356	889,421	3,656	(57)	9,503,114	16,886,514

50. EVENT AFTER THE REPORTING PERIOD

On 14 January 2026 (after trading hours), the Company entered into a placing agreement (the "Placing Agreement") with Goldman Sachs (Asia) LLC and The Hongkong and Shanghai Banking Corporation Limited (together as the "Placing Agents"), pursuant to which, the Company has agreed to appoint the Placing Agents, and the Placing Agents have severally (and not jointly nor jointly and severally) agreed to act as the agents of the Company and to use their best efforts to procure certain places to subscribe for a total of 58,440,762 new H Shares at the price of HK$22.82 per H Share upon the terms and subject to the conditions set out in the Placing Agreement.

On 22 January 2026, the placing is completed upon satisfaction of all conditions prescribed in the Placing Agreement. An aggregate of 58,440,762 new H Shares have been successfully placed by the Placing Agents to no less than six independent places at the price of HK$22.82 per H Share pursuant to the terms and conditions of the Placing Agreement. To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the places, together with their respective ultimate beneficial owners, are third parties independent of, and not connected with, the Company and the connected persons of the Company.

Save as disclosed above, there are no material events affecting the Company after the reporting period and up to the date of this annual report.

51. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 30 March 2026.

Definitions

"^{14}C"	Carbon-14 (^{14}C), or radiocarbon, a radioactive isotope of carbon with an atomic nucleus containing 6 protons and 8 neutrons
"^{3}H"	Tritium or Hydrogen-3, a radioactive isotope of hydrogen, whose nucleus contains one proton and two neutrons
"2021 A Share Incentive Scheme"	the 2021 Restricted A Share Incentive Scheme of the Company
"2021 Capitalization of Reserve"	the issue of 5 Capitalization Shares for every 10 Shares by way of capitalization of reserve which was approved by the Shareholders at the 2021 annual general meeting of the Company held on May 31, 2022
"2021 Profit Distribution"	the distribution of the final dividends in respect of the year ended December 31, 2021, which was approved by the Shareholders at the 2021 annual general meeting of the Company held on May 31, 2022
"2021 Profit Distribution Plan"	the 2021 Profit Distribution and 2021 Capitalization of Reserve
"2022 A Share Incentive Scheme"	the 2022 Restricted A Share Incentive Scheme of the Company
"2022 Capitalization of Reserve"	the issue of 5 Capitalization Shares for every 10 Shares by way of capitalization of reserve which was approved by the Shareholders at the 2022 annual general meeting of the Company held on June 21, 2023
"2022 Profit Distribution"	the distribution of the final dividends in respect of the year ended December 31, 2022, which was approved by the Shareholders at the 2022 annual general meeting of the Company held on June 21, 2023
"2022 Profit Distribution Plan"	the 2022 Profit Distribution and 2022 Capitalization of Reserve
"2023 A Share Incentive Scheme"	the 2023 Restricted A Share Incentive Scheme of the Company
"2023 Profit Distribution"	the distribution of the final dividends in respect of the year ended December 31, 2023, which was approved by the Shareholders at the 2023 annual general meeting of the Company held on June 6, 2024
"2025 H Share Award and Trust Scheme"	The 2025 H Share Award and Trust Scheme of the Company
"ADC"	Antibody-drug Conjugate

"AGM"	the annual general meeting of the Company to be held for the purpose of, among others, approving the audited financial statements for the year ended December 31, 2025
"Aistarfish Technology"	Aistarfish Technology Co., Ltd. (浙江海心智惠科技有限公司), a limited liability company incorporated in PRC on January 26, 2018, which is held as to 70.44% by the Company as of the date of this annual report
"AMS"	accelerator mass spectrometry
"Antibodies"	An immunoglobulin that specifically binds to a corresponding antigen
"API"	Active Pharmaceutical Ingredient, the component of a drug product that is intended to furnish pharmacological activity or other direct effect in the diagnosis, cure, mitigation, treatment, or prevention of disease, or to affect the structure or any function of the body
"A Share(s)"	domestic shares of the Company, with a nominal value of RMB1.00 each, which are listed for trading on the Shenzhen Stock Exchange and traded in RMB
"Audit Committee"	the audit committee of the Board
"Award"	An award granted by a Delegatee to a Selected Participant, pursuant to the First H Share Award and Trust Scheme or the 2025 H Share Award and Trust Scheme
"Beihai Duotai"	Beihai Duotai Venture Capital Co., Ltd., a company incorporated in China on September 23, 2011, a shareholder of the Company, formerly known as Beijing Duotai Investment Management Co., Ltd
"Bioanalysis"	A sub-discipline of analytical sciences covering the quantitative analysis of xenobiotics (drugs, their metabolites, and biomolecules at unusual locations or concentrations) and biotoxins (macromolecules, proteins, DNA, biologics, metabolites) in biological systems
"Bioconjugation"	a chemical method that involves creating a stable link, typically covalent, between two molecules, at least one of which is of biological origin or a derivative of a biomolecule. This technology is widely used in fields such as drug development, biomedical research, and clinical diagnosis
"Biological testing"	an experimental method for detecting and evaluating the biological activity, toxicity, safety, or function of substances, drugs, and chemicals through biological systems (such as cells, microorganisms, tissues, animal models, or human samples). Its core goal is to use biological reactions to quantitatively or qualitatively analyze the mechanism of action, efficacy, and potential risks of the test substance, and it is widely used in drug research and development, environmental monitoring, clinical diagnosis, and basic scientific research

"Biortus"	Biortus Biosciences Co., Ltd.* (無錫佰翱得生物科學股份有限公司), a joint stock limited company incorporated under the laws of the PRC on March 6, 2009, which is held as to 82.54% by the Company
"Board"	the board of Directors of the Company
"CADD"	computer-aided drug design, the use of computers (or workstations) to aid in the creation, modification, analysis, or optimization of novel compounds or biologics
"Campus II in Beijing"	Located in Beijing Economic-Technological Development Area, it is mainly engaged in CMC (small molecule CDMO) services
"Campus III in Beijing"	Located in Beijing Economic-Technological Development Area, it is mainly engaged in laboratory services and CMC (small molecule CDMO) services
"Campus I in Ningbo"	Located in Qianwan New Area, Ningbo City, Zhejiang Province, it is mainly engaged in laboratory services and CMC (small molecule CDMO) services
"Campus II in Ningbo"	Located in Qianwan New Area, Ningbo City, Zhejiang Province, it is mainly engaged in biologics development and manufacturing services
"Campus III in Ningbo"	Located in Qianwan New Area, Ningbo City, Zhejiang Province, it is mainly engaged in laboratory services
"Campus IV in Ningbo"	Located in Qianwan New Area, Ningbo City, Zhejiang Province, it is mainly engaged in laboratory services
"Campus in Xi'an"	Located in Xixian New District, Shanxi Province, it is mainly engaged in laboratory services
"CDMO"	contract development and manufacturing organization(s), a CMO that, in addition to comprehensive drug manufacturing services, also provide process development and other drug development services in connection with its manufacturing services
"cGMP" or "GMP"	current Good Manufacturing Practice
"CGT"	Cell and Gene Therapy
"China" or "PRC"	the People's Republic of China

"Clinical research"	The clinical research of innovative drugs is divided into four stages from I to IV. The work involves the whole process of clinical trial, including the preparation before the trial, the selection of clinical trial research institutions and investigators, assisting the sponsor to prepare for the deliberation of the ethics committee, and working with the sponsor and investigators to design and implement the clinical trial protocol
"CMC"	chemistry, manufacturing and controls. It covers the development and manufacture of chemical and pharmaceutical formulation processes. As a core regulatory requirement in new drug approval, CMC encompasses a full range of drug production-related activities, including process R&D and scale-up studies, dosage form development, and quality control system research
"CMO"	Contract Manufacturing Organization
"Commercialization"	The stage of drug development when a new drug is approved and marketed
"Company" or "Pharmaron"	Pharmaron Beijing Co., Ltd. (康龍化成(北京)新藥技術股份有限公司), a joint stock limited company incorporated under the laws of the PRC on July 1, 2004, the A Shares of which are listed on the Shenzhen Stock Exchange (stock code: 300759) and the H Shares of which are listed on the Main Board of the Hong Kong Stock Exchange (stock code: 3759)
"Convertible Bonds"	the (i) US$300.0 million zero coupon convertible bonds due 2026 (debt stock code: 40725) and the (ii) RMB1,916.0 million zero coupon US$settled convertible bonds due 2026 (debt stock code: 40733) issued by the Company on June 18, 2021, which had been fully redeemed, canceled and were withdrawn from listing on the Stock Exchange on July 11, 2024 and June 26, 2024, respectively
"CRC"	Clinical Research Coordinator
"CRO"	Contract Research Organization, a company focused on providing pharmaceutical research and development services to companies in the pharmaceutical markets
"Crystal screening"	Adopt high-throughput screening technology to obtain various types of solid forms that may exist in the drug, characterize the physicochemical properties of various forms using a variety of solid-state analytical techniques, and adopt multidisciplinary and comprehensive means to assess the biopharmaceutical performance of the advantageous forms, in order to screen out the advantageous crystalline forms of the drug that are suitable for production, high bioavailability, and conducive to the preparation of the drug

"Data Management and Statistical Analysis"	the business of data management and statistical analysis
"Defacto controllers"	LOU Boliang, LOU Xiaoqiang, ZHENG Bei
"Delegatee"	the management committee of the First H Share Award and Trust Scheme or the 2025 H Share Award and Trust Scheme person(s) or board committee(s) to which the Board has delegated its authority
"Directors"	directors of the Company
"DMPK/ADME"	drug metabolism and pharmacokinetics/Absorption, Distribution, Metabolism and Excretion. It refers to experimental studies on the dynamic changes of drugs *in vivo* and *in vitro* in animals, illustrating the dynamic changes and characteristics of drug ADME processes including absorption, distribution, metabolism and excretion
"DNA"	a molecule that carries most of the genetic instructions used in the development, functioning and reproduction of all known living organisms and many viruses
"Druggability"	Preliminary pharmacodynamic studies, early evaluation of pharmacokinetic properties and safety, with potential for development as a drug
"Eligible Employee(s)"	includes any PRC or non-PRC employee, Director or consultant of any members of the Group; however, no individual who is resident in a place where the grant, acceptance or vesting of an Award pursuant to the First H Share Award and Trust Scheme or the 2025 H Share Award and Trust Scheme is not permitted under the laws and regulations of such place or where, in the view of the Board or the Delegatee, compliance with applicable laws and regulations in such place makes it necessary or expedient to exclude such individual, shall be entitled to participate in the First H Share Award and Trust Scheme or the 2025 H Share Award and Trust Scheme and such individual shall therefore be excluded from the term "Eligible Employee"
"EMA"	European Medicines Agency, an EU agency for the evaluation of medicinal products
"Enzyme catalysis"	the chemical reaction process mediated by enzymes as catalysts
"ESG"	Environmental, Social and Governance
"EU"	European Union
"FDA"	the Food and Drug Administration of the U.S.
"FIH"	first-in-human

"First H Share Award and Trust Scheme"	The First H Share Award and Trust Scheme of the Company
"GCP"	Good Clinical Practice
"GLP"	Good Laboratory Practice
"GMP"	Good Manufacturing Practice
"Group", "we", "our" or "us"	the Company and its subsidiaries
"High Potency Compounds"	compounds with high pharmacological activity that can produce significant biological effects at extremely low doses
"H Share(s)"	overseas-listed foreign shares in the share capital of the Company, with a nominal value of RMB1.00 each, which are listed for trading on the Hong Kong Stock Exchange and traded in Hong Kong dollars
"H Shareholder(s)"	holder(s) of H Share(s)
"IND application"	investigational new drug. It refers to an application for an experimental drug that allows a pharmaceutical company to conduct clinical trials prior to obtaining approval for marketing
"Kangsida"	Beijing Kangsida Health Management Co., Ltd.(北京康斯達健康管理有限公司), a company incorporated in PRC on April 15, 2014, which is indirectly held as to 70.44% by the Company as of the date of this annual report
"Lead compound"	A compound with certain strength and selective activity against a certain target or model, which generally has a novel chemical structure, and its physical and chemical properties, pharmacokinetic properties and safety meet certain requirements, so it has the property of analogy and exploitability. Generally, lead compounds can not be directly used as drugs, and their chemical structures need to be optimized to achieve the best configuration of the above properties. The quality of lead compounds directly affects the speed and success rate of new drug research and development
"Linkers"	A component of an ADC that links antibodies to toxic molecules
"LinkStart"	Beijing LinkStart Med-Tech Co., Ltd.(北京聯斯達醫藥科技發展有限公司), a company incorporated in PRC on July 19, 2012, which is held as to 82.33% by the Company
"Listing Rules"	the Rules Governing the Listing of Securities of the Stock Exchange

"Management Committee"	the management committee of the First H Share Award and Trust Scheme or the 2025 H Share Award and Trust Scheme to which the Board has delegated its authority to administer the First H Share Award and Trust Scheme or the 2025 H Share Award and Trust Scheme
"Management Measures"	the Management Measures for Share Incentives of Listed Companies
"MHRA"	U.K. Medicines and Healthcare products Regulatory Agency
"Model Code"	the Model Code for Securities Transactions by Directors of the Listing Issuers
"Ningbo Longtaikang"	Ningbo Longtaikang Investment Management Co., Ltd., a company incorporated in China on August 24, 2015, a shareholder of the Company
"NMPA"	National Medical Product Administration (國家藥品監督管理局) (formerly known as China Food and Drug Administration), the authority responsible for approving drug and biologic products in China
"OECD"	the Organization for Economic Cooperation and Development
"Oligonucleotides"	A compound in which nucleotides are linked by phosphodiester bonds
"Peptide"	A compound of amino acids linked by peptide bonds
"Pharmacology"	It is an experimental content to study the activity, biological effect and efficacy of drugs, as well as the relationship between bioavailability, tissue distribution and efficacy through *in vitro* tests and animal tests, and to explore the mechanism and target of drug action, so as to carry out pharmacodynamic evaluation and pharmacological research
"Pharmacovigilance"	Scientific research and activities related to the detection, evaluation, understanding and prevention of adverse reactions or any other problems that may be related to drugs
"PharmaGend"	PharmaGend Global Medical Services Pte. Ltd., an associate company of the Company, which is held as to 32.38% by the Company, formerly known as Rxilient Biohub Pte. Ltd. as of the date of this annual report
"Pharmaron Clinical"	Pharmaron (Chengdu) Clinical Services Co., Ltd. (康龍化成(成都)臨床研究服務有限公司), a company incorporated in PRC on May 27, 2021, which is held as to 82.33% by the Company as of the date of this annual report
"Pharmaron HK International"	Pharmaron (Hong Kong) International Limited, a company incorporated in Hong Kong on December 31, 2015, which is held as to 100% by the Company

"Pharmaron UK"	Pharmaron UK Limited, a company incorporated in the UK on October 30, 2013, which is held as to 100% by Pharmaron (Hong Kong) International Limited
"Plasmid"	Double-stranded circular DNA, a common vector used in genetic engineering
"Preclinical"	Of or relating to the preclinical stage of drug research
"R&D"	research and development
"Reporting Period"	the year ended December 31, 2025
"Restricted A Shares"	the restricted A Shares granted by the Company under the respective 2021 A Share Incentive Scheme, 2022 A Share Incentive Scheme and 2023 A Share Incentive Scheme
"RMB"	Renminbi, the lawful currency of the PRC
"Selected Participants"	any Eligible Employee who, in accordance with the First H Share Award and Trust Scheme or the 2025 H Share Award and Trust Scheme, is approved for participation in, and has been granted any Award under the respective schemes
"Share(s)"	A Share(s) and H Share(s)
"Shareholder(s)"	the holder(s) of the Share(s)
"Shenzhen Listing Rules"	the Rules Governing the Listing of Stocks on the ChiNext Market of Shenzhen Stock Exchange
"Supervisors"	supervisors of the Company
"SSU"	Study Start up, the start-up specialist of a clinical project
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Structure-activity relationship"	The relationship between the chemical structure of drugs or other physiologically active substances and their physiological activities is one of the main research contents of medicinal chemistry
"Synthetic process"	A single or multi-step unitary reaction process that converts a specific raw material to a desired product. Synthesis routes are generally discussed in relation to specific products

"TQT/cardiac"	This study means observing and describing all ECG changes of the subject in an all-round manner at the early stage of a clinical trial on the drug and measuring the extension of the QT/QTc interval to determine whether the drug will impact the heart repolarization and the extent of impact, judge the risk of malignant arrhythmia it will trigger, and provide the data support in deciding whether to enter the next drug research and development stage
"Target spot"	Biological macromolecules, such as some proteins and nucleic acids, which have pharmacodynamic functions *in vivo* and can be acted on by drugs. Those genes encoding target proteins are also known as target genes. The prior identification of target molecules associated with specific diseases is the basis of modern new drug development
"U.K."	the United Kingdom
"U.S."	the United States
"US$" or "USD"	United States dollars, the lawful currency of the United States
"Warhead molecule"	the active ingredient in targeted therapeutic drugs that is responsible for exerting the main therapeutic effect
"%"	per cent

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