

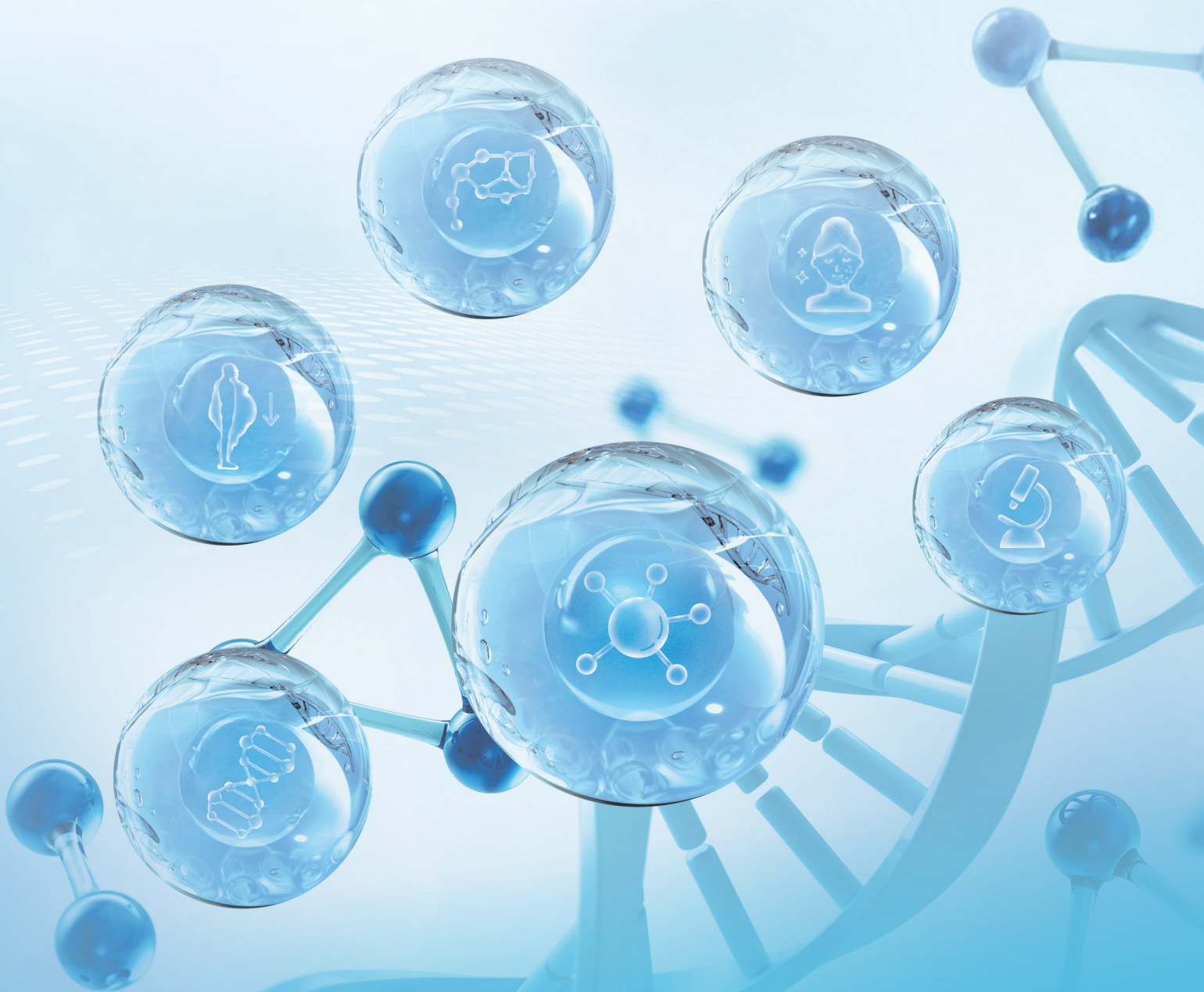


歌禮  
ascletis

Ascletis Pharma Inc.  
歌禮製藥有限公司

*(Incorporated in the Cayman Islands with limited liability)*

STOCK CODE: 1672



**2025**  
ANNUAL REPORT

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# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors

Dr. Jinzi Jason WU  
*(Chairman and Chief Executive Officer)*  
Mrs. Judy Hejingdao WU  
*(Senior Vice President)*

### Independent Non-executive Directors

Dr. Yizhen WEI  
Mr. Jiong GU  
Ms. Lin HUA

## AUDIT COMMITTEE

Mr. Jiong GU *(Chairman)*  
Dr. Yizhen WEI  
Ms. Lin HUA

## REMUNERATION COMMITTEE

Ms. Lin HUA *(Chairwoman)*  
Dr. Yizhen WEI  
Mrs. Judy Hejingdao WU

## NOMINATION COMMITTEE

Dr. Jinzi Jason WU *(Chairman)*  
Ms. Lin HUA  
Dr. Yizhen WEI

## AUTHORISED REPRESENTATIVES

Dr. Jinzi Jason WU  
Mrs. Judy Hejingdao WU

## COMPANY SECRETARY

Mr. Ming Fai CHUNG

## REGISTERED OFFICE

Walkers Corporate Limited  
190 Elgin Avenue  
George Town  
Grand Cayman KY1-9008  
Cayman Islands

## PRINCIPAL PLACE OF BUSINESS

40th Floor  
Dah Sing Financial Centre  
No. 248 Queen's Road East  
Wanchai  
Hong Kong

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS

Walkers Corporate Limited  
190 Elgin Avenue  
George Town  
Grand Cayman KY1-9008  
Cayman Islands

## HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited  
Shops 1712-1716  
17th Floor  
Hopewell Centre  
183 Queen's Road East  
Wanchai  
Hong Kong

## HONG KONG LEGAL ADVISER

Kirkland & Ellis  
26/F, Gloucester Tower  
The Landmark  
15 Queen's Road Central  
Hong Kong

## AUDITOR

KPMG  
*Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance*  
8<sup>th</sup> Floor, Prince's Building  
10 Chater Road  
Central, Hong Kong

## STOCK CODE

1672

## COMPANY WEBSITE

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

# Chairman's Statement

Dear Shareholders,

It is my pleasure to address you as we concluded another challenging but rewarding year at Ascleitis. In spite of the unprecedented challenges in our industry, we have remained resilient and focused on advancing our mission of improving patients' lives.

During the year of 2025 and up to the date of this report, the Group made significant progress for its metabolic disease pipeline, immune disease pipeline, and exploratory indication pipeline, reflecting the strength of our three R&D platforms, excellent execution and long-term commitment to building a global best-in-class/first-in-class portfolio.

In metabolic diseases, we advanced both small-molecule and peptide programs designed to improve efficacy, tolerability, safety, and convenience for patients: (i) ASC30 oral small molecule GLP-1 once-daily tablet for obesity completed the Phase II study and is expected to initiate the Phase III studies for the treatment of obesity in the third quarter of 2026; (ii) ASC30 small molecule GLP-1 once-monthly or less frequent SQ depot formulation completed 24-week study for obesity and is expected to expand clinical development program for both once-monthly treatment therapy and once-quarterly maintenance therapy in the second half of 2026; (iii) multiple next generation, once-monthly peptides targeting, amylin receptor, GLP-1R/GIPR and GLP-1R/GIPR/GCGR are expected to enter into clinical trials starting the second quarter of 2026 and throughout the rest of 2026.

In addition to these advances and future milestones for our metabolic disease pipeline, our discovery and development capabilities continue to deepen. Leveraging our three core discovery and development platforms, namely, Artificial Intelligence-assisted Structure-Based Drug Discovery (AISBDD), Ultra-Long-Acting Platform (ULAP) technologies and Peptide Oral Transport ENhancement Technology (POTENT), we are strengthening R&D to expand our pipeline of small molecules and peptides with the potential to be global best-in-class and first-in-class therapies.

We believe the year's performance reflects a deliberate strategy: to invest in programs with the potential to deliver differentiated clinical profiles and to build long-term value, while continuing to enhance efficiency in R&D.

We will also continue to explore appropriate opportunities to license out clinical-stage assets, with the aim of maximizing asset value and strengthening the Group's long-term sustainability.

Our commitment to sustainability remains unwavering. We have advanced a series of initiatives aimed at reducing our carbon footprint, and we believe that integrating sustainability into our operations can deliver environmental benefits while enhancing efficiency and supporting long-term value creation.

I would like to extend my sincere gratitude to our shareholders for your continued trust and support. I would also like to extend my sincere appreciation to our management team and employees for their dedication, and to our partners and collaborators for their support. We remain committed to executing on our strategy with focus and discipline, and to advancing innovative therapies for patients globally.

We look forward to updating you on our progress in the years to come.

**Dr. Jinzi Jason WU**  
*Chairman & Chief Executive Officer*

## Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years, as extracted from the audited financial information and financial statements is set out below:

	2021 <i>RMB'000</i>	2022 <i>RMB'000</i>	2023 <i>RMB'000</i>	2024 <i>RMB'000</i>	2025 <i>RMB'000</i>
<b>Revenue</b>	76,876	54,090	56,596	1,283	<b>2,028</b>
Cost of sales	(37,703)	(78,782)	(30,606)	(548)	<b>(1,501)</b>
<b>Gross profit/(loss)</b>	39,173	(24,692)	25,990	735	<b>527</b>
Other income and gains	65,891	112,016	184,650	119,793	<b>125,322</b>
Selling and distribution expenses	(20,872)	(16,985)	(387)	–	–
Research and development costs	(213,320)	(267,102)	(216,781)	(302,394)	<b>(409,053)</b>
Administrative expenses	(29,947)	(35,199)	(115,633)	(101,744)	<b>(75,232)</b>
Other expenses	(21,942)	(59,830)	(2,135)	(11,809)	<b>(774)</b>
Finance costs	(125)	(157)	(144)	(244)	<b>(164)</b>
Share of loss of an associate	(17,875)	(22,894)	(20,275)	(5,273)	–
<b>Loss before taxation</b>	(199,017)	(314,843)	(144,715)	(300,936)	<b>(359,374)</b>
Income tax	–	–	–	–	<b>(506)</b>
<b>Loss for the year</b>	(199,017)	(314,843)	(144,715)	(300,936)	<b>(359,880)</b>
<b>Attributable to:</b>					
Equity shareholders of the Company	(199,017)	(314,843)	(144,715)	(300,936)	<b>(359,880)</b>
Net loss margin	(258.9)%	(582.1)%	(255.7)%	(23,455.7)%	<b>(17,745.6)%</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>

### Loss per share

Basic and diluted (18.13) cents (28.96) cents (13.47) cents (30.05) cents **(37.01) cents**

### As of December 31,

	2021 <i>RMB'000</i>	2022 <i>RMB'000</i>	2023 <i>RMB'000</i>	2024 <i>RMB'000</i>	2025 <i>RMB'000</i>
<b>Non-current assets</b>	198,408	112,316	158,253	153,790	<b>145,806</b>
<b>Current assets</b>	2,631,551	2,544,726	2,332,756	1,970,782	<b>1,920,719</b>
<b>Non-current liabilities</b>	9,916	8,967	8,264	5,357	<b>4,669</b>
<b>Current liabilities</b>	90,971	108,189	140,679	153,053	<b>127,592</b>
<b>Total equity</b>	2,729,072	2,539,886	2,342,066	1,966,162	<b>1,934,264</b>

# Corporate Profile

## OUR VISION

Ascleitis' vision is to become the most innovative world-class biomedical company addressing global unmet medical needs in the area of metabolic diseases.

## OVERVIEW

During the Reporting Period and up to the date of this report, the Group made significant progress for its metabolic disease pipeline, immune disease pipeline and exploratory indication pipeline: (i) ASC30 oral small molecule GLP-1 once-daily tablet for obesity demonstrated placebo-adjusted weight loss of 7.7% with better GI tolerability. The Phase III studies will be initiated in the third quarter of 2026. (ii) ASC30 oral small molecule GLP-1 once-daily tablet for diabetes is being evaluated in a U.S. 13-week Phase II study. Topline data are expected in the third quarter of 2026. (iii) ASC30 small molecule GLP-1 once-monthly or less frequent subcutaneous (SQ) depot formulation achieved statistically significant and clinically meaningful placebo-adjusted mean weight loss of 7.5% at week 16 after three monthly doses without requiring a weekly lead-in dosing period. It demonstrated an observed half-life of 46 days to 75 days. ASC30 SQ depot formulation maintained weight loss for the four months following the third and final monthly dose, suggesting potential quarterly dosing as a maintenance therapy. (iv) ASC47 small molecule THR $\beta$  once-monthly SQ injection for muscle-preserving weight loss treatment, in combination with semaglutide, demonstrated up to 56.2% greater relative reduction in body weight on day 29 compared to placebo in combination with semaglutide (semaglutide monotherapy). ASC47 demonstrated a half-life of up to 40 days. The Phase II combination study with ASC35 will be initiated in 2026. (v) ASC39, a potent and amylin-selective oral small molecule amylin receptor agonist, demonstrated eloralintide-like amylin selectivity and efficacy in preclinical models, and submission of an IND for ASC39 tablets to the FDA is expected in the third quarter of 2026. (vi) ASC36 once-monthly to once quarterly, potentially best-in-class subcutaneously administered amylin receptor agonist for obesity, has been selected as a clinical development candidate and submission of an IND for ASC36 injection to the FDA is expected in the second quarter of 2026. (vii) ASC36 oral tablets, the Company's first oral amylin receptor peptide agonist, has been selected for clinical development and submission of an IND for ASC36 tablets to the FDA is expected in the second quarter of 2026. (viii) ASC35 once-monthly potentially best-in-class subcutaneously administered GLP-1R/GIPR dual peptide agonist for obesity has been selected as a clinical development candidate and submission of an IND for ASC35 to the FDA is expected in the second quarter of 2026. (ix) Co-formulation of ASC36, a once-monthly next-generation amylin receptor agonist and ASC35, a once-monthly next-generation GLP-1R/GIPR dual agonist, has been selected for clinical development, and submission of an IND for ASC36\_35 FDC to the FDA is expected in the second quarter of 2026. (x) ASC37 injection, a next-generation, once-monthly, subcutaneously administered GLP-1R/GIPR/GCGR triple peptide agonist, has been selected as a clinical development candidate and submission of an IND for ASC37 injection to the FDA is expected in the third quarter of 2026. (xi) Co-formulation of ASC36, a once-monthly next-generation amylin receptor agonist and ASC37, a once-monthly next-generation GLP-1R/GIPR/GCGR triple peptide agonist, has been selected for clinical development, and submission of an IND for ASC36\_37 FDC to the FDA is expected in the third quarter of 2026. (xii) ASC50 oral small molecule IL-17A inhibitor once-daily tablets, demonstrated elimination half-life of up to 104 hours, strong target engagement after a single oral dose, indicated by elevated plasma IL-17A levels, which continued until day 7 for higher doses of ASC50, and a dose-proportional pharmacokinetic profile from 10 mg to 600 mg. ASC50 was safe and well tolerated in the SAD study. (xiii) Denifanstat (ASC40), a once-daily oral FASN inhibitor, demonstrated statistically significant and clinically meaningful improvement compared to placebo in all primary, key secondary, and secondary endpoints in a randomized, double-blind, placebo-controlled, multicenter clinical trial in China. At week 12, percent treatment success was 33.2% compared to 14.6% for placebo, percent reduction from baseline in total lesion count was 57.4% compared to 35.4% for placebo, and percent reduction from baseline in inflammatory lesion count was 63.5% compared to 43.2% for placebo. Denifanstat (ASC40) also demonstrated favorable safety and tolerability in a Phase III open-label study. The exceptional

## Corporate Profile

efficacy of denifanstat (ASC40) observed in the Company's placebo-controlled Phase III trial coupled with a favorable safety profile in two Phase III trials provide a potential major break-through for the treatment of acne. New Drug Application for denifanstat (ASC40) for acne has been accepted by the China National Medical Products Administration.

These achievements underscored the Group's strong R&D capabilities, best execution and longstanding commitments to discovering and developing global best-in-class/first-in-class pipeline to address unmet clinical needs.

As of December 31, 2025, the Group had cash and cash equivalent, time deposits, transferable certificate of deposit, structured deposits, wealth management products and bank deposit in transit of approximately RMB1,932.6 million (December 31, 2024: approximately RMB1,980.8 million).

The Group's investment in research and development has increased by 35.3% from approximately RMB302.4 million for the year ended December 31, 2024 to approximately RMB409.1 million for the year ended December 31, 2025. The loss for the period of the Group increased by 19.6% from approximately RMB300.9 million for the year ended December 31, 2024 to approximately RMB359.9 million for the year ended December 31, 2025.

Despite a 35.3% year-on-year increase in research and development investment, the loss only expanded by 19.6% for the reporting period, mainly contributed by (i) enhanced efficiency in research and development; (ii) enhanced efficiency in administration; and (iii) an increase in other income and net gains.

During the Reporting Period and up to the date of this report, the Group has made the following progress in the pipeline of metabolic disease, immune disease and exploratory indication:

### Metabolic Disease Pipeline

#### Small Molecules

Product (Modality)	Target	Indication	Commercial Rights	Discovery	IND Enabling	Phase I	Phase II	Phase III
ASC30 (Once-daily oral small molecule)	GLP-1R	Obesity	Global					
ASC30 (Once-daily oral small molecule)	GLP-1R	Diabetes	Global					
ASC30 (Once-monthly subcutaneous small molecule)	GLP-1R	Obesity	Global					
ASC30 (Once-quarterly subcutaneous small molecule)	GLP-1R	Obesity/ maintenance	Global					
ASC47 (Adipose-targeted once-monthly subcutaneous small molecule)	THR $\beta$	Obesity/muscle preserving	Global					
ASC39 (Once-daily oral small molecule)	Amylin Receptor	Obesity	Global					



# Management Discussion and Analysis

## BUSINESS REVIEW

During the Reporting Period and up to the date of this report, the Group has made the following progress with respect to its business.

### Metabolic Diseases

#### *ASC30 oral once-daily tablet for obesity*

During the Reporting Period and up to the date of this report, the Group has obtained positive topline results from its 13-week Phase II study evaluating ASC30, an oral small molecule GLP-1R agonist for the treatment of obesity (NCT07002905) in 125 participants with obesity (BMI  $\geq 30.0$  kg/m<sup>2</sup>) or overweight (BMI  $\geq 27.0$  kg/m<sup>2</sup>) with at least one weight-related comorbidity at multiple sites across the U.S.

ASC30 once-daily tablets showed statistically significant and clinically meaningful dose-dependent placebo-adjusted mean body weight reductions with no observed plateau for weight loss. At the 13-week primary endpoint, ASC30 once-daily tablets showed dose-dependent placebo-adjusted mean body weight reductions of 5.4%, 7.0% and 7.7% for 20 mg, 40 mg and 60 mg, respectively.

80.0% of participants taking 60 mg of ASC30 once daily lost  $\geq 5\%$  of their body weight, compared to 4.2% with placebo; 45.0% of participants taking 60 mg of ASC30 once daily lost  $\geq 7\%$  of their body weight, compared to 4.2% with placebo.

In addition to achieving statistically significant and clinically meaningful weight loss, ASC30 also met secondary and exploratory endpoints. ASC30 attained reductions in known markers of cardiovascular risk, including total cholesterol, LDL-C, triglyceride, and systolic and diastolic blood pressure across all doses. At steady state, the plasma concentrations of ASC30 increased with increasing doses.

ASC30 demonstrated better GI tolerability with a favourable safety profile. The vomiting rate of ASC30 titrated weekly to target dose was approximately half of the published vomiting rate observed with orforglipron titrated weekly. The GI tolerability of ASC30 titrated weekly was comparable to published results of orforglipron titrated every four weeks in the Phase III ATTAIN-1 study. In the ASC30 Phase II study, all GI AEs were grade 1 (mild) and grade 2 (moderate) in severity and mostly occurred during the dose titration period. There were no grade 3 (severe) or above GI AEs. In the ASC30 Phase II study, there were no any AEs of grade 3 (severe) or above and there were no drug related SAEs. No hepatic safety signal was observed and there were no elevations of alanine transaminase (ALT), aspartate aminotransferase (AST), or total bilirubin (TBL). In addition, there were no abnormal findings in laboratory tests, vital signs, ECGs (electrocardiograms, including QTc intervals), and physical exams.

Based on the Phase II efficacy, tolerability and safety data, ASC30 once-daily tablet for obesity demonstrates a promising and competitive profile, underscoring its strategic value and global positioning within our pipeline.

ASC30 is an investigational GLP-1R biased small molecule agonist and has unique and differentiated properties that enable the same small molecule for both oral tablet and SQ injection administrations. ASC30 is a new chemical entity (NCE), with U.S. and global patent protection through 2044 (excluding potential patent extensions).

**Anticipated 2026 Milestone:** Initiate the Phase III studies of ASC30 once-daily oral tablet for the treatment of obesity in the third quarter of 2026.

## Management Discussion and Analysis

### *ASC30 oral once-daily tablet for diabetes*

During the Reporting Period and up to the date of this report, the Group has initiated a U.S. 13-week Phase II study (NCT07321678) with ASC30, an oral small molecule GLP-1R agonist for the treatment of type 2 diabetes mellitus.

The Phase II study will enroll approximately 100 participants with type 2 diabetes mellitus at multiple sites across the U.S. Participants will be randomly assigned in a ratio of approximately 2:3:3:2 to 40 mg, 60 mg and 80 mg ASC30 tablets and matching placebo tablets, respectively. ASC30 will be titrated weekly from 1 mg to target doses of 40 mg, 60 mg and 80 mg.

**Anticipated 2026 Milestone:** Announce the topline data from the U.S. 13-week Phase II study of ASC30 once-daily tablet for the treatment of diabetes in the third quarter of 2026.

### *ASC30 once-monthly or less frequent SQ injection for obesity*

During the Reporting Period and up to the date of this report, the Group has obtained positive topline results from a U.S. Phase II, 24-week study for its SQ depot formulations of small molecule GLP-1R agonist ASC30 for obesity (NCT06679959). All 65 participants enrolled in three cohorts utilizing two formulations (A1 and A2) were obese (BMI  $\geq 30$  kg/m<sup>2</sup>) or overweight (BMI  $\geq 27$  kg/m<sup>2</sup> but  $< 30$  kg/m<sup>2</sup>) with at least one weight-related comorbidity.

The Phase II study achieved its primary endpoint, with patients receiving three doses of once-monthly ASC30 SQ depot formulation A1 demonstrating a statistically significant ( $p < 0.05$  vs placebo) and clinically meaningful placebo-adjusted mean weight loss of 6.3% at week 12. Additionally, ASC30 SQ depot formulation A1 achieved a statistically significant ( $p < 0.05$  vs placebo) and clinically meaningful placebo-adjusted mean weight loss of 7.5% at week 16 after 3 monthly doses.

ASC30 SQ depot formulation A1 was previously studied in the 12-week Phase Ib single dose study (NCT06679959) and demonstrated an observed half-life of 46 days to 75 days. Formulation A1 achieved therapeutic drug exposures in obese patients in this study.

The data demonstrate that ASC30 SQ depot formulation A1 can be dosed once monthly and potentially once every two months for the treatment of obesity without requiring a weekly lead-in dosing period. For ASC30 SQ depot formulation A1, all participants were given three SQ doses of 400 mg each with a four-week dosing interval at day 1, day 29 (week 4) and day 57 (week 8). ASC30 SQ depot formulation A1 achieved placebo-adjusted mean body weight loss of 2.7%, 5.5%, 6.3%, and 7.5% at week 4, week 8, week 12 and week 16, respectively.

ASC30 SQ depot formulation maintained weight loss for the four months following the third and final monthly dose, suggesting potential quarterly dosing as a maintenance therapy.

The results demonstrate that ASC30 SQ depot formulation A1 has the potential to be an effective once-quarterly maintenance therapy for obesity. Patients in the study were evaluated for duration of effect for 16 weeks following the final dose on week 8. ASC30 SQ depot formulation A1 achieved therapeutic drug exposures over this 16-week maintenance period after the final dose. Placebo-adjusted mean weight loss was 5.5% at week 8, 6.4% at week 20 (three months following the final dose), and 5.8% at week 24 (four months following the final dose).

## Management Discussion and Analysis

ASC30 SQ depot formulations A1 and A2 were safe and well tolerated, demonstrating a safety and tolerability profile consistent with the GLP-1 drug class. There were no discontinuations due to AEs for either ASC30 SQ depot formulations A1 and A2 or placebo-treated participants. All AEs, including injection site AEs, were mild to moderate in severity. All GI AEs were mild (grade 1) with no moderate (grade 2) or above GI AEs. No hepatic safety signal was observed. In addition, there were no abnormal findings in laboratory tests, vital signs, ECGs (electrocardiograms, including QTc intervals), and physical exams.

ASC30 SQ depot formulation is the first GLP-1 to achieve drug class consistent weight loss with once-monthly injection without requiring lead-in weekly injections, and to maintain weight loss up to four months after the last dose.

The combination of competitive efficacy and a well-tolerated safety profile for ASC30's long-acting formulation underpins our confidence in progressing the ASC30 SQ depot formulation into an expanded clinical program spanning once-monthly treatment and once-quarterly maintenance strategies.

**Anticipated 2026 Milestone:** Expand clinical development program for ASC30 SQ depot formulation for both once-monthly treatment therapy and once-quarterly maintenance therapy in the second half of 2026.

### ***ASC47 once-monthly or less frequent SQ injection for muscle preserving obesity treatment***

During the Reporting Period and up to the date of this report, the Group has announced positive topline results of ASC47, a muscle-preserving weight loss drug candidate, in combination with semaglutide.

ASC47 in combination with semaglutide demonstrated up to 56.2% greater relative reduction in body weight on day 29 in participants with obesity (BMI  $\geq 30$  kg/m<sup>2</sup>) compared to placebo in combination with semaglutide (semaglutide monotherapy).

ASC47-103 study (NCT06972992), conducted in the U.S., was a randomized, double-blind, placebo-controlled study evaluating the safety, tolerability and efficacy of a single-dose, ultra-long-acting subcutaneously administered ASC47 in combination with four weekly doses of 0.5 mg semaglutide in participants with obesity, compared to volume-matched placebo in combination with four weekly doses of 0.5 mg semaglutide. The treatment duration was four weeks and the follow-up period was six weeks. The study, conducted in the U.S., enrolled 28 participants with obesity. Study objectives included evaluations of safety, tolerability, pharmacokinetics, assessment of weight losses of three different single doses (10 mg, 30 mg and 60 mg) of ASC47 in combination with four weekly doses of 0.5 mg semaglutide. The effect on fat and lean mass was not an objective of this study given the short treatment duration (28 days).

The pharmacokinetic profiles of semaglutide and ASC47 in combination were consistent with those observed in their respective monotherapies (semaglutide in this study and ASC47 in a previous study). These topline data suggest that dose adjustments are not necessary when co-administered.

ASC47 in combination with semaglutide was safe and well tolerated. The GI tolerability of ASC47 in combination with semaglutide was significantly improved compared to semaglutide monotherapy. The incidence of vomiting was 6.7% in ASC47 in combination with semaglutide group compared to 57.1% in the semaglutide monotherapy group. Results of all thyroid function tests including thyroid stimulating hormone (TSH), free triiodothyronine (FT3), total triiodothyronine (TT3), free thyroxine (FT4) and total thyroxine (TT4) were within normal limits and no thyroid-related TEAEs were reported. All telemetry assessments and ECGs were within normal limits. No heart rate and QTc increases were observed.

## Management Discussion and Analysis

In the current study, there were no titrations for semaglutide. The incidence rates of GI-related TEAEs of semaglutide monotherapy in the study are consistent with those reported in the literature in the absence of titration.

ASC47, an adipose-targeting THR $\beta$  agonist, to an incretin regimen led to a significant synergy in terms of body weight reduction, yielding up to an additional 56.2% increase in efficacy, and a substantial improvement in GI tolerability, provides important proof-of-concept data that will further inform the Phase II combination study designs for obesity.

**Anticipated 2026 Milestone:** Initiate the Phase II combination study of ASC47 and ASC35 for the treatment of obesity in 2026.

### **ASC39 once-daily oral tablet for obesity**

During the Reporting Period and up to the date of this report, the Group has selected ASC39, a potent and amylin-selective oral small molecule amylin receptor agonist, as a clinical development candidate.

In a head-to-head cyclic adenosine monophosphate (cAMP) activation assay vs. eloralintide, oral small molecule amylin receptor agonist ASC39 demonstrated similar selectivity and potency to that of eloralintide. EC<sub>50</sub> for human amylin 1 receptor (hAMY1R) was 21.4 pM and 21.2 pM for ASC39 and eloralintide, respectively. EC<sub>50</sub> for human calcitonin receptor (hCTR) was 846.1 pM and 1,350.8 pM for ASC39 and eloralintide, respectively. These data indicate ASC39 and eloralintide have similar selectivity for hAMY1R over hCTR.

In a head-to-head DIO rat study vs. eloralintide, efficacy of ASC39 oral dosing was comparable to that of eloralintide, demonstrating significant placebo adjusted weight loss of 6.6% and 5.6% for ASC39 and eloralintide, respectively.

**Anticipated 2026 Milestone:** Submit an IND to the FDA for ASC39 oral tablets for the treatment of obesity in the third quarter of 2026.

### **ASC36 once-monthly to once-quarterly SQ peptide for obesity**

During the Reporting Period and up to the date of this report, the Group has selected ASC36, a once-monthly to once-quarterly, potentially best-in-class subcutaneously administered amylin receptor agonist, as a clinical development candidate.

In head-to-head non-human primate (NHP) studies, average observed half-life of ASC36 was 6-fold longer than MET-233i.

ASC36 demonstrated approximately 91% greater relative body weight reduction compared to petrelintide in a head-to-head DIO rat study.

ASC36 has excellent chemical and physical stability with no fibrillation around neutral pH, allowing for co-formulation with other peptides including ASC35, a GLP-1R/GIPR dual agonist.

**Anticipated 2026 Milestone:** Submit an IND to the FDA for ASC36 SQ injection for the treatment of obesity in the second quarter of 2026.

## Management Discussion and Analysis

### **ASC36 oral peptide for obesity**

During the Reporting Period and up to the date of this report, the Group has selected ASC36 oral tablets, its first oral amylin receptor peptide agonist, for clinical development.

Utilizing Ascletis' Peptide Oral Transport ENhancement Technology (POTENT), ASC36 oral tablets achieved absolute oral bioavailability of 6% to 8% at steady state, in non-human primate (NHP) studies.

The long elimination half-life (116 hours to 167 hours) of ASC36 oral tablets supports once-daily and less frequent oral dosing.

In NHPs, ASC36 oral tablets reduced mean body weight up to 13.2% from baseline after once-daily dosing for 7 days. ASC36 tablets also reduced food intake significantly.

In a head-to-head diet-induced obese (DIO) rat model, ASC36 demonstrated approximately 32% and 91% greater relative body weight reduction compared to eloralintide and petrelintide, respectively.

ASC36 oral tablets are expected to utilize a lower dose due to potentially better oral bioavailability and efficacy. This superior weight loss per milligram of ASC36 peptide may also provide scalability advantages in manufacturing.

ASC36, an amylin receptor peptide agonist, was discovered and developed in-house utilizing Ascletis' Artificial Intelligence-assisted Structure-Based Drug Discovery (AISBDD). ASC36 oral tablet formulation was developed and optimized by Ascletis' POTENT technology for delivery of oral peptides.

**Anticipated 2026 Milestone:** Submit an IND to the FDA for ASC36 oral tablets for the treatment of obesity in the second quarter of 2026.

### **ASC35 once-monthly SQ peptide for obesity**

During the Reporting Period and up to the date of this report, the Group has selected ASC35, a once-monthly, potentially best-in-class subcutaneously administered GLP-1R/GIPR dual peptide agonist, as a clinical development candidate.

In head-to-head non-human primate (NHP) studies, average observed half-life of ASC35 was approximately 14 days, 6-fold longer than tirzepatide, which supports once-monthly SQ dosing in humans.

In head-to-head NHP studies, drug exposures of ASC35 intravenous (I.V.) and SQ administration were approximately 80% and 70% greater than tirzepatide I.V. and SQ administration, respectively.

ASC35 was approximately 4-fold more potent than tirzepatide for both GLP-1R and GIPR *in vitro*.

ASC35 demonstrated approximately 71% greater relative body weight reduction compared to tirzepatide in a head-to-head DIO mouse study.

**Anticipated 2026 Milestone:** Submit an IND to the FDA for ASC35 for the treatment of obesity in the second quarter of 2026.

## Management Discussion and Analysis

### **ASC36\_35 FDC once-monthly SQ peptides for obesity**

During the Reporting Period and up to the date of this report, the Group has selected the co-formulation of ASC36, a once-monthly next-generation amylin receptor agonist and ASC35, a once-monthly next-generation GLP-1R/GIPR dual agonist for clinical development.

Using Ascletis' proprietary Ultra-Long-Acting Platform technology, co-formulation of ASC36, a once-monthly subcutaneously administered amylin receptor peptide agonist and ASC35, a once-monthly subcutaneously administered GLP-1R/GIPR dual peptide agonist, demonstrated a comparable pharmacokinetic (PK) profile to ASC36 and ASC35 dosed alone in head-to-head non-human primate studies.

ASC36 monotherapy demonstrated approximately 32% greater relative body weight reduction compared to eloralintide monotherapy in a head-to-head DIO rat study, while ASC35 monotherapy demonstrated approximately 71% greater relative body weight reduction compared to tirzepatide monotherapy in a head-to-head DIO mouse study.

Co-formulation of ASC36 and ASC35 demonstrated approximately 51% greater relative body weight reduction compared to the co-formulation of eloralintide and tirzepatide in a head-to-head DIO rat study.

Co-formulation of ASC36 and ASC35 demonstrated approximately 47% greater relative body weight loss compared to the coformulation of MET-233i and tirzepatide in a head-to-head DIO rat study and approximately 98% greater relative body weight loss compared to the co-formulation of eloralintide and tirzepatide in a head-to-head DIO rat study.

Co-formulation of ASC36 and ASC35 had excellent chemical and physical stability with no aggregation or precipitation caused by fibrillation at neutral pH.

**Anticipated 2026 Milestone:** Submit an IND to the FDA for ASC36\_35 FDC SQ injection for the treatment of obesity in the second quarter of 2026.

### **ASC37 once-monthly SQ peptide for obesity**

During the Reporting Period and up to the date of this report, the Group has selected ASC37 injection, a next-generation, once-monthly, subcutaneously administered GLP-1R/GIPR/GCGR triple peptide agonist, as a clinical development candidate.

In head-to-head non-human primate (NHP) studies, average observed half-life of ASC37 was approximately 15 days, 6-fold longer than retatrutide, which supports once-monthly SQ dosing in humans.

ASC37's average *in vitro* activity was approximately 12-, 11-, and 6-fold more potent than retatrutide for GLP-1R, GIPR and GCGR, respectively.

**Anticipated 2026 Milestone:** Submit an IND to the FDA for ASC37 injection for the treatment of obesity in the third quarter of 2026.

## Management Discussion and Analysis

### Immune Diseases

#### *ASC50 oral small molecule IL-17 inhibitor for the treatment of psoriasis*

During the Reporting Period and up to the date of this report, the Group has obtained positive topline results from a randomized, double-blind, placebo-controlled Phase I clinical trial in the U.S., evaluating the safety, tolerability, pharmacokinetics and peripherally circulating IL-17 target engagement profile of ASC50 (NCT07024602) in a single ascending dose (SAD) study in healthy participants.

The elimination half-life of ASC50 after a single oral dose was 43, 89, 91, 87, 104, and 85 hours for 10 mg, 30 mg, 100 mg, 200 mg, 400 mg, and 600 mg, respectively, supporting once-daily or potentially once-weekly oral dosing.

ASC50 had strong target engagement after a single oral dose, indicated by elevated plasma IL-17A levels, which continued until day 7 for higher doses of ASC50.

ASC50 demonstrated a dose-proportional pharmacokinetic profile from 10 mg to 600 mg.

Following oral dosing in non-human primates (NHPs) in head-to-head studies, ASC50 demonstrated higher absolute oral bioavailability, higher drug exposure, longer half-life and lower clearance than LY4100511 (DC-853), an oral small molecule IL-17 inhibitor currently in clinical development.

ASC50 was safe and well tolerated in the SAD study. All AEs were mild (Grade 1) and transient. No SAEs were reported. There was no discontinuation in the study. No hepatic safety signal was detected.

Based on the favorable safety, tolerability, pharmacokinetics and strong target engagement, ASC50 has progressed into the next phase clinical development (multiple ascending dose study) in participants with mild to moderate plaque psoriasis.

ASC50 is an in-house discovered and developed oral small molecule inhibitor targeting IL-17, an important biologically and commercially validated target for multiple autoimmune and inflammatory diseases, including psoriasis. ASC50 is a new chemical entity (NCE), with U.S. and global patent protection through 2043 (excluding potential patent extensions).

**Anticipated 2026 Milestone:** Announce topline data of multiple ascending dose (MAD) study for ASC50.

### Exploratory Indication

#### *Denifanstat (ASC40) for moderate to severe acne*

During the Reporting Period and up to the date of this report, the Group has announced denifanstat (ASC40), a first-in-class, once-daily oral small molecule FASN inhibitor, meets all primary, key secondary, and secondary endpoints in the randomized, double-blind, placebo-controlled, multicenter Phase III clinical trial (NCT06192264) in China for the treatment of moderate to severe acne vulgaris, and announced positive topline results from the Phase III open-label study (NCT06248008) in patients with moderate-to-severe acne vulgaris. New Drug Application for denifanstat (ASC40) for acne was accepted by the China National Medical Products Administration (NMPA).

The Phase III clinical trial (NCT06192264) was a randomized, double-blind, placebo-controlled, multicenter clinical trial in China to evaluate the safety and efficacy of denifanstat (ASC40) once-daily oral tablet in 480 patients with moderate to severe acne vulgaris. Patients were enrolled and randomized into one active treatment arm and one placebo control arm at the ratio of 1:1 to receive 50 mg denifanstat (ASC40) oral tablet once daily or matching placebo for 12 weeks. Baseline characteristics were well balanced between denifanstat (ASC40) and placebo arms.

## Management Discussion and Analysis

Denifanstat (ASC40), a once-daily oral FASN inhibitor, demonstrated statistically significant and clinically meaningful improvement compared to placebo in all primary, key secondary, and secondary endpoints. At week 12, percent treatment success was 33.2% compared to 14.6% for placebo,  $p < 0.0001$ , percent reduction from baseline in total lesion count was 57.4% compared to 35.4% for placebo,  $p < 0.0001$ , and percent reduction from baseline in inflammatory lesion count was 63.5% compared to 43.2% for placebo,  $p < 0.0001$ . The key secondary endpoint, percent reduction from baseline in non-inflammatory lesion count at week 12, was 51.9% compared to 28.9% for placebo,  $p < 0.0001$ .

Denifanstat (ASC40) demonstrated a favorable safety and tolerability profile following 12 weeks of once-daily oral administration at 50 mg. The incidence rates of TEAEs were comparable between denifanstat (ASC40) and placebo. No incidence rates of TEAEs related to study drug in any category exceeded 10%. Only two categories of TEAEs had an incidence rate of more than 5% (6.3% dry skin in denifanstat (ASC40)-treated patients versus 2.9% in the placebo group; 5.9% dry eye in denifanstat (ASC40)-treated patients versus 3.8% in the placebo group). All denifanstat (ASC40)-related AEs were mild or moderate. There were no denifanstat (ASC40)-related grade 3 or 4 AEs and no denifanstat (ASC40)-related SAEs. No deaths were reported.

Denifanstat (ASC40) was 98% and 178% more effective than FDA-approved sarecycline and doxycycline with regard to placebo-adjusted percent treatment success, respectively, 18.6% for denifanstat (ASC40) versus 9.4% for sarecycline, 18.6% versus 6.7% for doxycycline.

Denifanstat (ASC40) was 60% more effective than FDA-approved clascoterone cream with regard to placebo-adjusted percent treatment success, 18.6% for denifanstat (ASC40) versus 11.6% for clascoterone cream, respectively.

The second Phase III study (NCT06248008) was an open-label, multicenter study in China designed to evaluate the long-term safety of denifanstat (ASC40) in 240 patients with moderate to severe acne vulgaris. All the 240 patients, previously treated with denifanstat (ASC40) or placebo for 12 weeks, were designed to receive denifanstat (ASC40) once daily for up to 40 weeks.

Denifanstat (ASC40) demonstrated a favorable safety and tolerability profile. Most TEAEs were mild (grade 1) and moderate (grade 2). There were no denifanstat (ASC40)-related grade 3 or 4 AEs and no denifanstat (ASC40)-related SAEs. No deaths were reported.

The mechanisms of action of denifanstat (ASC40) for the treatment of acne are (1) direct inhibition of facial sebum production, through inhibition of de novo lipogenesis (DNL) in human sebocytes; and (2) inhibition of inflammation, through decreasing cytokine secretion and Th17 differentiation. Denifanstat (ASC40)'s unique mechanism of action directly reduces one of the main underlying causes of acne which is the overproduction of sebum. This makes denifanstat (ASC40) unique as most other acne treatments do not treat the underlying cause of the condition.

The exceptional efficacy of denifanstat (ASC40) observed in the Company's previously reported placebo-controlled Phase III trial coupled with a favorable safety profile in two Phase III trials provide a potential major break-through for the treatment of acne.

**Anticipated Next Milestone:** Obtain the NDA approval from China NMPA for denifanstat for acne treatment.

## Management Discussion and Analysis

### Preclinical Discovery

Based on its three core discovery engines: (i) Artificial Intelligence-assisted Structure-Based Drug Discovery (AISBDD); (ii) Ultra-Long-Acting Platform (ULAP); and (iii) Peptide Oral Transport Enhancement Technology (POTENT), the Group continues to strengthen discovery efforts to develop more pipeline assets of both small molecules and peptides with global best-in-class and first-in-class competitiveness.

**Cautionary statement required by Rule 18A.08(3) of the Listing Rules:** We cannot guarantee that we will be able to ultimately develop, market and/or commercialize the drug candidates in our pipeline successfully.

### THE GROUP'S FACILITIES

The Group has manufacturing facilities located in Shaoxing, Zhejiang Province with a total gross floor area of 17,000 square meters. Our manufacturing facility is equipped with state-of-the-art production equipment with cutting-edge technology capabilities such as hot-melt extrusion and high-speed press to ensure the high quality of our products.

As of December 31, 2025, we had 10 wholly-owned subsidiaries. Our business was mainly conducted through four operating subsidiaries, namely Ascletis Pharma (China), Ascletis BioScience, Ascletis Pharmaceuticals and Gannex Pharma.

### OTHER UPDATES

While vigorously developing its candidates in the metabolic disease pipeline, the Group is seeking proper opportunities to license out its multiple clinical assets.

### FUTURE AND OUTLOOK

The Group has established a comprehensive metabolic disease pipeline with key clinical stage assets. The followings are strategies and outlook:

1. Initiate the Phase III studies of ASC30 once-daily oral tablet for the treatment of obesity in the third quarter of 2026;
2. Announce the topline data from the U.S. 13-week Phase II study of ASC30 once-daily tablet for the treatment of diabetes in the third quarter of 2026;
3. Expand clinical development program for ASC30 SQ depot formulation for both once-monthly treatment therapy and once-quarterly maintenance therapy in the 2<sup>nd</sup> half of 2026;
4. Initiate the Phase II combination study of ASC47 and ASC35 for the treatment of obesity in 2026;
5. Submit an IND to the FDA for ASC39 oral tablets for the treatment of obesity in the third quarter of 2026;
6. Submit an IND to the FDA for ASC36 SQ injection for the treatment of obesity in the second quarter of 2026;
7. Submit an IND to the FDA for ASC36 oral tablets for the treatment of obesity in the second quarter of 2026;

## Management Discussion and Analysis

8. Submit an IND to the FDA for ASC35 for the treatment of obesity in the second quarter of 2026;
9. Submit an IND to the FDA for ASC36\_35 FDC SQ injection for the treatment of obesity in the second quarter of 2026;
10. Submit an IND to the FDA for ASC37 injection for the treatment of obesity in the third quarter of 2026;
11. Submit an IND to the FDA for ASC36\_37 FDC for the treatment of obesity in the third quarter of 2026;
12. Announce topline data of multiple ascending dose (MAD) study for ASC50 in 2026;
13. Obtain the NDA approval from China NMPA for denifanstat (ASC40) for acne treatment;
14. Continue to strengthen early discovery efforts to develop more pipeline assets with global best-in-class and first-in-class competitiveness; and
15. Seek license-out opportunities with global large pharma companies to maximize the value of the Group.

### FINANCIAL REVIEW

#### Total income

The Group's total income represents revenue, other income and net gains. It increased from approximately RMB121.1 million for the year ended December 31, 2024 to approximately RMB127.4 million for the year ended December 31, 2025 due to increased other income and net gains.

#### Other income and net gains

The other income and net gains of the Group increased by 4.6% from approximately RMB119.8 million for the year ended December 31, 2024 to approximately RMB125.3 million for the year ended December 31, 2025, primarily due to (i) we recorded net realized and unrealized gain arising from equity investment of approximately RMB22.7 million for the year ended December 31, 2025 which mainly represents the increase in the fair value of interest of Sagimet measured at FVPL, as compared to an unrealized loss of interest in Sagimet measured at FVPL of approximately RMB1.7 million for the year ended December 31, 2024; (ii) a significant decrease in net loss arising from fair value remeasurement of interest in a former associate from approximately RMB24.5 million for the year ended December 31, 2024 to nil for the year ended December 31, 2025, because the Group ceased to account for its equity interest in Sagimet under equity method and recognized a loss of approximately RMB24.5 million following the Group's loss of significant influence on Sagimet on June 5, 2024; and (iii) a significant increase in government grants from approximately RMB21.1 million for the year ended December 31, 2024 to approximately RMB37.3 million for the year ended December 31, 2025, offset by a significant decrease in gain on dilution of interest in a former associate from approximately RMB21.1 million for the year ended December 31, 2024 to nil for the year ended December 31, 2025, which represents the decrease in interest of Sagimet resulting from the dilution due to the post-IPO financing completed on January 30, 2024.

Government grants mainly represented subsidies received from the local governments for the purpose of compensation for expenses arising from research activities, clinical trials and daily operating activities and capital expenditure incurred on certain projects, and awarding the new drug development.

## Management Discussion and Analysis

The following table sets forth the components of our other income and net gains for the years indicated:

	Year ended December 31,		Year ended December 31,	
	2025		2024	
	RMB'000	%	RMB'000	%
Bank interest income	65,676	52.4	92,237	77.0
Government grants	37,262	29.7	21,148	17.7
Net realized and unrealized gain/(loss) arising from equity investment	22,706	18.1	(1,653)	(1.4)
Net realized and unrealized gain arising from management product	3,840	3.1	6,351	5.3
Net realized and unrealized gains on financial assets at FVOCI	868	0.7	949	0.8
Others	642	0.5	11	0.0
Foreign exchange (loss)/gain, net	(5,672)	(4.5)	4,149	3.5
Gain on dilution of interest in associate	–	–	21,147	17.7
Net loss arising from fair value remeasurement of interest in a former associate	–	–	(24,546)	(20.6)
<b>Total</b>	<b>125,322</b>	<b>100.0</b>	<b>119,793</b>	<b>100.0</b>

### Administrative Expenses

The administrative expenses of the Group decreased by 26.1% from approximately RMB101.7 million for the year ended December 31, 2024, to approximately RMB75.2 million for the year ended December 31, 2025, primarily due to decrease in consulting fees.

Our administrative expenses primarily consisted of (i) staff salary and welfare costs for non-R&D personnels; (ii) agency and consulting fees; and (iii) utilities, rent and general office expenses.

The following table sets forth the components of our administrative expenses for the years indicated:

	Year ended December 31,		Year ended December 31,	
	2025		2024	
	RMB'000	%	RMB'000	%
Staff salary and welfare costs	35,417	47.1	34,047	33.5
Agency and consulting fees	29,788	39.6	50,671	49.8
Utilities, rent and general office expenses	9,543	12.7	12,137	11.9
Others	484	0.6	4,889	4.8
<b>Total</b>	<b>75,232</b>	<b>100.0</b>	<b>101,744</b>	<b>100.0</b>

## Management Discussion and Analysis

### R&D Expenses

The Group's R&D expenses primarily consisted of preclinical and clinical trial expenses, staff costs and depreciation and amortization costs.

The R&D expenses of the Group increased by 35.3% from approximately RMB302.4 million for the year ended December 31, 2024 to approximately RMB409.1 million for the year ended December 31, 2025, primarily due to the group's increased investment in metabolic disease pipeline.

The Group's increased investment in metabolic disease pipeline aligns with the significant advancements made in this area.

The following table sets forth the components of our research and development costs for the years indicated:

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
Preclinical and clinical expenses	231,315	176,402
Staff costs	152,700	101,532
Depreciation and amortization costs	11,034	12,353
Others	14,004	12,107
<b>Total</b>	<b>409,053</b>	<b>302,394</b>

The following table sets forth the components of our R&D costs by product pipeline for the years indicated:

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
Metabolic diseases	143,531	99,237
Exploratory indications	96,801	151,309
Pre-clinical	168,721	51,848
<b>Total</b>	<b>409,053</b>	<b>302,394</b>

### Finance Costs

The Group recorded finance costs of approximately RMB0.2 million for the year ended December 31, 2025, due to the interest on the lease liabilities (for the year ended December 31, 2024: approximately RMB0.2 million).

## Management Discussion and Analysis

### Other Expenses

Other expenses of the Group decreased by 93.4% from approximately RMB11.8 million for the year ended December 31, 2024 to approximately RMB0.8 million for the year ended December 31, 2025, mainly due to the decreased impairment of other intangible assets.

The following table sets forth the components of other expenses for the years indicated:

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
Others <sup>1</sup>	751	1,230
Donation	23	–
Impairment of other intangible assets	–	10,579
<b>Total</b>	<b>774</b>	<b>11,809</b>

1. “Others” include costs of disposal of inventories and items of property, plant and equipment, and impairment of prepayments, among others.

### Income Tax

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

The Group calculates the income tax expense by using the tax rate that would be applicable to the expected total annual earnings.

The Group recorded income Tax of approximately RMB0.5 million for the year ended December 31, 2025 (for the year ended December 31, 2024: Nil).

### Inventories

The inventories of the Group consisted of raw materials used in R&D. Our inventories decreased by 57.1% from approximately RMB4.4 million for the year ended December 31, 2024 to approximately RMB1.9 million as at December 31, 2025, mainly due to strengthen the management of inventory.

The following table sets forth the inventory balances as of the dates indicated:

	December 31,	
	2025 RMB'000	2024 RMB'000
Raw materials	1,874	4,373
<b>Total</b>	<b>1,874</b>	<b>4,373</b>

## Management Discussion and Analysis

### Trade Receivables

The Group's trade receivables remained stable at approximately RMB0.2 million as at December 31, 2024 and December 31, 2025.

	<b>December 31, 2025</b>	2024
	<b>RMB'000</b>	RMB'000
Trade receivables	<u>223</u>	<u>152</u>
<b>Total</b>	<b><u>223</u></b>	<b><u>152</u></b>

The Group's trading terms with its customers are mainly on credit. The credit period is generally from 30 days to 90 days. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are regularly reviewed by senior management. Trade receivables are non-interest-bearing.

An aging analysis of the trade receivables as at the dates indicated, based on the invoice date and net of loss allowance, is as follows:

	<b>December 31, 2025</b>	2024
	<b>RMB'000</b>	RMB'000
Within 3 months	<u>223</u>	<u>152</u>
<b>Total</b>	<b><u>223</u></b>	<b><u>152</u></b>

### Prepayments, Other Receivables and Other Assets

The following table sets forth the components of prepayment, other receivables and other assets as at the dates indicated:

	<b>December 31, 2025</b>	2024
	<b>RMB'000</b>	RMB'000
Value-added tax recoverable	9,940	9,111
Prepayments	3,544	1,248
Deposits and other receivables	3,056	4,990
Prepaid expenses	1,207	1,009
Cash in transit	–	1,404
<b>Total</b>	<b><u>17,747</u></b>	<b><u>17,762</u></b>

Our value-added tax recoverable represented value-added tax that can be carried forward for future offset against output VAT or refunded by the relevant tax authorities. Our value-added tax recoverable increased by 9.1% from approximately RMB9.1 million as at December 31, 2024 to approximately RMB9.9 million as at December 31, 2025, which was mainly due to the decrease in value-added taxes refund.

## Management Discussion and Analysis

Our prepayments mainly consisted of payments for clinical trial services and raw materials used in R&D. Our prepayments increased by 184.0% from approximately RMB1.2 million as at December 31, 2024 to approximately RMB3.5 million as at December 31, 2025, primarily due to the increased prepayments for raw materials used in R&D.

Prepayments to suppliers as at December 31, 2025 are due within one year.

Deposits and other receivables are miscellaneous expenses including rental and other deposits.

As of the date of this report, no impairment losses were provided for the Group's prepayments, other receivables and other assets.

### Financial Assets at Fair Value through Profit and Loss – Non-current

The non-current portion of financial assets at FVPL of the Group increased from RMB53.5 million as at December 31, 2024 to approximately RMB56.4 million as at December 31, 2025, primarily due to primarily due to the Group's non-current balances of financial assets at FVPL represent investments in equity securities listed on the NASDAQ. The fair value of listed equity investment is determined based on the quoted market bid price.

### Financial Assets at Fair Value through Profit and Loss – Current

The current portion of financial assets at FVPL of the Group increased from approximately RMB7.4 million as at December 31, 2024 to approximately RMB26.1 million as at December 31, 2025, primarily due to increased investment in wealth management products.

### Cash and Bank Balances

The following table sets forth the components of the Group's time deposits and cash and cash equivalents as at the dates indicated:

	<b>December 31, 2025</b>	2024
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Time deposits	<b>431,259</b>	1,074,436
Cash and cash equivalents	<b>1,443,513</b>	864,326
<b>Total</b>	<b>1,874,772</b>	1,938,762

Time deposits with original maturity over three months are made for varying periods depending on our immediate cash requirements, and earn interest at the respective time deposit rates. Cash and cash equivalents and time deposits earn interest at floating rates based on daily bank deposit rates and the respective time deposit rates. The cash and cash equivalents and time deposits are deposited with creditworthy banks with no recent history of default.

## Management Discussion and Analysis

### Trade Payables

Trade payables of the Group primarily consisted of payments to raw materials suppliers. The following table sets forth the component of trade payables as at the dates indicated:

	<b>December 31, 2025</b>	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables	<u>1,344</u>	<u>31</u>
<b>Total</b>	<b><u>1,344</u></b>	<b><u>31</u></b>

The following table sets forth an aging analysis of the trade payables as at the dates indicated, which is based on invoice date:

	<b>December 31, 2025</b>	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Within 3 months	<u>1,344</u>	<u>31</u>
<b>Total</b>	<b><u>1,344</u></b>	<b><u>31</u></b>

### Other Payables and Accruals

The following table sets forth the components of other payables and accruals outstanding as at the dates indicated:

	<b>December 31, 2025</b>	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Accrued expenses	69,375	66,002
Other payables	30,630	45,737
Payroll payable	17,217	13,715
Provisions	4,038	15,265
Taxes other than income tax	529	4,078
Contract liabilities	<u>–</u>	<u>391</u>
<b>Total</b>	<b><u>121,789</u></b>	<b><u>145,188</u></b>

The accrued expenses as at December 31, 2025 mainly represented the R&D expenses actually incurred but not yet invoiced. The accrued expenses increased from approximately RMB66.0 million as at December 31, 2024 to approximately RMB69.4 million as at December 31, 2025. The accrued expenses are non-interest-bearing and due within one year.

Our other payables decreased from approximately RMB45.7 million as at December 31, 2024 to approximately RMB30.6 million as at December 31, 2025, mainly due to the payment of preclinical and clinical expenses.

## Management Discussion and Analysis

Our payroll payables increased from approximately RMB13.7 million as at December 31, 2024 to approximately RMB17.2 million as at December 31, 2025, mainly due to the increased accrued salary and bonus.

The provisions decreased from RMB15.3 million as at December 31, 2024 to approximately RMB4.0 million as at December 31, 2025, mainly due to the settlement of approximately RMB11.2 million pursuant to an arbitration with Fujian Cosunter Pharmaceutical Co., Ltd. (福建廣生堂藥業股份有限公司) and Fujian Guangsheng Zhonglin Biotechnology Co., Ltd. (福建廣生堂中霖生物科技有限公司).

### Deferred Income

The deferred income of the Group represented government grants which have been awarded, but we have yet to meet the conditions of the grants as of the relevant dates. The following table sets forth the deferred income as of the dates indicated:

	<b>December 31, 2025</b>	2024
	<b>RMB'000</b>	<b>RMB'000</b>
Government grants		
– Current	<b>1,588</b>	1,588
– Non-current	<b>2,382</b>	3,970
<b>Total</b>	<b>3,970</b>	5,558

### Liquidity and Capital Resources

The primary uses of cash of the Group are to fund its R&D activities, purchase of equipment and raw materials and other recurring expenses. During the Reporting Period, the Group funded its working capital and other capital expenditure requirements by the proceeds from the Global Offering.

The following table sets forth a condensed summary of our Group's consolidated statement of cash flows for the years indicated and analysis of balances of cash and cash equivalents for the years indicated:

	<b>December 31, 2025</b>	2024
	<b>RMB'000</b>	<b>RMB'000</b>
Net cash (used in) operating activities	<b>(416,776)</b>	(341,579)
Net cash generated from investing activities	<b>662,179</b>	978,906
Net cash generated from/(used in) financing activities	<b>345,226</b>	(103,508)
Net increase in cash and cash equivalents	<b>590,629</b>	533,819
Cash and cash equivalents at the beginning of year	<b>864,326</b>	330,117
Effect of foreign exchange rate changes, net	<b>(11,442)</b>	390
Cash and cash equivalents at the end of year	<b>1,443,513</b>	864,326

As at December 31, 2025, our cash and cash equivalents were mainly denominated in Renminbi and U.S. dollars.

## Management Discussion and Analysis

### Operating Activities

Our cash inflows from operating activities mainly consisted of trade receivables received from customers, government grants. Our cash outflows from operating activities mainly consisted of payment of R&D costs and administrative expenses.

For the year ended December 31, 2025, we had net cash used in operating activities of approximately RMB416.8 million, primarily due to operating loss before changes in working capital of approximately RMB421.2 million offset by changes of working capital of RMB4.4 million.

### Investing Activities

Our cash generated from investing activities mainly consisted of changes in time deposits with original maturity of over three months, purchase and disposals of financial assets at FVPL and financial assets at FVOCI, interest received on time deposits, purchase and disposal of property, plant and equipment and purchase of intangible assets.

For the year ended December 31, 2025, our net cash generated from investing activities was approximately RMB662.2 million, primarily related to decrease in time deposits of approximately RMB580.1 million.

### Financing Activities

Our cash generated from financing activities primarily consisted of proceeds from issuance of shares under top-up placement and payments for share repurchases.

For the year ended December 31, 2025, our net cash generated from financing activities was approximately RMB345.2 million, primarily attributable to proceeds from issuance of shares under top-up placement of approximately RMB428.0 million.

### Capital Expenditures

The principal capital expenditures of the Group primarily consisted of the purchase of office equipment, plant and machinery and expenditures for construction in progress. The following table sets forth our net capital expenditures as at the dates indicated:

	<b>December 31,</b> <b>2025</b> <i>RMB'000</i>	2024 <i>RMB'000</i>
Office equipment	<b>872</b>	1,493
Plant and machinery	<b>468</b>	477
Construction in progress	—	—
<b>Total</b>	<b>1,340</b>	1,970

Our capital expenditures decreased by 32.0% from approximately RMB2.0 million as at December 31, 2024 to approximately RMB1.3 million as at December 31, 2025, primarily because we reduced the purchase of the machinery and office equipment for laboratory renovation.

## Management Discussion and Analysis

### Significant Investments, Material Acquisitions and Disposals

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

### Indebtedness

#### *Borrowings, Charges of Assets and Guarantees*

As at December 31, 2025, the Group did not have any outstanding mortgages, charges, debentures, other issued debt capital, bank overdrafts, borrowings, liabilities under acceptance or other similar indebtedness, any guarantees or other material contingent liabilities.

#### *Future Plans for Material Investments or Capital Asset*

Save as disclosed under the section headed “Future Plans and Use of Proceeds” in the Prospectus and in this report, the Group does not have any other plans for material investments or capital assets.

### *Contingent Liabilities*

#### *(a) Viking case*

On 29 December 2022, Viking Therapeutics, Inc. (“**Viking**”), a pharmaceutical company in the United States, filed certain complaints against the Company, its founder Jinzi Jason WU and certain subsidiaries of the Company in connection with the Group’s drug candidates ASC41 and ASC43F. One complaint was made with the United States International Trade Commission, Washington D.C. (the “**ITC**”) and another complaint was made with the United States District Court, Southern District of California, (the “**USDC**”) San Diego Division, each covering similar allegations.

The Company received initial determination and final judgment (together the “**Judgment**”) from ITC on the complaint on 4 October 2024 and 29 May 2025. The Judgment, made by an Administrative Law Judge of the ITC, found a violation of Section 337 of the Tariff Act of 1930 (as amended) in the importation of the Company’s drug candidates ASC41 and ASC43F into the United States. In addition, a monetary sanction of USD567,000 (equivalent to approximately RMB4,038,000) was proposed due to certain procedural issues during the investigation phase. The Company has made a provision for this monetary sanction in the financial statements.

Regarding the complaint made with USDC, there has been no major progress since 1 January 2025, and the relevant investigation and litigation proceedings are ongoing. The Company will vigorously defend against the complaint. Accordingly, the Group has not made any provision for the allegations arising from the complaint made with USDC filed by Viking as at 31 December 2025.

## Management Discussion and Analysis

### (b) Arbitration case

In September 2025, Ascletois Pharmaceuticals became involved in an arbitration proceeding initiated by a previous customer due to commercial contracts dispute on sales of certain products.

The claimant seeks compensation in an aggregate amount around RMB25 million, comprising (i) contract payments, (ii) interest on the alleged occupied funds, and (iii) arbitration and legal fees.

As at the date of this report, the arbitration is ongoing and no ruling has been issued. Based on the information currently available, the outcome of the arbitration and its potential financial impact on the Group cannot be reliably estimated. As at 31 December 2025, the Group has not made any provision for the arbitration.

### Charges of Assets

As at December 31, 2025, the Group had no charge on its assets.

### Contractual Commitments

We leased certain of our properties and warehouse under operating lease arrangements. Leases for properties and warehouse are negotiated for terms ranging mainly from one to three years.

The Group had RMB0.6 million of capital commitment as at December 31, 2025 and RMB0.6 million of capital commitment as at December 31, 2024.

### Key Financial Ratios

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

	<b>December 31, 2025</b>	2024
	<b>RMB'000</b>	RMB'000
Current ratio <sup>(1)</sup>	<b>15.1</b>	12.9
Quick ratio <sup>(2)</sup>	<b>15.0</b>	12.8
Gearing ratio <sup>(3)</sup>	<b>6.4%</b>	7.5%

#### Notes:

- (1) Current ratio represents current assets divided by current liabilities as of the same date.
- (2) Quick ratio represents current assets less inventories and divided by current liabilities as of the same date.
- (3) Gearing ratio represents total liabilities divided by total assets as of the same date and multiplying by 100%.

## Management Discussion and Analysis

Our current ratio increased from 12.9 as at December 31, 2024 to 15.1 as at December 31, 2025, and our quick ratio increased from 12.8 as at December 31, 2024 to 15.0 as at December 31, 2025, primarily due to a decrease in current liabilities.

Our gearing ratio decreased from 7.5% as at December 31, 2024 to 6.4% as at December 31, 2025, primarily due to a decrease in current liabilities.

### Foreign Exchange Risk

Foreign currency risk refers to the risk of loss resulting from changes in foreign currency exchange rates. Fluctuations in exchange rates between Renminbi and other currencies in which the Group conducts business may affect our financial condition and results of operation.

The Group mainly operates in the PRC and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD. Foreign exchange risk arises from recognized assets and liabilities in foreign operations. The conversion of Renminbi from foreign currencies, including the USD, has been based on rates set by the People's Bank of China. The Group seeks to limit our exposure to foreign currency risk by closely monitoring and minimizing its net foreign currency position. During the Reporting Period, the Group did not enter into any currency hedging transactions.

### Employees and Remuneration Policies

The emoluments of the Directors and senior management of the Group are decided by the Board with reference to the recommendation given by the Remuneration Committee, having regard to the Group's operating results, salaries paid by comparable companies, time commitment and responsibilities and employment conditions of the Directors and senior management.

As at December 31, 2025, the Group had a total of 202 employees, most of which were located in the PRC. Over 80.2% of our employees obtained a bachelor's degree or higher. The table below sets forth our Group's employees by function as disclosed:

	As at December 31, 2025	
	Numbers of employees	% of total
Management	3	1.5
R&D	134	66.3
Manufacturing	30	14.9
Operations	35	17.3
<b>Total</b>	<b>202</b>	<b>100.0</b>

## Management Discussion and Analysis

Our Group's total staff costs for the year ended December 31, 2025 was approximately RMB188.1 million, compared to approximately RMB136.1 million for the year ended December 31, 2024.

The Group recruits employees through recruitment websites, recruiters, internal referral and job fairs. The Group conducts new employee training, as well as professional and compliance training programs for employees.

The Group enters into employment contracts with employees to cover matters such as wages, benefits and grounds for termination. The remuneration package of our employees includes salary and bonus, which are generally determined by the qualifications, industry experience, position and performance. The Group makes contributions to social insurance and housing provident funds for our employees as required by the PRC laws and regulations.

The Group also has adopted the share schemes under Chapter 17 of the Listing Rules to provide incentives to employees for their persistent devotion in achieving long-term growth of the Group.

### Employee Benefits

A majority of the Group's employees are located in the PRC. These employees are required to participate in a central pension scheme (the "**PRC Pension Scheme**") operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of their payroll costs to the PRC Pension Scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the PRC Pension Scheme.

For the year ended December 31, 2025, approximately RMB7.0 million was charged in the consolidated income statement of the Group (for the year ended December 31, 2024: approximately RMB6.4 million), which represented contributions paid to the PRC Pension Scheme at rates specified in the rules of the scheme, such as contribution to defined benefit retirement plans. Under the PRC Pension Scheme, no forfeiture contributions will be used by the employers to reduce the existing level of contributions.

# Directors and Senior Management

## DIRECTORS

### Executive Directors

#### Jinzi Jason WU

#### Chairman of the Board, executive Director and chief executive officer

**Dr. Jinzi Jason WU** (吳勁梓), aged 63, is the founder of our Group. Dr. Wu was appointed as a Director on February 25, 2014 and was appointed as the chairman of the Board on March 30, 2018. Dr. Wu was redesignated as an executive Director on April 27, 2018. Dr. Wu has served as the chief executive officer of our Group since April 2013. Dr. Wu is primarily responsible for overall management of the business strategy and corporate development of our Group. Dr. Wu is also involved in research and development of all of the candidates in the Group's pipeline. Dr. Wu also holds the following positions with other members of our Group:

- a director of PowerTree since January 2011;
- a director and chief executive officer of Ascletis BioScience since April 2013 to December 2024;
- a director and chief executive officer of Ascletis Pharmaceuticals since September 2014 to January 2025;
- a director of Ascletis Pharma (China) since March 2018, an chief executive officer of Ascletis Pharma (China) since January 2023;
- a director and chief executive officer of Ascletis Biopharma since April 2018 to January 2025;
- a director and chief executive officer of Ascletis Xinnuo Medicine since July 2018 to July 2025;
- a director of AP11 Limited since November 2018;
- a director of SoundRidge Pharmaceuticals (Hong Kong) Co., Limited since April 2019;
- a director and chief executive officer of Gannex Pharma since September 2019 to January 2025;
- a manager of Gannex, LLC since October 2020; and
- a director of ASCLETIS (AUSTRALIA) PTY LTD since October 2023.

Dr. Wu has more than 28 years of experience in pharmaceutical research and development. From February 2019 to June 2024, Dr. Wu served as a director of Sagimet, whose shares are listed on Nasdaq Stock Market (ticker symbol: SGMT). From June 2008 to February 2011, he served as a vice president of HIV Drug Discover Performance Unit at GSK in the U.S., a global pharmaceutical company whose shares are listed on the New York Stock Exchange (ticker symbol: GSK), where he was mainly responsible for discovery and development of multiple pre-clinical and clinical stage drug candidates. From June 2004 to June 2008, Dr. Wu served as a vice president of Pre-clinical and Basic Research at Ambrilia (formerly known as Procyon), a global biotech company headquartered in Montreal Canada, whose shares were listed on the Canada Stock Exchange (ticker symbol: AMB) and were later delisted on March 4, 2011, where he was mainly responsible for overseeing research and development in areas of anti-viral and anti-cancer drugs. From 2002 to 2004, Dr. Wu also served at PhageTech Inc., an antibiotic discovery company, as a vice president of research and development. Dr. Wu also worked at Immunex Corporation as a group leader of small molecule drug discovery in 2002 prior to joining PhageTech Inc. From 1997 to 2000, Dr. Wu served as a senior scientist at Novartis Pharmaceuticals Corporation, a global pharmaceutical company whose shares are listed on New York Stock Exchange (ticker symbol: NVS), where he was mainly responsible for drug screening.

## Directors and Senior Management

Dr. Wu received his bachelor's degree in physiology from Nanjing University (南京大學) in the PRC in July 1985, his master's degree in physiology from Nanjing University in the PRC in June 1988 and his doctorate degree in cancer biology from University of Arizona in the U.S. in August 1996.

**Mrs. Judy Hejingdao WU** (何淨島), aged 52, was appointed as a Director on March 30, 2018 and was redesignated as an executive Director on April 27, 2018. Mrs. Wu also served as a Director of our Company from September 9, 2015 to September 26, 2016. Mrs. Wu is the spouse of Dr. Jinzi Jason WU. Mrs. Wu has served as a vice president of our Group since January 2014 and was re-designated as a senior vice president of operations since March 1, 2021. Since joining our Group, Mrs. Wu has actively participated in the daily operations of our Group and she is primarily responsible for overseeing operations of our Group, including management of our human resource and general affairs of our Group, among others. Mrs. Wu also holds the following positions with other members of our Group:

- a vice president of Ascletris BioScience, where she is mainly responsible for operations of the company since January 2014, a director of Ascletris BioScience from January 2014 to July 2018, a director and manager of Ascletris BioScience since December 2024;
- a vice president of Ascletris Pharmaceuticals where she is mainly responsible for operations of the company from September 2014 to December 2021, a director of Ascletris Pharmaceuticals since January 2025;
- a manager of Gannex, LLC since January 2021;
- a director and manager of Ascletris Biopharma since January 2025; and
- a director and manager of Gannex Pharma since January 2025.

Mrs. Wu received her bachelor's degree in industrial design from Zhejiang University (浙江大學) in the PRC in July 1996.

*Note: Dr. Wu and Mrs. Wu are spouses.*

### Independent Non-executive Directors

**Dr. Yizhen WEI** (魏以楨), aged 51, was appointed as an independent non-executive Director on April 27, 2018. Dr. Wei is primarily responsible for supervising and providing independent judgement to our Board.

Dr. Wei has over 23 years of experience in clinical medicine industry. Since December 1999, Dr. Wei has served several positions at Fuwai Hospital – China Academy of Medical Science (中國醫學科學院阜外醫院), including resident physician from December 1999 to September 2003, attending physician from September 2003 to July 2009 and consultant physician thereafter and obtained the professional title as a chief physician in July 2022. Dr. Wei has served as a member of the Cardiovascular Committee of the National Cardiovascular Disease Center since August 2016.

Dr. Wei received his bachelor's degree in clinical medicine in English (英文醫學) from China Medical University (中國醫科大學) in the PRC in July 1998 and his doctorate degree in Surgery from Chinese Academy of Medical Science & Peking Union Medical College (中國醫學科學院北京協和醫學院) in the PRC in January 2008.

## Directors and Senior Management

**Mr. Jiong GU** (顧炯), aged 53, was appointed as an independent non-executive Director on April 27, 2018. Mr. Gu is primarily responsible for supervising and providing independent judgement to our Board. Mr. Gu is also the chairman of the audit committee of our Board.

Mr. Gu served as the chief financial officer and vice president of CMC Holdings Limited (華人文化有限責任公司), an investment platform focusing on media and entertainment investments from September 2016 to July 2024. Mr. Gu was the chief financial officer of CMC Capital Partners (華人文化產業投資基金), an investment fund specializing in media and entertainment investment in the PRC and globally from September 2013 to August 2016. From January 2010 to August 2013, Mr. Gu served as the chief financial officer in BesTV New Media Co., Ltd. (百視通新媒體股份有限公司), a PRC company principally engaged in the provision of technical services, content services and marketing services for television terminals, computer terminals and mobile terminals through a media source platforms, whose shares are listed on Shanghai Stock Exchange (stock code: 600637). From April 2004 to December 2009, Mr. Gu successively worked at UTStarcom Telecom Co., Ltd. (UT 斯達康通訊有限公司) and its holding company, UTStarcom Inc., a global telecom infrastructure provider specialized in the provision of packet optical transport and broadband access products to network operators, whose shares are listed on Nasdaq (ticker symbol: UTSI), where he was responsible for accounting and financial matters. From July 1995 to April 2004, Mr. Gu had worked for Ernst & Young's Shanghai office and was the senior manager of the audit department when he left the firm. From March 2017 to July 2023, he was the independent non-executive director of Amlogic (Shanghai) Co., Ltd (晶晨半導體(上海)股份有限公司) (Stock code: 688099). From September 2018 to January 2023, he was the independent non-executive director of Dafa Properties Group Limited (大發地產集團有限公司) (Cancellation of listing in October 2024, HK6111). From May 2019, Mr. Gu has been appointed as the independent non-executive director of Mulsanne Holding Limited (慕尚集團控股有限公司) (HK1817). From December 2020 to May 2025, Mr. Gu was the independent non-executive director of Vesync Co., Ltd (Cancellation of listing in May 2025, HK2148). From December 2022 to March 2025, he was the independent non-executive director of Howkingtech International Holding Limited (濠嘜科技國際控股有限公司) (now known as MemeStrategy, Inc. (謎策略), HK2440). From April 2024, he has been appointed as the independent non-executive director of Mao Geping Cosmetics Co., Ltd. (毛戈平化妝品股份有限公司) (HK1318). From March 2025, he has been appointed as an executive director of Shaw Brothers Holdings Limited (邵氏兄弟控股有限公司) (HK0953).

Mr. Gu has been a non-practicing member of the Chinese Institute of Certified Public Accountants since April 2004. Mr. Gu received his bachelor's degree in finance management from Fudan University (復旦大學) in the PRC in July 1995.

**Ms. Lin HUA** (華林), aged 52, was appointed as an independent non-executive Director on April 27, 2018. Ms. Hua is primarily responsible for supervising and providing independent judgement to our Board.

Since May 2022, Ms. Hua has been appointed as the executive director of Beijing Wenguanglv New Culture Communication Co., Ltd.\* (北京文廣旅新文化傳播有限公司). Since May 2016, Ms. Hua has served as the managing director of Beijing Highgrove Cultural Communication Co., Ltd. (北京海格羅府文化傳播有限公司), a company primarily conducted cultural communication activities including organizing exhibitions and introducing and marketing foreign brands into PRC, where she was mainly responsible for overall management of its Greater China operations. From April 2010 to April 2016, Ms. Hua had worked for Yang Guang Xin Ye Real Property Co., Ltd. (陽光新業地產股份有限公司), a real estate development and management company whose shares are listed on the Shenzhen Stock Exchange (stock code: 000608) and served as a vice president of commercial management department when she left. From May 2003 to March 2010, Ms. Hua worked at Verakin Group Company Ltd. (同景集團有限公司), a company primarily conducted real estate development, education, healthcare and tourism and served as board secretary and head of Beijing headquarter when she left. From October 2002 to April 2003, Ms. Hua served as an assistant to producer and program director at China Central Television. From September 1996 to June 2000, Ms. Hua worked at Daiko Pacific International Advertising Inc. (大廣太平洋國際廣告有限公司), an international advertising company, and she served as a creative director when she left.

## Directors and Senior Management

Ms. Hua received her bachelor's degree in industrial design from Zhejiang University (浙江大學) in July 1996 and her master's degree in distributed computing system from the University of Greenwich in the U.K in June 2002.

### SENIOR MANAGEMENT

For the biographies of Dr. Jinzi Jason WU and Mrs. Judy Hejingdao WU, please refer to “Directors – Executive Directors”.

**Mr. John P. GARGIULO**, aged 66, was appointed as the Chief Business Officer of the Group on May 15, 2022. Mr. John P. Gargiulo has over 33 years of successful experience in marketing strategies, business integration and commercial operations in global pharma/biotech industry. He has held various senior positions with increasing responsibility for 18 years at Daiichi Sankyo, where he made a transformative contribution in driving Daiichi Sankyo's U.S. business from the very beginning to an established pharma when he served as North America President and CEO of Daiichi Sankyo.

Mr. Gargiulo earned a master's degree in business administration and graduated as Fuqua Scholar from Fuqua School of Business, Duke University. He graduated magna cum laude from Boston College with a bachelor degree of economics.

### COMPANY SECRETARY

**Mr. Ming Fai CHUNG (鍾明輝)**, was appointed as our company secretary on August 22, 2022. Mr. Chung currently served as a senior vice president of SWCS Corporate Service Group (Hong Kong) Limited (方圓企業服務集團(香港)有限公司), a professional services provider specializing in corporate services. He has over 21 years of experience in corporate secretary, merges and acquisitions, financial reporting and auditing. Mr. Chung is currently a fellow of the Hong Kong Institute of certified Public Accountants and a member of CPA Australia. He obtained his bachelor's degree in commerce from the Australian National University in December 2003.

# Report of Directors

The Directors hereby present this annual report and the audited consolidated financial statements of the Group for the year ended December 31, 2025.

## PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding and the Group is principally engaged in research and development and production of pharmaceutical products.

A list of the Company's subsidiaries, together with their places of incorporation, principal activities and particulars of their issued shares/paid up capital, is set out in note 14 to the consolidated financial statements in this annual report.

## BUSINESS REVIEW

### Overview and Performance of the Year

A review of the business of the Group during the year, a discussion and analysis on the Group's future business development and the financial and operational key performance indicators employed by the Directors in measuring the performance of the Group's business are set out in the sections headed "Financial Summary" on page 4 of this annual report, "Corporate Profile" on page 5 and "Management Discussion and Analysis" on page 8 of this annual report.

### Environmental Policies and Performance

The Group is subject to national and local environmental, health and safety laws and regulations, including those governing laboratory procedures and the handling, use, storage, treatment and disposal of hazardous materials and wastes in China. The Group has established detailed internal rules regarding environmental protection. The Group tests effluent water to ensure compliance with national emission standards. Solid waste is sorted for proper disposal. Hazardous waste is sent to qualified third parties for treatment. When a new construction project is proposed, the Group conducts comprehensive analysis and testing on the environmental issues involved in the manufacturing processes. The Group's production team and environment, health and safety department are primarily responsible for ensuring compliance with applicable environmental rules and regulations. All of the Group's properties, plants and equipment meet the standards required for compliance with applicable environmental rules and regulations, and the Group believes it has maintained a good relationship with the communities surrounding the Group's production facilities.

To the best knowledge of the Group, during the year ended December 31, 2025, the Group has complied with the relevant environmental and occupational health and safety laws and regulations in China and we did not have any incidents or complaints which had a material and adverse effect on our business, financial condition or results of operations during the Reporting Period.

### Compliance with Relevant Laws and Regulations

For the year ended December 31, 2025, compliance procedures were in place to ensure adherence to applicable laws, rules and regulations which have significant impact on the Group. The Board and senior management within their respective duties in conjunction with internal and external professional advisors, monitored the Group's policies and practices on compliance with legal and regulatory requirements. Changes in the applicable laws, rules and regulations which have significant impact on the Group (if any) were brought to the attention of relevant employees and relevant operation units from time to time. During the Reporting Period, various works of the Board and senior management were in compliance with the relevant applicable laws and regulations, the Articles of Association of the Company, written terms of reference of the board committees, internal policies and the relevant provisions of various internal control systems. Decision-making process was legitimate and effective. Directors and senior management performed in a diligent and responsible manner and the resolutions of the board meetings were implemented faithfully. Meanwhile, the Company has timely performed its disclosure obligations which were in strict compliance with the requirements of the listing rules or manuals of the Stock Exchange.

## Report of Directors

### BUSINESS REVIEW (Continued)

#### Compliance with Relevant Laws and Regulations (Continued)

In accordance with the requirements of the laws, regulations and related policies in China and relevant other jurisdictions in which the Group operates, the Group provides and maintains statutory benefits for its staff, including but not limited to pension schemes, mandatory provident funds, basic medical insurance, work injury insurance, etc. Further, the Group has been committed in complying relevant laws and regulations on work and occupational safety of employees of the Group. The Group has implemented work safety guidelines setting out safety practices, accident prevention and accident reporting. Our employees responsible for manufacturing and quality control and assurance are required to hold relevant qualifications, as well as wear the proper safety gear when working. We conduct safety inspections for our manufacturing facility twice every month.

To the best knowledge of the Group, during the year ended December 31, 2025, there were no material breaches of the Group's internal rules or applicable laws and regulations relating to the operations of the Group and the Group has complied with all relevant rules and regulations that have significant impact on it.

#### Key Relationship with Stakeholders

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

The Group believes that it is vital to attract, recruit and retain quality employees. To maintain the quality, knowledge and skill levels of Group's workforce, the Group provide the employees with periodic training, including introductory training for new employees, technical training, professional and management training and health and safety training. The Group believes that it maintains a good relationship with its employees and the Group did not experience any significant labor disputes or any difficulty in recruiting staff for its operations during the Reporting Period.

#### Key Risks and Uncertainties and Risk Management

The Group is a biotechnology company listed on the Main Board of the Stock Exchange under Chapter 18A of the Listing Rules. There are unique challenges, risks and uncertainties associated with companies such as our Company, including:

- we may be unable to obtain regulatory approval for our drug candidates;
- our financial prospects depend on the successful development and approval of our clinical-stage and pre-clinical stage product pipeline;
- our drug candidates may fail to achieve the degree of market acceptance by physicians, patients, third-party payers and others in the medical community necessary for commercial success;
- we have in-licensed, and may continue to seek strategic alliances or enter into additional licensing arrangements in the future, a number of drug candidates for development and commercialization, which is subject to risks;
- we could be unsuccessful in obtaining or maintaining adequate patent protection for one or more of our drug candidates; and
- we may be unable to attract and retain senior management and key scientific employees.

## Report of Directors

### BUSINESS REVIEW (Continued)

#### Key Risks and Uncertainties and Risk Management (Continued)

The Company believes that risk management is essential to the Group's efficient and effective operation. The Company's management assists the Board in identifying, evaluating and managing material risk exposure arising internally and externally from the Group's business, including operational risks, financial risks, regulatory risks, etc, and proactively setting up appropriate risk management and internal control mechanism which is embedded in daily operation management. The Group's financial risk management and fair value of financial instruments are set out in note 30 to the consolidated financial statements in this annual report.

### DIRECTORS

The Directors during the Reporting Period and up to the date of this Directors' Report were:

#### Executive Directors

Dr. Jinzi Jason WU (*Chairman and Chief Executive Officer*)  
Mrs. Judy Hejingdao WU (*Senior Vice President*)

#### Independent Non-executive Directors

Dr. Yizhen WEI  
Mr. Jiong GU  
Ms. Lin HUA

#### Biographies of the Directors and Senior Management

The biographical details of the Directors and the senior management of the Company are set out in the section headed "Directors and Senior Management" on pages 30 to 33 of this annual report.

#### Service Contracts of the Directors

Each of the executive Directors has entered into a renewed service contract with the Company with effective date commencing from May 24, 2024 for a term of three years since the effective date. Each of the independent non-executive Directors has entered into a renewed agreement of appointment with the Company with effective date of April 1, 2024 for a term of three years since the effective date.

None of the Directors proposed for re-election at the forthcoming AGM has a service contract with the Company or any member of the Group which is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

#### Remuneration of the Directors and Five Highest Paid Individuals

Details of the Directors' remuneration and the five highest paid individuals in the Group are set out in notes 8 and 9 to the consolidated financial statements in this annual report.

#### Employees and Remuneration Policies

A review of the employees and remuneration policies of the Group during the year are set out in the section headed "Management Discussion and Analysis" on page 8 of this annual report.

## Report of Directors

### DIRECTORS (Continued)

#### Independence of Independent Non-Executive Directors

Each independent non-executive Director should inform the Company as soon as possible if there is any change of circumstances which may affect his/her independence. No such notification was received during the Reporting Period. The Company considers that all independent non-executive Directors are independent in accordance with the independence requirements set out in Rule 3.13 of the Listing Rules.

#### NON-COMPETE UNDERTAKING

Our Controlling Shareholders, provided a non-compete undertaking in favour of the Group (the “**Non-compete Undertaking**”), pursuant to which our Controlling Shareholders undertook not to, and to procure their respective close associate(s) (other than our Group) not to, either directly or indirectly, compete with our principal business, which includes development and commercialization of innovative drugs against HCV, HIV, HBV, liver cancer and fatty liver unless with prior approval from non-related Directors and granted our Group the option for new business opportunities.

Our Controlling Shareholders have confirmed in writing to the Company of their compliance with the Non-compete Undertaking during the Reporting Period. No new business opportunity was informed by the Controlling Shareholders during the Reporting Period.

The independent non-executive Directors have reviewed the implementation of the Non-compete Undertaking based on the information and confirmation provided by or obtained from the Controlling Shareholders, and are of the view that the Non-compete Undertaking has been complied with by our Controlling Shareholders during the Reporting Period.

#### DIRECTORS' INTERESTS IN COMPETING BUSINESSES

Save as disclosed in this annual report, as at December 31, 2025, none of the Directors or their respective associates had engaged in or had any interest in any business which competes or may compete with the business of the Group.

#### DIRECTORS' INTERESTS IN TRANSACTION, ARRANGEMENT OR CONTRACT OF SIGNIFICANCE

Save as disclosed in this annual report, there was no transaction, arrangement or contract of significance subsisted in which a Director or an entity connected with a Director was materially interested, whether directly or indirectly, during or at the end of the Reporting Period.

#### CONNECTED TRANSACTIONS

Details on related party transactions for the year ended December 31, 2025 are set out in note 33 to the consolidated financial statements. There was no connected transaction nor continuing connected transaction of the Group which has to be disclosed in accordance with the Chapter 14A of the Listing Rules during the Reporting Period. The related party transactions described in note 33 to the consolidated financial statements did not constitute connected transactions or continuing connected transactions of the Group under Chapter 14A of the Listing Rules; or were continuing connected transactions relating to the remunerations for Directors and key management personnel which were fully exempt from the connected transaction requirements under Rules 14A.76(1) or 14A.95 of the Listing Rules.

## Report of Directors

### DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

As at December 31, 2025, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept pursuant to Section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

#### Interests in shares or underlying shares of the Company

Name of Director	Capacity/Nature of interest	Number of Shares/ underlying Shares <sup>(1)</sup>	Approximate percentage of shareholding interest <sup>(2)</sup>
Dr. Wu	Interest in controlled corporation <sup>(3)</sup>	490,813,664 (L)	49.13%
	Interest of spouse <sup>(5)(6)</sup>	84,982,914 (L)	8.51%
	Beneficial owner <sup>(4)</sup>	2,155,500 (L)	0.22%
	Other <sup>(7)</sup>	7,084,210 (L)	0.71%
Mrs. Wu	Interest in controlled corporation <sup>(5)</sup>	82,827,414 (L)	8.29%
	Interest of spouse <sup>(3)(4)</sup>	492,969,164 (L)	49.35%
	Beneficial owner <sup>(6)</sup>	2,155,500 (L)	0.22%
	Other <sup>(7)</sup>	7,084,210 (L)	0.71%

#### Notes:

- (1) The letter "L" denotes the person's long position in the Shares.
- (2) The approximate percentage of shareholding interest in the Company is calculated based on the total number of 998,958,530 Shares in issue (including treasury shares) as at December 31, 2025.
- (3) 490,813,664 Shares were held by Dr. Wu through JJW12 Limited, a company incorporated in the BVI and wholly owned by Dr. Wu.
- (4) Include 1,155,500 Shares directly held by Dr. Wu and 1,000,000 underlying Shares held by Dr. Wu pursuant to the share options granted to him on January 3, 2024 under the 2019 Share Option Scheme.
- (5) 82,827,414 Shares were held by Lakemont Holding LLC. As at December 31, 2025, Lakemont Holding LLC was controlled by Lakemont Remainder Trust as to 45.95% and Northridge Trust as to 53.52%. Lakemont Remainder Trust and Northridge Trust (the "Family Trusts") are discretionary trusts that Mrs. Wu (the spouse of Dr. Wu) was the protector of the Family Trusts who can exercise the voting rights in the Shares held by the Family Trusts. Mrs. Wu was the investment advisor of the Family Trusts.
- (6) Include 1,155,500 Shares directly held by Mrs. Wu and 1,000,000 underlying Shares held by Mrs. Wu pursuant to the share options granted to her on January 3, 2024 under the 2019 Share Option Scheme.
- (7) An aggregate of 7,084,210 Shares repurchased by the Company on the open market pursuant to the repurchase mandate passed by the Shareholders at the annual general meetings on May 23, 2024 and May 22, 2025 were held by the Company as treasury shares as of December 31, 2025. Since JJW12 Limited controls one-third or more of the voting power at the general meetings of the Company, Dr. Wu (the controlling person of JJW12 Limited) and Mrs. Wu (spouse of Dr. Wu), are taken to have an interest in such 7,084,210 treasury shares of the Company under the SFO.

Save as disclosed above, as at December 31, 2025, so far as it was known to the Directors or chief executive of the Company, none of the Directors or chief executive of the Company had interests or short positions in the Shares, underlying Shares and debentures of the Company or its associated corporations as recorded in the register required to be kept, pursuant to Section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

## Report of Directors

### SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at December 31, 2025, so far as it was known to the Directors or chief executive of the Company, the following persons (other than the Directors and chief executive of the Company) had interests and/or short positions in the Shares or underlying Shares as recorded in the register required to be kept by the Company under section 336 of the SFO.

#### Interests in shares or underlying shares of the Company

Name of Shareholder	Capacity/Nature of interest	Number of Shares/underlying Shares <sup>(1)</sup>	Approximate percentage of Shareholding interest <sup>(2)</sup>
JJW11 Limited <sup>(3)</sup>	Beneficial owner	57,791,707 (L)	5.79%
JJW12 Limited <sup>(4)</sup>	Beneficial owner	490,813,664 (L)	49.13%
	Other	7,084,210 (L)	0.71%
Lakemont Holding LLC <sup>(5)</sup>	Beneficial owner	82,827,414 (L)	8.29%
C-Bridge Capital GP, Ltd. <sup>(6)</sup>	Interest of controlled corporation	64,154,727 (L)	6.43%
Fu Wei <sup>(6)</sup>	Interest of controlled corporation	64,154,727 (L)	6.43%
TF Capital II, Ltd. <sup>(6)</sup>	Interest of controlled corporation	64,154,727 (L)	6.43%
TF Capital, Ltd. <sup>(6)</sup>	Interest of controlled corporation	64,154,727 (L)	6.43%
Kang Hua Investment Company Limited <sup>(7)</sup>	Interest of controlled corporation	54,511,727 (L)	5.46%
Yang Dan <sup>(7)</sup>	Interest of controlled corporation	54,511,727 (L)	5.46%

#### Notes:

- (1) The letter "L" denotes the person's long position in the Shares.
- (2) The approximate percentage of shareholding interest in the Company is calculated based on the total number of 998,958,530 Shares in issue (including treasury shares) as at December 31, 2025.
- (3) JJW11 Limited was controlled by Ms. Heying YANG (楊荷英).
- (4) The 490,813,664 Shares were held by Dr. Wu through JJW12 Limited, a company incorporated in the BVI and wholly owned by Dr. Wu. Meanwhile, an aggregate of 7,084,210 Shares repurchased by the Company on the open market pursuant to the repurchase mandate passed by the Shareholders at the annual general meetings on May 23, 2024 and May 22, 2025 were held by the Company as treasury shares as of December 31, 2025. Since JJW12 Limited controls one-third or more of the voting power at the general meetings of the Company. Accordingly, it is taken to have an interest in such 7,084,210 treasury shares of the Company under the SFO.
- (5) As at December 31, 2025, Lakemont Holding LLC was controlled by Lakemont Remainder Trust as to 45.95% and Northridge Trust as to 53.52%. The Family Trusts are discretionary trusts that Mrs. Wu (the spouse of Dr. Wu) was the protector of the Family Trusts who can exercise the voting rights in the Shares held by the Family Trusts. Mrs. Wu was the investment advisor of the Family Trusts.
- (6) The 64,154,727 Shares were indirectly held by C-Bridge Capital GP, Ltd. which is owned as to approximately 38.34% and approximately 45.00% by TF Capital II, Ltd. and TF Capital, Ltd. respectively. Fu Wei indirectly owns approximately 47.83% of TF Capital II, Ltd.
- (7) The 54,511,727 Shares were indirectly held by Kang Hua Investment Company Limited which is wholly owned by Yang Dan.

## Report of Directors

### **SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY** (Continued)

#### **Interests in shares or underlying shares of the Company** (Continued)

Save as disclosed above, as at December 31, 2025, the Directors and the chief executives of the Company were not aware of any other person (other than the Directors or chief executives of the Company) who had an interest or short position in the shares or underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

### **CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACT OF SIGNIFICANCE**

Save as disclosed in this annual report, no Controlling Shareholders or their subsidiaries had a material interest, either directly or indirectly, in any contract of significance, whether for the provision of services or otherwise, to which the Company or any of its subsidiaries was a party during the Reporting Period.

### **MAJOR CUSTOMERS AND SUPPLIERS**

#### **Major Customers**

For the year ended December 31, 2025, the Group's sales to its five largest customers accounted for 100.0% of the Group's total revenue, as compared to 100.0% of the Group's total revenue for the year ended December 31, 2024. The Group's sales to the largest customer accounted for 79.8% of the Group's total revenue for the year ended December 31, 2025, as compared to 53.0% of the Group's total revenue for the year ended December 31, 2024.

#### **Major Suppliers**

For the year ended December 31, 2025, the Group's five largest suppliers accounted for 72.9% of the Group's total purchase amounts, as compared to 35.7% of the Group's total purchase amounts for the year ended December 31, 2024. The Group's single largest supplier accounted for 45.0% of the Group's total purchase amounts for the year ended December 31, 2025, as compared to 11.6% of the Group's total purchase amounts for the year ended December 31, 2024.

During the year ended December 31, 2025, none of the Directors or any of their close associates or any Shareholders (which, to the best knowledge of the Directors, own more than 5% of the number of issued shares of the Company) had any interest in the Group's five largest customers and suppliers.

### **MANAGEMENT CONTRACTS**

During the Reporting Period, the Company has not entered into any contract with any individuals, firm or body corporate to manage or administer the whole or any substantial part of any business of the Group.

### **DIRECTORS' PERMITTED INDEMNITY PROVISION**

Each Director or other officer of the Company shall be entitled to be indemnified out of the assets of Company from and against all actions, costs, charges, losses, damages and expenses which he/she may sustain or incur in or about the execution of the duties of his/her office or trusts or otherwise in relation thereto in accordance with the Articles of Association. The Company has arranged appropriate directors' liability insurance coverage for the Directors of the Group during the year ended December 31, 2025.

## Report of Directors

### RESULTS AND DIVIDENDS

The Group's loss for the year ended December 31, 2025 and the Group's financial position at that date are set out in the consolidated financial statements on pages 129 to 132 of this annual report. The Board does not recommend any payment of final dividend for the year ended December 31, 2025. For further details, please see note 29 to the consolidated financial statements of this annual report.

### SHARE CAPITAL

Details of movements in share capital of the Company during the Reporting Period are set out in note 29 to the consolidated financial statements in this annual report.

### RESERVES

Details of movements in the reserves of the Group and of the Company during the year are set out in the consolidated statement of changes in equity and note 29 to the consolidated financial statements in this annual report.

The distributable reserves of the Company as at December 31, 2025 were RMB3,303.2 million (December 31, 2024: RMB2,935.6 million).

### CHARITABLE DONATIONS

During the Reporting Period, charitable and other donations made by the Group amounted to RMB23,000 (2024: nil).

### PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group during the Reporting Period are set out in note 11 to the consolidated financial statements in this annual report.

### PLACING OF SHARES UNDER THE GENERAL MANDATE

#### **Placing of Existing Shares and Top-up Subscription of New Shares in August 2025 ("2025 Placing and Subscription")**

References are made to the announcements of the Company dated August 19, 2025 and August 25, 2025, respectively. The completion of the 2025 Placing took place on August 21, 2025, and the completion of the 2025 Subscription took place on August 25, 2025. A total of 52,400,000 Shares held by the 2025 Top-up Vendor have been successfully placed at the placing price of HK\$16.45 per Share to not less than six (6) placees who (to the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries), together with their respective ultimate beneficial owners, are independent third parties. As far as the Company and the 2025 Top-up Vendor are aware, none of the Placees and their ultimate beneficial owners became a substantial shareholder (as defined under the Listing Rules) of the Company as a result of the 2025 Vendor Placing.

In connection with the Subscription, a total of 28,820,000 2025 Subscription Shares have been issued to the Top-up Vendor at the subscription price of HK\$16.45 per Share as all the conditions for the Subscription have been fulfilled. The net subscription price (after deducting the fees, costs and expenses) is approximately HK\$16.23 per Subscription Share. The closing price was HK\$18.26 as quoted on the Stock Exchange on August 18, 2025, being the last trading day prior to the date of the 2025 Placing and Subscription Agreement.

## Report of Directors

### PLACING OF SHARES UNDER THE GENERAL MANDATE (Continued)

#### Placing of Existing Shares and Top-up Subscription of New Shares in August 2025 (“2025 Placing and Subscription”) (Continued)

The gross proceeds to the Company from the 2025 Subscription are approximately HK\$474.09 million, and the net proceeds (after deducting the commissions and estimated expenses) from the 2025 Subscription are approximately HK\$468.8 million in aggregate. The net price per share for the Subscription after deducting related fees and expenses is approximately HK\$16.27 per share. Approximately 90% of the net proceeds from the 2025 Subscription are proposed to be used for the research and development of its drug candidates with respect to both subcutaneously injected peptides and oral peptides, into clinical trials for obesity, and approximately 10% of the net proceeds from the 2025 Subscription are proposed to be used for working capital and other general corporate purposes. The aggregate nominal value of the 2025 Subscription Shares is US\$2,882.00. The closing price as quoted on the Hong Kong Stock Exchange on the placing agreement date (i.e., August 19, 2025) was HK\$15.52 per Share. For more information on the use of such net proceeds, see “USE OF PROCEEDS” below.

The 2025 Placing and Subscription is being undertaken to enhance the Group’s financial strength, market competitiveness and comprehensive strength, and promote the long-term healthy and sustainable development of the Group. The 2025 Placing and Subscription also further diversifies the Company’s Shareholder base by attracting a number of high-quality institutional investors, and to further enhance the liquidity in the Shares.

#### Placing of New Shares in February 2026 (“2026 Placing”)

References are made to the announcements of the Company dated February 3, 2026 and February 10, 2026, respectively. On February 10, 2026, the Company completed the placing of a total of 69,256,000 new shares of the Company to not less than six (6) placees at a placing price of HK\$12.18 per Share. The gross proceeds from the 2026 Placing are approximately HK\$843.5 million. The net proceeds (after deducting the commissions and estimated expenses) from the 2026 Placing are approximately HK\$835.2 million in aggregate. The net price per share for the 2026 Placing after deducting related fees and expenses is approximately HK\$12.06 per share. The aggregate nominal value of the 69,256,000 Placing Shares is US\$6,925.60. The closing price as quoted on the Hong Kong Stock Exchange on the placing agreement date (i.e., February 3, 2026) was HK\$13.08 per Share.

The 2026 Placing is being undertaken to enhance the Group’s financial strength, market competitiveness and comprehensive strength, and promote the long-term healthy and sustainable development of the Group. The 2026 Placing further diversifies the Company’s Shareholder base by attracting a number of high-quality, long-term global investment funds, demonstrating their high recognition of the Company’s R&D capabilities and commercialization potential.

Approximately 90% of the net proceeds from the 2026 Placing are proposed to be used for preparation, groundwork and launch of global Phase III trials of small molecule oral GIPR agonist ASC30 for the treatment of obesity, and approximately 10% of the net proceeds from the Placing are proposed to be used for working capital and other general corporate purposes. It is expected that the Company will fully utilise the net proceeds by 2030 based on its current estimates of future market conditions and business plans.

The Company has utilized HK\$751.7 million for preparation, groundwork and launch of global Phase III trials of small molecule oral GLP-1R agonist ASC30 for the treatment of obesity, and HK\$83.5 million for working capital and other general corporate purposes as of the date of the annual report.

## Report of Directors

### USE OF PROCEEDS

#### Change of Use of Proceeds

References are made to (i) the prospectus issued by the Company dated July 20, 2018 (the “**Prospectus**”) in relation to the proposed use of proceeds from the Global Offering (the “**Proceeds**”); (ii) the announcement of the Company dated November 18, 2020 in relation to the change in the use of Proceeds; (iii) the announcement of the Company dated June 14, 2023 in relation to the change in the use of Proceeds; (iv) the announcement of the Company dated September 23, 2024 in relation to the change in the use of Proceeds (the “**2024 Allocation**”) and (v) the announcement of the Company dated March 26, 2025 in relation to the change in the use of Proceeds (the “**2025 Allocation**”).

On March 31, 2026, the Board has resolved to further change the use of the unutilized Proceeds (the “**2026 Allocation**”). Set out below is a summary of the planned usage pursuant to the 2025 Allocation and the proposed changes in the use of the unutilized Proceeds.

Use of Proceeds	Allocation of Proceeds pursuant to the 2025 Allocation		Unutilized Proceeds as at December 31, 2025 (HK\$ million)	Revised usage of the unutilized Proceeds pursuant to the 2026 Allocation	The unutilized amount pursuant to the 2026 Allocation		Expected timeframe for the use of utilized Proceeds after the 2026 Allocation
	(HK\$ million)	(%)			(HK\$ million)	(%)	
For supporting the R&D of pipeline products in metabolic diseases	505.0	63.6	374.1	For supporting the R&D of pipeline products in metabolic diseases	259.7	64.0	The remaining amount is expected to be utilized in around one year from December 31, 2025
For supporting the R&D of new pipeline drug candidates	147.4	18.6	–	For supporting the R&D of new pipeline drug candidates	84.4	20.8	The remaining amount is expected to be utilized in around one year from December 31, 2025
For continued R&D of pipeline products in oncology	34.5	4.3	16.5				
For continued R&D of pipeline products in MASH/PBC	25.0	3.2	14.1				
For continued R&D of ASC22 and pipeline products in other virus diseases	3.2	0.4	1.1				
				For supporting the R&D of new pipeline drug candidates in immune disease	21.1	5.2	The remaining amount is expected to be utilized in around one year from December 31, 2025
For the working capital and other general corporate purposes	78.6	9.9	–	For the working capital and other general corporate purposes	40.6	10.0	The remaining amount is expected to be utilized in around one year from December 31, 2025
<b>Total</b>	<b>793.7</b>	<b>100.0</b>	<b>405.8</b>		<b>405.8</b>	<b>100.0</b>	

## Report of Directors

### USE OF PROCEEDS (Continued)

#### Reasons for and Benefits of the Change in the Use of Proceeds from the 2025 Allocation

As disclosed in the announcement dated March 26, 2025 in relation to the 2025 Allocation, approximately 90.1% of the revised net proceeds would be used for supporting the R&D of pipeline products and new pipeline drug candidates. Taking into account the latest progress in the Company's metabolic disease and immune disease pipeline, the Company has resolved to allocate 90.0% of the unutilized Proceeds after the 2026 Allocation for the aforementioned purpose, among which (i) 64.0% of the unutilized Proceeds after the 2026 Allocation for supporting the R&D in metabolic diseases, (ii) 20.8% of the unutilized Proceeds after the 2026 Allocation for supporting the R&D of new pipeline drug candidates, and (iii) 5.2% of the unutilized Proceeds after the 2026 Allocation for supporting the R&D of new pipeline drug candidates in immune disease. With reference to the Company's announcement dated April 23, 2025, the Company announced positive topline results of its randomized, double-blind, placebo-controlled Phase Ib multiple ascending dose (MAD) study (NCT06680440), conducted in the U.S., of ASC30 oral once-daily tablet in participants with obesity (BMI: 30-40 kg/m<sup>2</sup>). Additionally, with reference to the Company's announcement dated January 5, 2026, the Company announced that it has received the Investigational New Drug (IND) clearance from the U.S. FDA for the Phase II study of its oral small molecule GLP-1, ASC30, in participants with diabetes. In addition, with reference to the Company's announcement dated January 29, 2026, the Company announced positive topline results from the Phase III open-label study (NCT06248008) evaluating denifanstat (ASC40), a first-in-class, once-daily oral small molecule FASN inhibitor, in patients with moderate-to-severe acne vulgaris. All of the aforementioned clinical trial progresses demonstrated the potential of the Company's obesity drug candidates. Therefore, the Company has resolved to reallocate 63.6% of the unutilized Proceeds after the 2025 Allocation for supporting the R&D in metabolic diseases, including ASC47 and ASC30. Such changes in the use of unutilized Proceeds after the 2025 Allocation were made in response to the emerging market opportunities and seize first-mover opportunities.

## Report of Directors

### USE OF PROCEEDS (Continued)

#### Placing of Existing Shares and Top-up Subscription of New Shares in August 2025

The completion of the 2025 Placing took place on August 21, 2025, and the completion of the 2025 Subscription took place on August 25, 2025. The gross proceeds to the Company from the Subscription are approximately HK\$474.09 million, and the net proceeds (after deducting the commissions and estimated expenses) from the Subscription are approximately HK\$468.8 million in aggregate. As of December 31, 2025, the Company had utilized HK\$28.0 million as intended. The table below sets out the details of actual usage of the net proceeds as of December 31, 2025:

Intended purpose of net proceeds	Approximate percentage of the total net proceeds	Net proceeds from the 2025 Placing and Subscription (HK\$ million)	Actual net amount utilized as of December 31, 2025 (HK\$ million)	Unutilized net amount as of December 31, 2025 (HK\$ million)	Expected timeline of full utilization (HK\$ million)
Research and development of the Company's drug candidates with respect to both subcutaneously injected peptides and oral peptides, into clinical trials for obesity	90%	421.9	25.2	396.7	The remaining amount is expected to be utilized in around four years from Dec. 31, 2025.
Working capital and other general corporate purposes	10%	46.9	2.8	44.1	The remaining amount is expected to be utilized in around four years from Dec. 31, 2025.
<b>Total</b>	<b>100%</b>	<b>468.8</b>	<b>28.0</b>	<b>440.8</b>	

The expected timeline is based on the best estimation of future market conditions and business operations made by the Company currently and will be subject to change based on future development of market conditions and actual business needs.

### PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the Reporting Period, the Company repurchased a total of 9,726,000 Shares on the Stock Exchange at an aggregate consideration of HK\$89,147,750. As at the date of this report, 1,658,000 ordinary Shares repurchased during the Reporting Period have been cancelled and the total number of Shares in issue has been reduced accordingly as at the date of this report. The repurchase was effected by the Board for the enhancement of shareholder value in the long term and provide more flexibility to the Board to resell the treasury shares on the market prices to raise additional funds for the Company, or transfer or use for share grants under share schemes that comply with Chapter 17 of the Listing Rules and for other purposes permitted under the Listing Rules, the Articles and the applicable laws of the Cayman Islands.

## Report of Directors

### PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY (Continued)

Particulars of the Shares repurchased during the Reporting Period and up to the date of this report are as follows:

Trading Month	Number and Method of Shares Repurchased	Price per share		Aggregate consideration paid (HK\$)
		Highest price (HK\$)	Lowest price (HK\$)	
January 2025	2,640,000 on the Stock Exchange	4.13	2.94	9,301,470.00
April 2025	800,000 on the Stock Exchange	6.74	4.57	4,257,980.00
October 2025	1,260,000 on the Stock Exchange	11.12	8.86	12,115,400.00
November 2025	100,000 on the Stock Exchange	9.32	9.10	923,960.00
December 2025	4,926,000 on the Stock Exchange	14.80	11.17	62,548,940.00
<b>Total</b>	<b>9,726,000</b>			<b>89,147,750</b>

Save as disclosed above, during the Reporting Period and up to the date of this report, neither the Company nor any of its subsidiaries have purchased, redeemed or sold any of the Company's listed securities.

As at December 31, 2025 and the date of this report, the Company holds 7,084,210 treasury shares and such treasury shares are used for the share schemes of the Company, including the 2025 Share Award Scheme. For details, please refer to the announcement and circular of the Company dated January 14, 2025 and January 15, 2025 respectively, and the poll results announcement of the extraordinary general meeting of the Company dated February 3, 2025.

### EQUITY-LINKED AGREEMENTS

The Company has adopted the 2019 Share Option Scheme on June 6, 2019 (“**2019 Share Option Scheme**”). In view of the amendments to Chapter 17 of the Listing Rules which took effect on January 1, 2023 and to offer meaningful incentive to attract and retain talents that are valuable to the development of the Company, the shareholders of the Company at the Company's extraordinary general meeting held on February 3, 2025 (the “**EGM**”) had approved the termination of the 2019 Share Option Scheme and the adoption of a new share option scheme (“**2025 Share Option Scheme**”) and a new share award scheme (“**2025 Share Award Scheme**”) (2019 Share Option Scheme, 2025 Share Option Scheme and 2025 Share Award Scheme, collectively, the “**Share Schemes**”) to replace the 2019 Share Option Scheme in accordance with the requirements under Chapter 17 of the Listing Rules.

For details, please refer to the announcements of the Company dated January 14, 2025 and February 3, 2025 and the circular of the Company dated January 15, 2025.

## Report of Directors

### EQUITY-LINKED AGREEMENTS (Continued)

#### Termination of 2019 Share Option Scheme and Adoption of 2025 Share Option Scheme and 2025 Share Award Scheme

##### *2019 Share Option Scheme*

The 2019 Share Option Scheme was valid and effective for a period of 10 years commencing on June 6, 2019 and ending on June 6, 2029. Pursuant to the resolution passed by the shareholders of the Company at the EGM, the 2019 Share Option Scheme was terminated, and no further share option may be granted thereunder. All outstanding share options granted prior to such termination and not then exercised shall continue to be in full force and effect in accordance with the 2019 Share Option Scheme.

##### **1. Purpose**

The purpose of the 2019 Share Option Scheme is to provide incentive or reward to eligible person(s) (“**Eligible Person(s)**”) for their contribution to, and continuing efforts to promote the interests of, the Group and for such other purposes as the Board may approve from time to time.

##### **2. Who may join**

Eligible Persons include:

- (a) any employee (whether full-time or part-time) of the Company, any of its subsidiaries or any entity in which the Group holds an equity interest (“**Invested Entity**”);
- (b) any director (including executive, non-executive and independent non-executive directors) of the Group or any Invested Entity;
- (c) any supplier of goods or services to any member of the Group or any Invested Entity;
- (d) any customer of any member of the Group or any Invested Entity;
- (e) any advisory (professional or otherwise), consultant or agent that provides design, research, development or other technological support to any member of the Group or any Invested Entity; and
- (f) any shareholder or any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity.

The basis of eligibility of any of the above classes of Eligible Persons to the grant of any share options of the Company (“**Option(s)**”) shall be determined by the Board from time to time on the basis of their contribution to the development and growth of the Group.

## Report of Directors

### EQUITY-LINKED AGREEMENTS (Continued)

#### Termination of 2019 Share Option Scheme and Adoption of 2025 Share Option Scheme and 2025 Share Award Scheme (Continued)

##### 2019 Share Option Scheme (Continued)

#### 3. Duration of the 2019 Share Option Scheme

The 2019 Share Option Scheme shall be valid and effective for a period of 10 years and until June 5, 2029, after which period no further Options shall be granted. Pursuant to the ordinary resolutions passed by the Shareholders at EGM, the 2019 Share Option Scheme was terminated at the conclusion of the EGM and no Options shall be granted under the 2019 Share Option Scheme. Subject to the above, in all other respects, in particular, in respect of Options remaining outstanding on the expiry of the 10-year period referred to in this paragraph, the provisions of the 2019 Share Option Scheme shall remain in full force and effect.

#### 4. Maximum number of Shares

At the time of adoption of the 2019 Share Option Scheme or any new share option scheme (the “**New Scheme**”), the aggregate number of Shares which may be issued upon exercise of all Options to be granted under the 2019 Share Option Scheme, the New Scheme and all schemes existing at such time (the “**Existing Scheme(s)**”) of the Company must not in aggregate exceed 10% of the total number of Shares in issue as at the date of adoption of the 2019 Share Option Scheme or the New Scheme (as the case may be) (the “**Scheme Mandate Limit**”). For the purposes of calculating the Scheme Mandate Limit, Shares which are the subject matter of any Options that have already lapsed in accordance with the terms of the relevant Existing Scheme(s) shall not be counted. The Scheme Mandate Limit may be refreshed by ordinary resolution of the Shareholders in general meeting, provided that:

- (a) the Scheme Mandate Limit so refreshed shall not exceed 10% of the total number of Shares in issue as at the date of Shareholders’ approval of the refreshing of the Scheme Mandate Limit;
- (b) Options previously granted under any Existing Scheme(s) (including options outstanding, cancelled, or lapsed in accordance with the relevant scheme rules or exercised options) shall not be counted for the purpose of calculating the limit as refreshed; and
- (c) a circular regarding the proposed refreshing of the Scheme Mandate Limit has been despatched to the Shareholders in a manner complying with, and containing the matters specified in, the relevant provisions of Chapter 17 of the Listing Rules in force from time to time.

## Report of Directors

### EQUITY-LINKED AGREEMENTS (Continued)

#### Termination of 2019 Share Option Scheme and Adoption of 2025 Share Option Scheme and 2025 Share Award Scheme (Continued)

##### 2019 Share Option Scheme (Continued)

#### 4. *Maximum number of Shares (Continued)*

The Company may seek separate approval from the Shareholders in the general meeting for granting Options which will result in the Scheme Mandate Limit being exceeded, provided that:

- (a) the grant is to Eligible Persons specifically identified by the Company before the approval is sought; and
- (b) a circular regarding the grant has been despatched to the Shareholders in a manner complying with, and containing the matters specified in, the relevant provisions of Chapter 17 of the Listing Rules in force from time to time. In accordance with the current Listing Rules, the circular must contain a generic description of the specified participants who may be granted such Options, the number and terms of the Options to be granted, the purpose of granting Options to the specified participants with an explanation as to how the terms of the Options serve such purpose, and the information required under Rule 17.03C(3).

Notwithstanding the foregoing, the maximum aggregate number of Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the 2019 Share Option Scheme and any other share option schemes of the Company, must not, in aggregate, exceed 30% of the total number of Shares in issue from time to time. No options may be granted under the 2019 Share Option Scheme and any other share option schemes of the Company if this will result in such limit being exceeded.

#### 5. *Maximum entitlement of each Eligible Person*

No Option shall be granted to any Eligible Person (the “**Relevant Eligible Person**”) if, at the relevant time of grant, the number of Shares issued and to be issued upon exercise of all Options (granted and proposed to be granted, whether exercised, cancelled or outstanding) to the Relevant Eligible Person in the 12-month period up to and including the date of such grant would exceed 1% of the total number of Shares in issue at such time, unless:

- (a) such grant has been duly approved, in the manner prescribed by the relevant provisions of Chapter 17 of the Listing Rules in force from time to time, by ordinary resolution of the Shareholders in general meeting, at which the Relevant Eligible Person and his close associates (or his associates if the Relevant Eligible Person is a connected person) abstained from voting;

## Report of Directors

### EQUITY-LINKED AGREEMENTS (Continued)

#### Termination of 2019 Share Option Scheme and Adoption of 2025 Share Option Scheme and 2025 Share Award Scheme (Continued)

##### 2019 Share Option Scheme (Continued)

##### 5. *Maximum entitlement of each Eligible Person (Continued)*

- (b) a circular regarding the grant has been dispatched to the Shareholders in a manner complying with, and containing the information specified in, the relevant provisions of Chapter 17 of the Listing Rules in force from time to time. In accordance with the current Listing Rules, the circular must disclose the identity of the participant, the number and terms of the Options to be granted (and Options previously granted to such participant), the information required under Rule 17.03D(2); and
- (c) the number and terms (including the subscription price) of such Options are fixed before the general meeting of the Company at which the same are approved.

##### 6. *Exercise of Option*

The 2019 Share Option Scheme does not stipulate either a minimum period for which an Option must be held or any performance targets a grantee is required to achieve before an Option may be exercised. The Board may specify in the offer letter any conditions which must be satisfied before the Option may be exercised, including without limitation such performance targets (if any) and minimum periods for which an Option must be held before it can be exercised and any other terms in relation to the exercise of the Option, including without limitation such percentages of the Options that can be exercised during a certain period of time, as the Board may determine from time to time.

##### 7. *Subscription price and consideration for the Option*

The price at which each Share subject to an Option may be subscribed for on the exercise of that Option (the “**Subscription Price**”) shall be a price solely determined by the Board and notified to an Eligible Person and shall be at least the highest of:

- (a) the closing price of the Shares as stated in the Stock Exchange’s daily quotations sheet on the offer date, which must be a business day;
- (b) the average of the closing price of the Shares as stated in the Stock Exchange’s daily quotations sheets for the five business days immediately preceding the offer date; and
- (c) the nominal value of the Shares. No consideration is required upon acceptance of the grant of Options.

During the year ended December 31, 2025, no share options were approved by the board under the 2019 Share Option Scheme and no share options were granted under the 2019 Share Option Scheme.

## Report of Directors

### EQUITY-LINKED AGREEMENTS (Continued)

#### Termination of 2019 Share Option Scheme and Adoption of 2025 Share Option Scheme and 2025 Share Award Scheme (Continued)

##### 2019 Share Option Scheme (Continued)

##### 7. Subscription price and consideration for the Option (Continued)

Details of options granted, exercised, cancelled/lapsed and outstanding under the 2019 Share Option Scheme during the year are as follows:

Category of participants	Date of grant	Exercise price per Share (HK\$)	Closing price immediately before the date of grant (HK\$)	Exercise period	Balance as at January 1, 2025	Changes during the year				Balance as at December 31, 2025	Unvested Options as at January 1, 2025	Unvested Options as at December 31, 2025
						Granted	Exercised	Cancelled	Lapsed			
Eligible employees (five highest paid individuals excluded)	March 31, 2020	2.90	2.86	March 31, 2021 – March 30, 2030 (Note a)	1,082,631	-	721,899	68,237	-	292,495	216,526	-
	September 30, 2021	2.696	2.66	September 30, 2022 – September 29, 2031 (Note a)	400,000	-	150,000	-	-	250,000	160,000	80,000
	June 30, 2022	3.932	3.94	June 30, 2023 – June 29, 2032 (Note a)	100,000	-	60,000	40,000	-	-	60,000	-
	January 3, 2024 (Note b)	1.448	1.30	January 3, 2025 – January 2, 2034 (Note a)	3,900,000	-	508,842	1,170,000	-	2,221,158	3,900,000	2,040,000
Directors												
Dr. Jinzi Jason WU (One of the five Highest Paid Individuals)	January 3, 2024 (Note b)	1.448	1.30	January 3, 2025 – January 2, 2034 (Note a)	1,000,000	-	-	-	-	1,000,000	1,000,000	800,000
Mrs. Judy Hejingdao WU (One of the five Highest Paid Individuals)	January 3, 2024 (Note b)	1.448	1.30	January 3, 2025 – January 2, 2034 (Note a)	1,000,000	-	-	-	-	1,000,000	1,000,000	800,000
Five Highest Paid Individuals other than the Directors (Note b)	March 31, 2020	2.90	2.86	March 31, 2021 – March 30, 2030 (Note a)	984,210	-	836,579	147,631	-	-	196,842	-
	June 30, 2022	3.932	3.94	June 30, 2023 – June 29, 2032 (Note a)	2,000,000	-	-	-	-	2,000,000	1,200,000	800,000
					10,466,841	-	2,277,320	1,425,868	-	6,763,653	7,733,368	4,520,000

## Report of Directors

### EQUITY-LINKED AGREEMENTS (Continued)

#### Termination of 2019 Share Option Scheme and Adoption of 2025 Share Option Scheme and 2025 Share Award Scheme (Continued)

##### 2019 Share Option Scheme (Continued)

*Notes:*

- (a) All options granted have a vesting period of five years in equal proportions starting from the 1st anniversary and become fully vested on the 5th anniversary of the grant. In this table, “**exercise period**” begins with the 1st anniversary of the grant date.
- (b) No new options were granted under the 2019 Option Scheme during the Reporting Period.

The number of options available for grant under the 2019 Share Option Scheme was nil as at December 31, 2025 (as at December 31, 2024: 92,055,345).

The 2019 Share Option Scheme was terminated on February 3, 2025 and no further share option may be granted thereunder. Nevertheless, all outstanding share options granted prior to such termination and not then exercised shall continue to be in full force and effect in accordance with the 2019 Share Option Scheme.

As at December 31 2025, a total of 6,763,653 share options remain outstanding and will continue to be valid and exercisable in accordance with the provisions of the 2019 Share Option Scheme.

For details, please refer to note 28 to the consolidated financial statements in this report.

##### 2025 Share Option Scheme

#### 1. Purpose

The purposes of the 2025 Share Option Scheme are (i) to advance the interests of the Company by motivating the eligible person(s) (“**Eligible Person(s)**”) to contribute to the Company’s growth and development; (ii) to enable the Company to recruit, incentivize and retain key employees; and (iii) to recognize the contributions by the Eligible Persons with an opportunity to acquire a proprietary interest in the Company, with a view to achieving the objectives of increasing the value of the Group and aligning the interests of the Eligible Persons directly to the Shareholders through ownership of Shares.

#### 2. Eligible persons and basis of determining the eligibility

Eligible Persons are persons eligible to participate in the 2025 Share Option Scheme and shall comprise Director(s) (including executive Director(s), non-executive Director(s) and independent non-executive Director(s)) and employee(s) (whether full-time or part-time) of any member of the Group, including any person who is granted option(s) (“**Option(s)**”) under the 2025 Share Option Scheme as an inducement to enter into employment contracts with any member of the Group.

## Report of Directors

### EQUITY-LINKED AGREEMENTS (Continued)

#### Termination of 2019 Share Option Scheme and Adoption of 2025 Share Option Scheme and 2025 Share Award Scheme (Continued)

##### *2025 Share Option Scheme (Continued)*

#### **2. Eligible Persons and basis of determining the eligibility (Continued)**

In determining the eligibility of an Eligible Person, the administrator (“**Administrator**”) may take into account various factors that it in its sole and absolute discretion considers relevant in assessing his/her contribution to the long-term development and growth of the Group, including but not limited to individual performance, time commitment, responsibilities or employment conditions according to the prevailing market practice and industry standard, the length of engagement with the Group, and the actual and/or potential contribution to the development and growth of the Group.

#### **3. Duration of the 2025 Share Option Scheme**

The 2025 Share Option Scheme shall be valid and effective for a period of ten (10) years commencing from the adoption date, i.e., February 3, 2025, after which no further Option shall be granted under the 2025 Share Option Scheme but the provisions of the 2025 Share Option Scheme shall remain in full force and effect in all other respects. In particular, all Options granted during the term of the 2025 Share Option Scheme shall continue to be valid, and shall be administered in accordance with the 2025 Share Option Scheme and the relevant grant agreement (“**Grant Agreement**”). The remaining life of the Share Option Scheme is approximately 9 years as at December 31, 2025.

#### **4. Scheme limit**

All Options to be granted under the 2025 Share Option Scheme shall not exceed 38,561,400 Shares. The total number of Shares available for issue under the 2025 Share Option Scheme is 38,561,400 (representing 3.63% of the issued shares) as at the date of this report.

#### **5. Individual limit**

Unless approved by the Shareholders, the total number of Shares issued and to be issued in respect of all Options granted under the 2025 Share Option Scheme to each Eligible Person (other than directors, chief executive of the Company or any of their associates) in any 12-month period shall not exceed 1% of the total number of Shares in issue (excluding treasury shares).

Where any grant of Options under the 2025 Share Option Scheme to an Eligible Person would result in the aggregate number of Shares issued and to be issued in respect of all options and Awards granted under the 2025 Share Option Scheme and any other share scheme(s) of the Company to such Eligible Person (excluding any Options and Awards lapsed in accordance with the terms of the 2025 Share Option Scheme and any other share scheme(s) of the Company) in the 12-month period up to and including the date of such grant exceeding 1% of the total number of Shares in issue (excluding treasury shares), such grant shall be subject to separate approval of the Shareholders in general meeting with such Eligible Person and his/her close associates (or his/her associates if the Eligible Person is a connected person of the Company) abstaining from voting.

## Report of Directors

### EQUITY-LINKED AGREEMENTS (Continued)

#### Termination of 2019 Share Option Scheme and Adoption of 2025 Share Option Scheme and 2025 Share Award Scheme (Continued)

##### *2025 Share Option Scheme (Continued)*

##### **5. Individual limit (Continued)**

A circular shall be sent to the Shareholders disclosing the identity of such Eligible Person, the number and terms of the Options to be granted (and those options and awards previously granted to such Eligible Person in the 12-month period), the purpose of granting the Options to the Eligible Person and an explanation as to how the terms of the Options serve such purpose, and all other information as required under the Listing Rules. The number and terms of the Options to be granted to such Eligible Person shall be fixed before the Shareholders' approval is sought and the date of the Board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the Exercise Price.

##### **6. Vesting period**

The vesting of any Options under the 2025 Share Option Scheme shall be no less than 12 months from (and including) the date of grant.

##### **7. Exercise period**

The exercise period is from the relevant date of vesting of the Options to ten (10) years from the date of grant.

##### **8. Exercise Price of Options**

The exercise price ("**Exercise Price**") in respect of any Option shall be such price determined by the Board in its absolute discretion and notified to the Eligible Person in the Offer and shall be no less than the higher of:

- (a) the closing price of the Shares as stated in the daily quotations sheet issued by the Stock Exchange on the date of grant;
- (b) the average closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant; and
- (c) the nominal value of a Share on the date of grant.

During the year ended December 31, 2025, 5,470,175 Options in total were granted under the 2025 Share Option Scheme.

## Report of Directors

### EQUITY-LINKED AGREEMENTS (Continued)

#### Termination of 2019 Share Option Scheme and Adoption of 2025 Share Option Scheme and 2025 Share Award Scheme (Continued)

##### 2025 Share Option Scheme (Continued)

Details of Options granted, exercised, cancelled/lapsed and outstanding under the 2025 Share Option Scheme during the year are as follows:

Category of participants	Date of grant	Exercise price per Share (HK\$)	Closing price immediately before the date of grant (HK\$)	Exercise period	Changes during the year							
					Balance as at January 1, 2025	Granted	Exercised	Cancelled	Lapsed	Balance as at December 31, 2025	Unvested Options as at January 1, 2025	Unvested Options as at December 31, 2025
Eligible employees (five highest paid individuals excluded)	September 30, 2025	10.938	9.68	September 30, 2026 – September 29, 2035 (Note a)	-	650,000	-	-	-	650,000	-	650,000
Five Highest Paid Individuals other than the Directors	January 14, 2025	3.340	3.18	January 14, 2026 – January 13, 2035 (Note b)	-	4,820,175	-	-	-	4,820,175	-	4,820,175
					-	5,470,175	-	-	-	5,470,175	-	5,470,175

*Notes:*

- The Options granted have a vesting period of five years in equal proportions starting from the 1st anniversary and become fully vested on the 5th anniversary of the grant. In this table, “**exercise period**” begins with the 1st anniversary of the grant date.
- The Options granted have a vesting period of four years in equal proportions starting from the 1st anniversary and become fully vested on the 4th anniversary of the grant. In this table, “**exercise period**” begins with the 1st anniversary of the grant date.
- The fair value of the Options granted during the Reporting Period was HK\$17,435,000, of which the Group recognized a share-based payment expense of RMB6,248,000 under the 2025 Option Scheme for the year ended December 31, 2025. The fair value of Options granted during the period was estimated as at the date of grant using a binomial model, taking into account the terms and conditions upon which the Options were granted. The following table lists the inputs to the model used:

Dividend yield (%)	0.00
Expected volatility (%)	73.00-78.00
Risk-free interest rate (%)	3.05-3.73
Early exercise multiple	2.20-2.80
Weighted average share price (HK\$ per share)	4.01-9.97
Forfeiture rate (%)	0.00

- No Directors were granted any Options under the 2025 Share Option Scheme during the Reporting Period.

The number of shares that may be issued in respect of Options granted under 2025 Share Option Scheme of the Company during the Reporting Period is 5,470,175.

The number of Options available for grant under the scheme mandate was 38,561,400 and 33,091,225 as at February 3, 2025 (date of adoption of 2025 Share Option Scheme) and December 31, 2025, respectively, representing approximately 4% and 3.34% of the total number of issued Shares (excluding treasury shares).

## Report of Directors

### EQUITY-LINKED AGREEMENTS (Continued)

#### Termination of 2019 Share Option Scheme and Adoption of 2025 Share Option Scheme and 2025 Share Award Scheme (Continued)

##### *2025 Share Award Scheme*

###### **1. Purpose**

The purposes of the 2025 Share Award Scheme are (i) to advance the interests of the Company by motivating the Eligible Persons to contribute to the Company's growth and development; (ii) to enable the Company to recruit, incentivize and retain key employees; and (iii) to motivate the Eligible Persons to maximize the value of the Company for the benefits of both the Eligible Persons and the Company, with a view to achieving the objectives of increasing the value of the Group and aligning the interests of the Eligible Persons directly to the Shareholders through ownership of Shares.

###### **2. Eligible persons and basis of determining the eligibility**

Eligible Persons are persons eligible to participate in the 2025 Share Award Scheme and shall comprise Director(s) (including executive Director(s), non-executive Director(s) and independent non-executive Director(s)) and employee(s) (whether full-time or part-time) of any member of the Group, including any person who is granted award(s) ("**Award(s)**") under the 2025 Share Award Scheme as an inducement to enter into employment contracts with any member of the Group.

In determining the eligibility of an Eligible Person, the administrator ("**Administrator**") may take into account various factors that it in its sole and absolute discretion considers relevant in assessing his/her contribution to the long-term development and growth of the Group, including but not limited to individual performance, time commitment, responsibilities or employment conditions according to the prevailing market practice and industry standard, the length of engagement with the Group, and the actual and/or potential contribution to the development and growth of the Group.

###### **3. Duration of the 2025 Share Award Scheme**

The 2025 Share Award Scheme shall be valid and effective for a period of ten (10) years commencing from the adoption date, i.e., February 3, 2025, after which no further Award shall be granted under the 2025 Share Award Scheme but the provisions of the 2025 Share Award Scheme shall remain in full force and effect in all other respects. In particular, all Awards granted during the term of the 2025 Share Award Scheme shall continue to be valid, and shall be administered in accordance with the 2025 Share Award Scheme and the relevant grant agreement ("**Grant Agreement**"). The remaining life of the Share Award Scheme is approximately 9 years as at December 31, 2025.

###### **4. Scheme limit**

All Awards to be granted under the 2025 Share Award Scheme shall not exceed 57,842,100 Shares.

The total number of Shares available for issue under the 2025 Share Award Scheme is 57,842,100 (representing 5.45% of the issued shares) as at the date of this report.

## Report of Directors

### EQUITY-LINKED AGREEMENTS (Continued)

#### Termination of 2019 Share Option Scheme and Adoption of 2025 Share Option Scheme and 2025 Share Award Scheme (Continued)

##### *2025 Share Award Scheme (Continued)*

##### **5. Individual limit**

Unless approved by the Shareholders, the total number of Shares issued and to be issued in respect of all Share Awards granted under the 2025 Share Award Scheme to each Eligible Person (other than directors, chief executive of the Company or any of their associates) in any 12-month period shall not exceed 1% of the total number of Shares in issue (excluding treasury shares).

Where any grant of Share Awards under the 2025 Share Award Scheme to an Eligible Person would result in the aggregate number of Shares issued and to be issued in respect of all options and awards granted under the 2025 Share Award Scheme and any other share scheme(s) of the Company to such Eligible Person (excluding any options and awards lapsed in accordance with the terms of the 2025 Share Award Scheme and any other share scheme(s) of the Company) in the 12-month period up to and including the date of such grant exceeding 1% of the total number of Shares in issue (excluding treasury shares), such grant shall be subject to separate approval of the Shareholders in general meeting with such Eligible Person and his/her close associates (or his/her associates if the Eligible Person is a connected person of the Company) abstaining from voting.

A circular shall be sent to the Shareholders disclosing the identity of such Eligible Person, the number and terms of the Share Awards to be granted (and those options and awards previously granted to such Eligible Person in the 12-month period), the purpose of granting the Share Awards to the Eligible Person and an explanation as to how the terms of the Share Awards serve such purpose, and all other information as required under the Listing Rules. The number and terms of the Options to be granted to such Eligible Person shall be fixed before the Shareholders' approval is sought.

##### **6. Vesting period**

The vesting of any Awards under the 2025 Share Award Scheme shall be no less than 12 months from (and including) the date of grant.

##### **7. Purchase price of Share Awards**

A grantee ("**Grantee**") to whom a Share Award is granted under the 2025 Share Award Scheme is not required to pay any purchase price to the Company to purchase any Shares underlying an Award granted or may only be required to pay a nominal value to purchase any Shares, unless otherwise determined by the Board at its sole discretion or as required by applicable law. The Board considers that such arrangement aligns with the purpose of the 2025 Share Award Scheme where the Share Awards are intended to be granted to the Eligible Persons to reward their contributions to the Group.

During the year ended December 31, 2025, 5,784,210 Awards in total were granted under the 2025 Share Award Scheme.

## Report of Directors

### EQUITY-LINKED AGREEMENTS (Continued)

#### Termination of 2019 Share Option Scheme and Adoption of 2025 Share Option Scheme and 2025 Share Award Scheme (Continued)

##### 2025 Share Award Scheme (Continued)

Details of award shares granted, vested, cancelled/lapsed and outstanding under the 2025 Share Award Scheme during the year are as follows:

Category of participants	Date of grant	Closing price immediately before the date of grant (HK\$)	Date of vesting	Balance as at January 1, 2025	Changes during the year				Balance as at December 31, 2025	Unvested as at January 1, 2025	Unvested as at December 31, 2025
					Granted	Vested	Cancelled	Lapsed			
Five Highest Paid Individuals other than the Directors	January 14, 2025 (Note a)	3.18	Note b	-	5,784,210	-	-	-	5,784,210	-	5,784,210

*Notes:*

- A Grantee under the 2025 Share Award Scheme is not required to pay a purchase price or may only be required to pay a nominal value for the Awards unless otherwise determined by the Board or as required by applicable law, and where a purchase price is required.
- The vesting of the Awards is subject to the achievement of performance targets, which includes (i) completion of a business development deal with a total amount of milestone payment's equal to or above US\$500 million, of which the upfront payment shall be not less than US\$50 million; and (ii) completion of a business development deal with a total amount of milestone payment's equal to or above US\$1 billion, of which the upfront payment shall be not less than US\$100 million.
- The fair value of Awards granted was HK\$4.01 per share, which was determined by the closing price of the date of the EGM held on February 3, 2025. For details, please refer to note 28 to the consolidated financial statements in this report.
- No Directors and other Eligible employees were granted under the 2025 Share Award Scheme during the year of 2025.

The number of shares that may be issued in respect of Awards granted under 2025 Share Award Scheme of the Company during the Reporting Period is 5,784,210.

The number of Awards available for grant under the scheme mandate was 57,842,100 and 52,057,890 as at February 3, 2025 (date of adoption of 2025 Share Award Scheme) and December 31, 2025, respectively, representing approximately 6.00% and 5.25% of the total number of issued Shares (excluding treasury shares).

The number of shares that may be issued in respect of Options and Awards granted under the Share Schemes during the Reporting Period divided by the weighted average number of issued shares for the Reporting Period was approximately 1.157%.

Save as disclosed above and in our Prospectus, there were neither share options and awards granted, exercised, cancelled or lapsed under the Share Schemes nor other equity-linked agreements entered into by the Company or its subsidiaries during the year ended December 31, 2025.

## Report of Directors

Pursuant to the ordinary resolutions passed by the Shareholders at the EGM on February 3, 2025, the 2019 Share Option Scheme was terminated at the conclusion of the EGM and no Options shall be granted under the 2019 Share Option Scheme thereafter.

### AGM AND CLOSURE OF REGISTER OF MEMBERS

The Company will announce the date of the AGM and the period of closure of register of members in due course.

### CORPORATE GOVERNANCE

A report on the principle corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 61 to 76 of this annual report.

### SUFFICIENCY OF PUBLIC FLOAT

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

### TAX RELIEF AND EXEMPTION

The Directors are not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company's listed securities.

### PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association or the relevant laws of the Cayman Islands where the Company is incorporated which would oblige the Company to offer new Shares on a pro-rata basis to existing Shareholders.

### AUDITORS

The Company has appointed KPMG as the auditor of the Company for the year ended December 31, 2025. The financial statements of the Company for the year ended December 31, 2025 have been audited by KPMG.

The Board has appointed KPMG as the new auditor of the Company with effect from June 29, 2023, to fill the vacancy following the retirement of Ernst & Young. Save as disclosed above, there was no other change of auditors of the Company in the preceding three years.

### EVENTS AFTER THE REPORTING PERIOD

On February 10, 2026, a total of 69,256,000 new Shares were successfully placed to not less than six (6) places at the placing price of HK\$12.18 per placing share. The gross proceeds from the 2026 Placing are approximately HK\$843.5 million. The net proceeds (after deducting the commissions and estimated expenses) from the 2026 Placing are approximately HK\$835.2 million. For details, please refer to the announcement of the Company dated February 3, 2026 and February 10, 2026 and "Placing of Shares under the General Mandate" in this report.

Save as disclosed in the Report, there are no material significant events undertaken by the Group after December 31, 2025 and up to the date of the Report.

## Report of Directors

### 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.

All references above to other sections, reports or notes in this annual report form part of this annual report.

### APPRECIATION

The Board would like to express its sincere gratitude to the Shareholders, management team, employees, business partners and customers of the Group for their support and contribution to the Group.

By order of the Board  
**Asclepis Pharma Inc.**  
歌禮製藥有限公司  
**Jinzi Jason WU**  
*Chairman*

Hong Kong  
March 31, 2026

# Corporate Governance Report

## CORPORATE MISSION, VALUE AND CULTURE

### Innovative Cures Liberate Life to the Fullest

Ascletis' vision is to become the most innovative world-class biomedical company. Led by a management team with deep expertise and a proven track record, Ascletis is focused on metabolic diseases by addressing unmet medical needs from a global perspective. Ascletis has multiple clinical stage drug candidates in its metabolic disease pipeline.

### Integrity, Courage, Excellence, Collaboration

Our values guide us on how we do business and how we work together internally, and externally with our domestic and global partners to achieve our goals on integrity, courage, excellence, collaboration. Our greatest assets are our employees. Ascletis is an equal opportunity employer and focused on providing a positive work environment where courageous innovation is encouraged and expected. We offer competitive salaries and benefits that reward employees for their contribution to the Group. We emphasize and promote values of acting lawfully, ethically and responsibly within our Group.

## COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

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

The Board is of the view that the Company has complied with all applicable code provisions of the CG Code during the Reporting Period, except for a deviation from the code provision C.2.1 of the part 2 of the CG Code, the roles of chairman of the Board and chief executive officer of the Company are not separate and are both performed by Dr. Wu. The Company is an investment holding company with a professional management team to monitor the operations of the subsidiaries. The Board considers that vesting the roles of chairman of the Board and chief executive officer in the same person is more efficient in the direction and management of the Company and does not impair the balance of power and authority of the Board and the management of the business of the Company. The Board will review the corporate governance structure and practices from time to time and shall make necessary arrangements when the Board considers appropriate.

## COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Written Guidelines on no less exacting terms than the Model Code as its own code of conduct regarding securities transactions by the Directors.

Having made specific enquiry of all Directors, all of them have confirmed that they have complied with the Model Code and the Written Guidelines throughout the Reporting Period and up to the date of this report. No incident of non-compliance of the Written Guidelines by the employees who are likely to be in possession of inside information of the Company was noted by the Company during the Reporting Period.

## Corporate Governance Report

### BOARD OF DIRECTORS

The Board oversees the Group's businesses, strategic decisions and performance and should take decisions objectively in the best interests of the Company.

The Board should regularly review the contribution required for a Director to perform his/her responsibilities to the Company, and whether the Director is spending sufficient time in performing them.

The Board of the Company currently comprises the following Directors:

#### Executive Directors

Dr. Jinzi Jason WU (*Chairman and Chief Executive Officer*)<sup>(Note)</sup>

Mrs. Judy Hejingdao WU (*Senior Vice President*)<sup>(Note)</sup>

#### Independent Non-executive Directors

Dr. Yizhen WEI

Mr. Jiong GU

Ms. Lin HUA

*Note: Dr. Wu and Mrs. Wu are spouses.*

The biographical information of the Directors is set out in the section headed "Directors and Senior Management" on pages 30 to 33 of this annual report.

The list of Directors (by category) is also disclosed in all corporate communications issued by the Company from time to time pursuant to the Listing Rules. The independent non-executive Directors are expressly identified in all corporate communications pursuant to the Listing Rules.

Save as disclosed above, the Directors do not have any other financial, business, family or other material/relevant relationships with one another.

#### Board Skills Matrix

The skills matrix below sets out the skills and expertise of the Board that are most relevant to the Company's strategy, governance and business and to enabling the Board to effectively discharge its duties and responsibilities in attaining the Company's strategic objectives and achieving sustainable and balanced development for the Group.

## Corporate Governance Report

### BOARD OF DIRECTORS (Continued)

#### Board Skills Matrix (Continued)

Skills Area	Description	Importance (Note (c))	Adequacy (Note (d))	Plans to Expand Skills (Note (c))
Strategy	Ability to identify strategic opportunities and threats in biopharmaceutical field, and to develop and implement plans to achieve corporate objectives that are in line with the R&D, production and market expansion of innovative drugs	E	Adequate – Dr. Jinzi Jason WU and Mrs. Judy Hejingdao WU have relevant experiences in long-term strategic planning and operation management of pharmaceutical enterprises	To continuously monitor industry dynamics and optimize strategic judgment capabilities in response to the global trends in the biopharmaceutical industry and the application of artificial intelligence
Leadership	Ability to lead the Group's management team and promote the implementation of plans and policies for core businesses such as innovative drug R&D, quality control, and commercialization	E	Adequate – Dr. Jinzi Jason WU has many years of overall management experience in business strategy and company development, while Mrs. Judy Hejingdao WU has years of experience in supervising operations and human resources. Under the strong leadership of the executive directors, the management team has continuously devoted itself to the R&D of innovative drugs and quality control	To coordinate the R&D capabilities of various innovative drugs and facilitate the synchronous development of different business lines of the Group's innovative drugs
Industry knowledge and experience	An understanding of the daily operations of biopharmaceutical industry, R&D process of innovative drugs, market competition landscape, pharmaceutical technology iteration and regulatory policy requirements	E	Adequate – Dr. Jinzi Jason WU has accumulated over 28 years of experience in drug R&D. Dr. Yizhen WEI has over 23 years of experience in the clinical medicine and is currently a member of the Cardiovascular Committee of the National Cardiovascular Disease Center	To participate in industry-related learning and training activities appropriately, pay attention to industry reports and trends, and maintain sensitivity to new technologies and trends.
Financial literacy/business acumen	Ability to read and comprehend corporate accounts, R&D accounting, financial materials related to financing and M&As, and financial reporting requirements	E	Adequate – Mr. Jiong GU has served as the Chief Financial Officer of several listed companies and a senior audit manager at Ernst & Young. He has extensive experience in finance, accounting and auditing	To optimize the financial analysis capabilities related to biopharmaceutical venture capital and M&As

## Corporate Governance Report

### BOARD OF DIRECTORS (Continued)

#### Board Skills Matrix (Continued)

Skills Area	Description	Importance (Note (c))	Adequacy (Note (d))	Plans to Expand Skills (Note (c))
Risk management and compliance	Ability in managing in areas such as regulatory compliance in the biopharmaceutical industry, security of R&D data and quality system risks, and implementing internal control systems	E	Adequate – Mrs. Judy Hejingdao WU has many years of experience in supervising operations and human resources. Mr. Jiong GU has extensive experience in finance, accounting and auditing	To follow up on the changes in new regulatory policies for the pharmaceutical industry and strengthen the ability to manage compliance risks
People management experience	Experience in building senior management teams in the biopharmaceutical industry, coordinating R&D and operation teams, and implementing organizational changes	E	Adequate – Mrs. Judy Hejingdao WU has many years of experience in supervising operations and human resources, and is responsible for personnel management and team building for a long term	To strengthen cross-regional team management capabilities to support the Group's global layout
Diversity (e.g. age, gender, culture)	Contribution to board diversity in terms of age groups, genders, educational backgrounds, and professional fields etc., to bring multi-dimensional perspectives to decision-making	E	Adaquate – The age distribution of the directors is 51 to 63 years old. Female directors account for two-fifths of the members of the Board. Dr. Jinzi Jason WU and Ms. Lin HUA have overseas study experience. The directors' specialties cover pharmaceuticals, medicine, finance, management and other fields	To add representatives from emerging industrial fields, law and young experts as required by the future development needs of the Group to further enrich decision-making perspectives and multi-dimensional thinking
Emerging topics (e.g. artificial intelligence)	Understanding of the integrated application of biopharmaceuticals with new technologies, such as artificial intelligence and big data	E	Adequate – Dr. Jinzi Jason WU has been deeply involved in the biopharmaceutical industry and has adopted Artificial Intelligence-assisted Structure-Based Drug Discovery (AISBDD) and Ultra-Long-Acting Platform (ULAP) technologies, demonstrating a highly forward-looking mindset	To appropriately participate in relevant special training on artificial intelligence, innovative technology, etc. depending on specific functions of the members of the Board, or pay attention to industry trends

## Corporate Governance Report

### BOARD OF DIRECTORS (Continued)

#### Board Skills Matrix (Continued)

Skills Area	Description	Importance (Note (c))	Adequacy (Note (d))	Plans to Expand Skills (Note (c))
Qualifications	Formal qualifications and advanced academic qualifications in fields related to the decision-making of biopharmaceutical enterprises, such as pharmaceuticals, finance, and management	E	Adequate – Dr. Jinzi Jason WU and Dr. Yizhen WEI both hold doctoral degrees, while Ms. Lin HUA has a master’s degree. Some of the directors even hold professional qualifications such as doctoral degrees and senior experts in fields like cancer biology, medicine, and accounting	To keep up with industry trends and absorb new knowledge depending on the specific functions of the members of the Board.
Legal	Understanding of the relevant laws, regulations and regulatory policy requirements of the biopharmaceutical industry	F	Dr. Jinzi Jason WU has accumulated over 28 years of experience in drug R&D. Dr. Jinzi Jason WU and Mrs. Judy Hejingdao WU have long-term relevant experience in the management of pharmaceutical enterprises. Dr. Yizhen WEI has over 23 years of experience in the clinical medicine industry. The current knowledge of laws and regulations provides support for daily operations of the Group, but to cope with future changes in the industry, it is recommended to continue tracking and promptly learn new regulations and policies.	To pay attention to and understand the updates of relevant information to ensure that the relevant directors maintain their sensitivity and depth of understanding of industry regulations in response to the latest changes in laws and regulations and medical regulatory policies in biopharmaceutical industry depending on the specific functions and current knowledge levels of the members of the Board.

*Notes:*

- (a) The relevant knowledge and experience are highly relevant to the Company’s business goals of innovative R&D, production and operation, and commercialization in the field of biopharmaceuticals, and are evaluated against the actual business needs.
- (b) The description content is based on the Company’s core business scenarios, clearly defining the application scope and value of each skill.
- (c) Explanation of importance annotation: “E” = essential skills that should currently be in the board’s possession; “F” = skills that should be acquired for future purposes/in light of anticipated emerging needs A = skills that are not necessary but desirable or aspirational in nature
- (d) The adequacy assessment is based on a comprehensive judgment of the current director team’s level, resume background, professional qualifications and working experience.

## Corporate Governance Report

### BOARD OF DIRECTORS (Continued)

#### Board Meetings and Directors' Attendance Records

Code provision C.5.1 of part 2 of the CG Code prescribes that at least four regular Board meetings should be held in each year at approximately quarterly intervals with active participation of majority of directors, either in person or through electronic means of communication.

During the Reporting Period the Company convened two general meetings and the Board convened five Board meetings and the attendances of Board meetings and general meetings are listed below:

Name of Directors	Attendance/ Number of Board Meeting(s)	Attendance/ Number of General Meeting(s)
Dr. Jinzi Jason WU	5/5	2/2
Mrs. Judy Hejingdao WU	5/5	2/2
Dr. Yizhen WEI	5/5	2/2
Mr. Jiong GU	5/5	2/2
Ms. Lin HUA	5/5	2/2

Apart from regular Board meetings, the Chairman also held a meeting with the independent non-executive Directors without the presence of executive director during the year.

#### Chairman and Chief Executive Officer

Code provision C.2.1 of part 2 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

In view of Dr. Wu's experience, personal profile and his roles in our Group as mentioned above and that Dr. Wu has assumed the role of chief executive officer of our Group since our commencement of business, the Board considers it beneficial to the business prospect and operational efficiency of our Group that, Dr. Wu acts as the chairman of the Board and continues to act as the chief executive officer of our Company. While this deviates from code provision C.2.1 of part 2 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 the Company, given that: (i) decision to be made by our Board requires approval by at least a majority of our Directors and that our Board comprises three independent non-executive Directors out of five Directors, which is more than half of the Board composition and the Listing Rules requirement of one-third, and we believe that there is sufficient check and balance in the Board; (ii) Dr. Wu and the other Directors are aware of and undertake to fulfil their fiduciary duties as Directors, which require, among other things, that he/she acts for the benefit and in the best interests of our Company and the Shareholders as a whole and will make decisions for our Group 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 the Company. Moreover, the overall strategic and other key business, financial, and operational policies of our Group 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 Group in order to assess whether separation of the roles of chairman of the Board and chief executive officer is necessary.

## Corporate Governance Report

### BOARD OF DIRECTORS (Continued)

#### Independent Non-executive Directors

During the Reporting Period, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors representing not less than one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

Each independent non-executive Director should inform the Company as soon as possible if there is any change of circumstances which may affect his/her independence. No such notification was received during the Reporting Period. The Company is of the view that all independent non-executive Directors are independent in accordance with the independence requirement set out in Rule 3.13 of the Listing Rules.

#### Appointment and Re-election of Directors

Each of the Directors is engaged on a service contract (in the case of the executive Directors) or a letter of appointment (in the case of independent non-executive Directors) for a specific term of three years, which is renewable by mutual consent and subject to the Articles of Association.

The Articles of Association provides that all Directors appointed to fill a casual vacancy or as an addition to the Board shall be subject to election by Shareholders at the next first annual general meeting of the Company after their appointments.

Every Director (including those appointed for a specific term) shall also be subject to retirement and re-election by rotation at least once every three years at the annual general meetings of the Company under the Articles of Association.

#### Responsibilities of the Directors

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

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

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning.

The independent non-executive Directors are responsible for ensuring a high standard of regulatory reporting of the Company and providing a balance in the Board for bringing effective independent judgment on corporate actions and operations.

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

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

## Corporate Governance Report

### BOARD OF DIRECTORS (Continued)

#### Continuous Professional Development of Directors

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

Every newly appointed Director has received formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements. Besides, meetings with senior management of the Company were also arranged.

Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills. Internally-facilitated briefings for Directors would be arranged and reading material on relevant topics would be provided to Directors where appropriate. All Directors are encouraged to attend relevant training courses at the Company's expenses.

During the Reporting Period, the Company organized 2 training sessions on the compliance requirements regarding Compliance Key Points for Purchasing Wealth Management Products conducted by Kirkland & Ellis International LLP and Ethical and Governance Roles of Directors and Senior Management of Publicly Listed Companies conducted by Hong Kong Business Ethics Development Centre, for all the Directors. In addition, relevant reading materials including directors' manual, legal and regulatory updates and seminar handouts have been provided to the directors for their reference and studying. They also received from the Company from time-to-time updates on laws, rules and regulations which may be relevant to their roles, duties and functions as director of a listed company. The table below summarizes the participation of each of the Directors in continuous professional development during the Reporting Period:

Name of Directors	Attending training session	Reading Legal and Regulatory Updates and other Reference Materials
<b>Executive Directors</b>		
Dr. Jinzi Jason WU	√	√
Mrs. Judy Hejingdao WU	√	√
<b>Independent Non-executive Directors</b>		
Dr. Yizhen WEI	√	√
Mr. Jiong GU	√	√
Ms. Lin HUA	√	√

### BOARD COMMITTEES

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

## Corporate Governance Report

### BOARD COMMITTEES (Continued)

The majority of the members of the Remuneration Committee, Audit Committee and Nomination Committee are independent non-executive Directors.

The Board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expense.

#### Audit Committee

The Audit Committee consists of three independent non-executive Directors, namely Mr. Jiong GU, Dr. Yizhen WEI and Ms. Lin HUA. Mr. Jiong GU, being the chairman of the committee, is appropriately qualified as required under Rules 3.10(2) and 3.21 of the Listing Rules.

The terms of reference of the Audit Committee are of no less exacting terms than those set out in the CG Code. The main duties of the Audit Committee are to review and supervise the financial reporting process, risk management and internal controls system of the Group, assist the Board to fulfill its responsibility over the audit, and review and approve connected transactions and to advise the Board.

The Audit Committee is also responsible for performing the functions set out in code provision A.2.1 of part 2 of the CG Code. These include developing and reviewing the Company's policies and practices on corporate governance and making recommendations to the Board; reviewing and monitoring the training and continuous professional development of Directors and senior management of the Company; reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements; developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to employees and Directors; and reviewing the Company's compliance with the CG Code from time to time and the disclosure in the corporate governance report to be contained in the Company's annual report.

The Audit Committee held three meetings during the Reporting Period to review and consider the interim financial results and reports for the six months ended June 30, 2025, the annual financial results and reports for the year ended December 31, 2024, review the compliance of the CG Code and review the appropriateness and effectiveness of the risk management and internal control systems.

The Audit Committee also met the external auditors three times during the Reporting Period without the presence of the executive Directors.

The attendance records of the members of the Audit Committee are as follows:

<b>Name of Directors</b>	<b>Attendance/ Number of Meeting(s)</b>
Mr. Jiong GU ( <i>Chairman</i> )	3/3
Dr. Yizhen WEI	3/3
Ms. Lin HUA	3/3

The Company's annual results for the year ended December 31, 2025 have been reviewed by the Audit Committee.

## Corporate Governance Report

### BOARD COMMITTEES (Continued)

#### Remuneration Committee

The Remuneration Committee consists of three Directors, namely Ms. Lin HUA, Dr. Yizhen WEI and Mrs. Judy Hejingdao WU. Ms. Lin HUA is the chairman of the committee.

The terms of reference of the Remuneration Committee are of no less exacting terms than those set out in the CG Code. The main duties of the Remuneration Committee are to review and make recommendations to the Board regarding the terms of remuneration packages, bonuses and other compensation payable to our Directors and senior management.

The Remuneration Committee held three meetings during the Reporting Period to review and make recommendation to the Board on the remuneration policy and structure of the Company and the remuneration packages of the Directors and senior management of the Company, assessing performance of executive Directors and senior management of the Company, and other related matters. The discretionary year-end performance bonus of executive Directors was based on their performance appraisal results in accordance with the Company's remuneration policy.

It had performed a holistic review of the share scheme rules and its relevant documents to ensure that they reflect market best practices and support the compensation and incentive framework of the Group. Based on the review, it made recommendations to the Board to terminate the 2019 Share Option Scheme and to adopt the 2025 Share Option Scheme and the 2025 Share Award Scheme, taking into account the amendments to Chapter 17 of the Listing Rules, which took effect on January 1, 2023, and to provide meaningful incentives to attract and retain talents that are valuable to the Company's development. For details, please refer to the paragraphs headed "Equity-linked Agreements" in the "Report of Directors" section of this annual report. Save as disclosed in this report, no material matters relating to share scheme under Chapter 17 of the Listing Rules were required to be reviewed or approved by the Remuneration Committee during the Reporting Period.

Pursuant to code provision E.1.5 of part 2 of the CG Code, details of the remuneration of the senior management (other than Directors) by bands for the year ended December 31, 2025 is as follows:

	<b>Number of employee(s)</b>
HK\$500,001 to HK\$1,000,000	1
HK\$1,000,001 to HK\$1,500,000	1
HK\$10,000,001 to HK\$10,500,000	1

Details of the Directors' remuneration are set out in note 8 to the consolidated financial statements in this annual report.

The attendance records of the members of the Remuneration Committee are as follows:

	<b>Attendance/ Number of Meeting(s)</b>
Ms. Lin HUA ( <i>Chairman</i> )	3/3
Dr. Yizhen WEI	3/3
Mrs. Judy Hejingdao WU	3/3

## Corporate Governance Report

### BOARD COMMITTEES (Continued)

#### Nomination Committee

The Nomination Committee consists of three Directors, namely Dr. Jinzi Jason WU, Dr. Yizhen WEI and Ms. Lin HUA. Dr. Jinzi Jason WU is the chairman of the committee.

The terms of reference of the Nomination Committee are of no less exacting terms than those set out in the CG Code. The main duties of the Nomination Committee are to make recommendations to our Board regarding the appointment of Directors and Board succession.

The Board has adopted a board diversity policy (the “**Board Diversity Policy**”) on December 27, 2018. A summary of the Board Diversity Policy is set out below:

Purpose:	The Board Diversity Policy aims to set out the approach to achieve diversity of the Board.
Board Diversity Policy statement:	With a view to achieving a sustainable and balanced development, the Company sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. In designing the Board’s composition, Board diversity has been considered from a number of aspects, 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.
Measurable Objectives:	Selection of candidates will be 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 ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

As of December 31, 2025, two out of five members of our Board were female Directors. The Nomination Committee has reviewed the Board Diversity Policy during the year and believed that the Board Diversity Policy was still appropriate and effective. The Nomination Committee was satisfied with the current gender diversity of our Board.

As of December 31, 2025, the ratio of male and female employees (including senior management) of the Company was 51.49% and 48.51% respectively. The Board was satisfied with the current gender diversity across the workforce (including senior management) of the Group.

The Nomination Committee has adopted a nomination policy which set out a set of nomination procedures and selection criteria for directors. The Nomination Committee shall evaluate and select candidates based on the criteria by reference to character and integrity, business experience relevant and beneficial to the Company, qualifications including professional qualifications, skills and knowledge that are relevant to the Company’s business and corporate strategy, willingness to devote adequate time to discharge duties as a member of the Board and other significant commitments, present needs of the Board for particular expertise, skills or experience and whether the candidates would satisfy those needs, requirement for the Board to have independent directors in accordance with the Listing Rules and whether the candidates for independent directors would be considered independent with reference to the independence guidelines set out in the Listing Rules and the board diversity policy and any measurable objectives adopted by the Nomination Committee for achieving diversity on the Board.

## Corporate Governance Report

### BOARD COMMITTEES (Continued)

#### Nomination Committee (Continued)

The Nomination Committee held two meetings during the Reporting Period to review, among others, the structure, size, composition and diversity (including the skills, knowledge, experience, gender, age, cultural and educational background, ethnicity, professional experience and length of service) of the Board to ensure that the Board has a balance of expertise, skills and experience appropriate for the requirements of the business of our Company, to review the amendments to the terms of reference of the Nomination Committee following the new requirements under the CG Code to review the existing director nomination policy and the director succession plans, to assess the independence of the independent non-executive Directors, and to discuss the Directors who retired by rotation in accordance with the Articles of Association, being eligible, had offered themselves for re-election at the 2025 AGM of the Company.

The attendance records of the members of the Nomination Committee are as follows:

<b>Name of Members of the Nomination Committee</b>	<b>Attendance/ Number of Meeting(s)</b>
Dr. Jinzi Jason WU ( <i>Chairman</i> )	2/2
Dr. Yizhen WEI	2/2
Dr. Lin HUA	2/2

### MECHANISM FOR THE BOARD TO OBTAIN INDEPENDENT VIEWS AND OPINIONS

The Company has established a mechanism for the Board to obtain independent views and opinions (including but not limited to the Articles of Association, terms of reference of Board committees) to ensure the Board has an independent element as a key measure to improve the efficiency of the Board. The mechanism covers the channels for the Directors to seek advice from external professional advisors; the right for Directors to obtain further information and documents from the management in connection with the matters to be discussed at the Board meetings; the procedures and criteria for election of Directors (including independent non-executive Directors); and the number of independent non-executive Directors and their time commitments and contributions to the Board. The Board has reviewed the implementation and effectiveness of the mechanism and believed that the mechanism can ensure the Board to obtain the independent views and opinions.

### RISK MANAGEMENT AND INTERNAL CONTROLS

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

The Board has delegated the Audit Committee with the responsibility to oversee the risk management and internal control systems of the Group on an on-going basis and to review the effectiveness of the systems annually. The review covers all material controls, including financial, operational and compliance controls. The Audit Committee assists the Board in leading the management and overseeing their design, implementation and monitoring of the risk management and internal control systems.

## Corporate Governance Report

### RISK MANAGEMENT AND INTERNAL CONTROLS (Continued)

Under the Company's risk management and internal control structure, the management is responsible for the design, implementation and maintenance of risk management and internal control systems to ensure, amongst others, (i) appropriate policies and control procedures have been designed and established to safeguard the Group's assets against improper use or disposal; (ii) relevant laws, rules and regulations are adhered to and complied with; and (iii) that reliable financial and accounting records are maintained in accordance with relevant accounting standards and regulatory reporting requirements. The Group's risk management and internal control systems provide a comprehensive and organized structure with clearly defined scopes of responsibilities, authorities and procedures. Each department of the Group is also required to adhere strictly to the Group's internal control procedures and report to the risk management and internal control team of any risks or internal control issues. The Group would conduct self-assessment each year to confirm that all departments and the Group have properly complied with the risk management and internal control policy.

The Group has established an internal audit department, which carries out analysis and independent appraisal of relevant internal policies, including risk management and internal control policies to assess operating risks and identify measures to minimize those risks; monitors and assesses the adequacy and effectiveness of the risk management system and internal control system of the Group regularly, including the financial, operational and compliance controls; and reports to the Audit Committee and the Board on the internal audit results regularly and makes recommendations to the Board and the management to address the significant deficiencies of the internal control system or problems that identified during the monitoring process.

Any internal control defects identified by the internal audit department will be communicated to the department in question with advice for correction and remediation. Before the end of the year, the status will be reviewed. The compliance department will also assist in the correction and remediation. Any unresolved internal control defects at the end of the year will be informed to the management. For the year ended December 31, 2025, no material internal control defect was detected.

Arrangements are in place to facilitate employees of the Group to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Group. The Board is entrusted with the responsibility for monitoring and implementing the procedural requirements in the information disclosure policy. Release of inside information shall be led by the Board. Unless duly authorized, all staff members of the Company shall not disseminate inside information relating to the Group to any external parties and shall not respond to media report or market speculation which may materially affect the trading price or volume of the Shares.

During the year ended December 31, 2025, the Board, as supported by the Audit Committee as well as the management and internal audit department of the Group, reviewed the risk management (including but not limited to the review on the changes in the nature and extent of significant risks since the last annual review, and the Company's ability to respond to changes in its business and the external environment) and internal control systems of the Group and considered that such systems are effective and adequate. The Audit Committee has reviewed and considered that the internal audit department of the Group had adequate resources to carry out the assessment and the effectiveness of the risk management and internal control systems for the Reporting Period. The annual review also covered the financial reporting and staff qualifications, experience and relevant resources.

## Corporate Governance Report

### DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended December 31, 2025.

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

The statement of the independent auditors of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditor's Report on pages 124 to 128 of this annual report.

### DIVIDEND POLICY

The Company has adopted a dividend policy on December 27, 2018 which is in accordance with the relevant provisions of the Articles of Association. Pursuant to the dividend policy, the Company may from time to time in general meeting declare dividends in any currency to be paid to the Shareholders but no dividend shall be declared in excess of the amount recommended by the Board. No dividend shall be declared or payable except out of the profits and reserves of the Company lawfully available for distribution, including share premium. No dividend shall carry interest against the Company.

The Board may, before recommending any dividend, set aside out of the profits of the Company such sums as it thinks fit as a reserve or reserves which shall, at the discretion of the Board, be applicable for meeting claims on or liabilities of the Company or contingencies or for paying off any loan capital or for equalising dividends or for any other purpose to which the profits of the Company may be properly applied, and pending such application may, at the like discretion, either be employed in the business of the Company or be invested in such investments as the Board may from time to time think fit, and so that it shall not be necessary to keep any reserves separate or distinct from any other investments of the Company. The Board may also without placing the same to reserve carry forward any profits which it may think prudent not to distribute by way of dividend.

The Board may also, without convening a general meeting, from time to time declare interim dividends as appear to the Board to be justified by the financial conditions and the profits of the Company. The Board may also pay half-yearly or at other suitable intervals to be selected by it any dividend which may be payable at a fixed rate if the Board is of the opinion that the financial conditions and the profits available for distribution justify the payment. The Board may in addition from time to time declare and pay special dividends of such amounts and on such dates and out of such distributable funds of the Company as it thinks fit. Whenever the Board or the Company in general meeting has resolved that a dividend be paid or declared on the share capital of the Company, the Board may further resolve that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment. In case of the Board elects to pay the dividend in shares, the Company shall abide by the provisions of the Articles of Association on scrip dividends.

## Corporate Governance Report

### AUDITORS' REMUNERATION

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

<b>Service Category</b>	<b>Fees Paid/ Payable RMB'000</b>
Audit Services	1,800
Non-audit Services	234
<b>TOTAL</b>	<b>2,034</b>

### COMPANY SECRETARY

The Company has engaged SWCS Corporate Services Group (Hong Kong) Limited, an external service provider, and Mr. Ming Fai CHUNG has been appointed as the company secretary of the Company. Its primary contact person at the Company is Ms. Lingjie JIANG, president office manager of the Company.

During the Reporting Period, Mr. Ming Fai CHUNG attended sufficient professional training not less than 15 hours as required under the Listing Rules for the year ended December 31, 2025 to update his skills and knowledge.

### SHAREHOLDERS' RIGHTS

To safeguard Shareholders' interests and rights, separate resolution should be proposed for each substantially separate issue at general meetings, including the election of individual Director. 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.

#### Convening an Extraordinary General Meeting

Pursuant to article 64 of the Articles of Association, extraordinary general meetings shall also be convened, and/or the proposed resolution(s) shall be added to a meeting agenda on the written requisition of one or more Shareholders holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company having the right of voting at general meetings, on a one vote per Share basis in the share capital of the Company. Such requisition (and resolutions to a meeting agenda, as applicable) shall be made in writing to the Board or the company secretary for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition.

Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself/herself/themselves may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

## Corporate Governance Report

### SHAREHOLDERS' RIGHTS (Continued)

#### Putting Forward Proposals at General Meetings

There are no provisions in the Articles of Association or the Cayman Islands Companies Act for Shareholders to move new resolutions at general meetings. Shareholders who wish to move a resolution may request the Company to convene a general meeting in accordance with the procedures set out in the preceding paragraph. As regards proposing a person for election as a Director, please refer to the "Procedures for Shareholders to Propose a Person other than a Retiring Director for Election as a Director" of the Company which is posted on the Company's website.

#### Putting Forward Enquiries to the Board

For putting forward any enquiries to the Board, Shareholders may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries.

### CONTACT DETAILS

Shareholders may send their enquiries or requests as mentioned above to the following:

Address: 40th Floor, Dah Sing Financial Centre, No. 248 Queen's Road East, Wanchai, Hong Kong

Email: [ir@ascletis.com](mailto:ir@ascletis.com)

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

### COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company endeavours to maintain an on-going dialogue with Shareholders and in particular, through annual general meetings and other general meetings. At the annual general meeting, Shareholders have the right to speak and the Directors (or their delegates as appropriate) are available to meet Shareholders and answer their enquiries.

During the Reporting Period, the Company communicated with several fund managers and analysts through physical or virtual investor meetings, roadshows, etc. The management of the Company, represented by the chairman of the Board, chief business officer, and/or head of investor relation department explained the development and trend of the industry and updated investors on our operational conditions, strategic planning and future outlook. Our management has taken actions to address comments raised by investors.

The Company maintains a website at [www.ascletis.com](http://www.ascletis.com) as a communication platform with Shareholders and investors, where the financial information and other relevant information of the Company are available for public access. During the Reporting Period, the Board has reviewed the shareholders communication policy and confirmed its effectiveness.

### CONSTITUTIONAL DOCUMENTS

During the Reporting Period, there is no change in the Company's constitutional documents.

# Environmental, Social and Governance Report

## ABOUT THE REPORT

This Environmental, Social and Governance (the “**ESG**”) Report (the “**Report**”) aims to present the environmental, social and governance performance of Asclepis Pharma Inc. (hereinafter the “**Asclepis**” or the “**Company**”) and its subsidiaries (collectively the “**Group**” or “**we**”) during the year of 2025. This is the eighth ESG Report published by Asclepis.

### Basis for Preparation

The Report is prepared in accordance with the Environmental, Social and Governance Reporting Code (the “**Code**”) as set out in Appendix C2 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited with scope and contents that comply with the mandatory disclosure requirements and the “**comply or explain**” provisions of the Code. The Report has followed the four Reporting Principles of Materiality, Quantitative, Balance and Consistency as stated in the Code.

**Materiality:** The Report has evaluated and presented all the material environmental, social and governance issues. We also presented the process of materiality assessment and the results of stakeholders’ engagement.

**Quantitative:** The statistical standards, methodologies, calculation tools as well as the sources of conversion factors for calculating the key performance indicators (“**KPIs**”) in the Report, are described in the report definition.

**Balance:** The Group has presented all the unbiased data and information, preventing all the omission, selection or presentation formation that may inappropriately influence a decision or judgment.

**Consistency:** The Report has adopted, as far as practical, the same data statistical and collection methodologies as those applied for the previous reporting period to provide meaningful comparisons of our performance during the reporting period for all stakeholders. Changes to the methodologies will be presented and detailed in the corresponding chapters by the Group.

### Reporting Period and Scope

The content of the Report mainly focuses on the core businesses of the Group, embodies the Group’s fulfillment of ESG principles from 1 January 2025 to 31 December 2025 (the “**Year**” or the “**Reporting Period**”). Unless otherwise specified, the Report covers the directly controlled businesses.

### Languages for the Report

The Report is available in both Chinese and English. If there are inconsistencies between the English and Chinese versions, the English version shall prevail.

### Report Approval

The Board of Directors (the “**Board**”) approved this Report on March 31, 2026.

## Environmental, Social and Governance Report

### Report Publications

This Report is available online. The online edition of the Report is available for review and downloading at the website of The Stock Exchange of Hong Kong Limited ([www.hkex.com.hk](http://www.hkex.com.hk)) and the official website of the Group ([www.ascletis.com](http://www.ascletis.com)).

### Contact Details

Shareholders may send their inquiries to the following:

40th Floor, Dah Sing Financial Centre, No. 248 Queen's Road East, Wanchai, Hong Kong

Email: [ir@ascletis.com](mailto:ir@ascletis.com)

## GOVERNANCE SYSTEM

### About the Group

Ascletis is a fully integrated biotechnology company focused on the development and commercialization of potential best-in-class and first-in-class therapeutics to treat metabolic diseases. Utilizing its proprietary Artificial Intelligence-assisted Structure-Based Drug Discovery (AISBDD) and Ultra-Long-Acting Platform (ULAP) technologies as well as Peptide Oral Transport ENhancement Technology (POTENT), Ascletis has developed multiple drug candidates in-house, including both small molecules and peptides, such as its lead program, ASC30, a small molecule GLP-1R agonist designed to be administered once daily orally and once monthly to once quarterly subcutaneously as a treatment therapy and a maintenance therapy for chronic weight management; ASC36, an amylin receptor peptide agonist, ASC35, a once-monthly subcutaneously administered GLP-1R/GIPR dual peptide agonist and ASC37, a GLP-1R/GIPR/GCGR triple peptide agonist, and ASC39, a potent and amylin-selective oral small molecule amylin receptor agonist, for chronic weight management.

### Corporate Culture

The Group establishes our corporate culture to show our devotion to fulfilling Corporate Social Responsibility (“**CSR**”) and to drive the success of our business development sustainably. Our mission, vision and core values guide us in driving the sustainable growth of our business and how we work together with our domestic and global partners in adhering to the concept of CSR.

#### Mission

- Innovative cures liberate life to the fullest

#### Vision

- To become the most innovative world-class biomedical company

#### Core values

- Integrity, Courage, Excellence, Collaboration

## Environmental, Social and Governance Report

### Awards and Honors of the Year

The innovative and outstanding performance of the Group in research and developing new drugs is highly recognized by various organizations and media. In 2025, we won several awards and honors given our contribution and influence in the industry. Our awards and honors received in 2025 are listed below.

Awards and Honors	Awarded Entity	Awarded by	Awarding Time
16th “Tianma Award for Investor Relations Management of Hong Kong Listed Companies”(第十六屆上市公司投資者關係管理天馬獎)	Ascleitis Pharma Inc. (歌禮製藥有限公司)	Securities Times (《證券時報》)	June 13, 2025.
“China Innovative Drug Decade Honor Roll” Industry-leading Biotech Companies (“中國創新藥十年榮耀榜”行業引領 Biotech 公司)	Ascleitis Pharma Inc. (歌禮製藥有限公司)	Co-hosted by the Beijing Medical and Health Technology Development Center and Pharmcube (北京醫藥健康科技發展中心與醫藥魔方聯合主辦)	September 24, 2025.

### ESG Structure

While developing our innovative drugs, we devote ourselves to driving our success in CSR. We have established the ESG committee since 2018 to better identify and manage relevant risks in ESG and drive the efficient implementation of various ESG policies across the various departments. Ascleitis makes an effort to incorporate the ideas of sustainable development into the overall strategy, policy and business plans of the Group. During the Reporting Period, the Group has updated the responsibilities of the ESG Committee in response to the climate-related revisions in the Code.

The Board of Directors of the Group takes full responsibility for ESG strategies and reporting and leads the ESG Committee. The ESG Committee is responsible for coordinating and determining the ESG risk management and internal monitoring systems within the Group, which is comprised of the executive directors, the person-in-charge of ESG and representatives from all major departments of the Group.

## Environmental, Social and Governance Report

The major responsibilities of the ESG Committee are clearly stated in the rules governing the ESG Committee which include:

- Identifying, assessing, reviewing and managing the ESG issues that have a significant impact on our operations, shareholders and other major stakeholders of the Group, including but not limited to the quality of the working environment, environmental protection, climate-related risks and opportunities, operating practices, community activities and welfare, as well as developing corresponding control initiatives;
- Identifying stakeholders' major ESG concerns in appropriate ways and responding in a timely manner;
- Preparing the annual working report of the Committee and submitting it to the Chairman for the Group's ESG performance improvements;
- Responsible for formulating and refining the Group's ESG policies, including climate-related policies and promoting implementation across all departments;
- Regularly review and monitor the performance and progress towards targets related to the ESG and climate;
- Engage in regular annual discussions with the Board of Directors on ESG issues, including climate-related issues, or provide reports to the Board;
- Ensuring that the Group complies with the relevant legal and regulatory requirements so that it can monitor and respond to the latest ESG policies and issues;
- Maintaining the operation of the Group's management system for social responsibility and raising the social awareness of employees.

### ***Board's Review on ESG Targets and Related Progress***

The Board cares about and has responsibility for the ESG progress of the Group. The ESG committee of the Group executes ESG works to meet the targets set by the Board. The Board oversees and assesses the performances of the ESG works of the Group through the ESG Committee.

The Board is responsible for regularly reviewing the material issues, performances, and ESG risks and opportunities of the Group. With the Board's approval, the ESG committee reviews and evaluates the concerns and interests of stakeholders through a materiality analysis to determine the Group's approach, strategy, goals, and targets for ESG management. The Group has developed ESG related targets. We evaluate our progress toward the targets and work on sustainable development on a regular basis. The progress of relevant targets has been disclosed in the corresponding section.

## Environmental, Social and Governance Report

### *Sustainable Development Policy*

To enhance our performance and measures in environmental and social aspects and exhibit our devotion to providing sustainable development services, the Group develops a Sustainable Development Policy. This policy integrates the concept of sustainable development into our business decision making and daily operations. It covers our sustainable development management approach towards five aspects, including environmental management, operational practices, employee rights, community investment and stakeholder engagement. To ensure the implementation of this policy properly, our ESG Committee continues to monitor and review the actual execution status of this policy and the implementation progress of each sustainable development measure. Our ESG Committee is responsible for assessing the environmental and social impact of the Group's business operations and setting sustainable development goals to continuously improve our sustainability performance and minimize potential negative impacts on the environment and society. Through various internal communication channels and the ESG Report published each year, we disseminate the information related to this policy to our employees and external stakeholders and report our environmental and social performance.



## Environmental, Social and Governance Report

### Managing Corruption Risks and Promoting Integrity

The Group is highly concerned about operation compliance, managing corruption risks and promoting integrity. We are committed to complying with the relevant laws and regulations of the places where we operate, including the Criminal Law of the People's Republic of China (《中華人民共和國刑法》) and the Anti-Unfair Competition Law of the People's Republic of China (《中華人民共和國反不正當競爭法》). We have established Anti-Corruption Policy (《反腐敗政策》), Expense Reimbursement Management System (《費用報銷管理制度》) and Staff Handbook (《員工手冊》) to ensure strict compliance with the relevant laws and regulations by all of our employees and agents. We prohibit any payment to government officials by our employees and agents for obtaining or retaining business or products. We require all companies that have significant business relations with us to sign the Anti-bribery Commitments (《反賄賂承諾》) to ensure that key business partners comply with our anti-corruption and anti-bribery requirements.

We implement a zero-tolerance policy towards any illegal acts such as bribery, blackmail, fraud and money laundering to prevent business corruption. The Board and the key employees have attended the anti-corruption training in the Year. The Board participated in online training on the Ethical and Governance Roles of Directors and Senior Management of Publicly Listed Companies. Employees attended training on the elements of fostering a corporate integrity culture.

We have stipulated the Anti-fraud Whistleblowing Management Regulation (《反舞弊舉報管理制度》). Employees or any third parties can report through the e-mail address or phone on any illegal acts such as money laundering, discrimination, harassment, environmental damage, fraud and corruption. We also keep the whistleblower's identity confidential so that whistleblowers will not be retaliated against for reporting. During the Year, to our best knowledge, there was no record of illegal acts such as corruption, bribery, fraud and money laundering involving the Group or our employees.

### Stakeholder Engagement

The Group acknowledges the importance of understanding the expectations and needs of various stakeholders, including shareholders and investors, government and regulatory bodies, customers, employees, suppliers, the community, media, business partners and the public, in achieving our success. The Group considers that effective communication with stakeholders is essential and endeavors to maintain ongoing and proactive dialogues with stakeholders. The main communication channels of our key stakeholders are as follows.

Key Stakeholders	Expectations and needs	Main communication channels
Shareholders and Investors	<ul style="list-style-type: none"> <li>Compliant and sound operation</li> <li>Good return on investment</li> <li>Effective risk management</li> <li>Protection of intellectual property right</li> </ul>	<ul style="list-style-type: none"> <li>General meetings</li> <li>Interim and annual report</li> <li>Corporate communications</li> <li>Results announcements</li> <li>Shareholders' visits</li> <li>Investor meetings</li> <li>Senior management meetings</li> <li>Conferences</li> </ul>

## Environmental, Social and Governance Report

### Key Stakeholders

Government and Regulatory Bodies

### Expectations and needs

- Facilitating economic development
- Supporting communities and livelihood
- Efficient corporate governance
- Resources utilization
- Waste management

### Main communication channels

- Conferences
- Forums
- Pharmaceutical development policy consultations
- Communications with the medical department
- Compliance reports

Customers

- Quality control
- Protection of customers' safety
- Protection of customers' privacy

- Daily operation/communications
- Company website
- Email and hotline of the Company

Employees

- Job stability
- Benefits and remuneration
- Safe working environment
- Career progression

- Staff opinion surveys
- Performance assessment and discussions
- Philanthropic activities
- Channels for staff to express opinions
- Group discussions
- Business briefings
- Charity activities
- Seminars/workshops/meetings
- Staff communication meetings
- Staff intranet

Suppliers

- Fair procurement

- Supplier management procedures
- Regular meetings
- Conferences
- On-site visits
- Supplier assessment system

Community and the Public

- Promoting social harmony
- Supporting charitable activities
- Promoting energy conservation and emission reduction

- Community activities
- Seminars/workshops/meetings

Pharmaceutical industry peers and business partners

- Enhancing business co-operations
- Facilitating economic development
- Supporting pharmaceutical development

- Strategic partnership projects
- Seminars and exchange meetings
- Corporate notices

Media

- Promoting information transfer

- Press releases
- Senior management interviews
- Results announcements

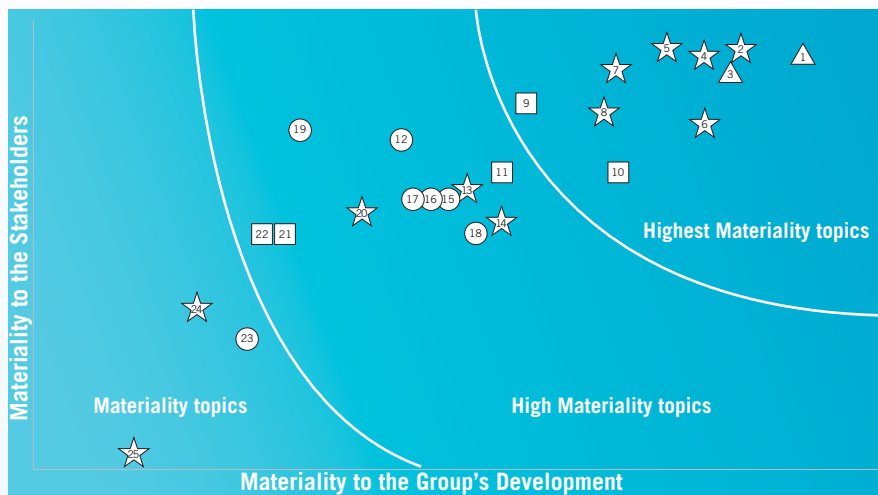
## Environmental, Social and Governance Report

### Materiality Assessment

Ascletis recently reviewed and validated its materiality assessment. Given that the Company's business scope<sup>1</sup> and stakeholder composition have remained stable, there have been no significant changes in the impact of the Company's business activities on stakeholders, nor in the impact of stakeholders on the Company's business.

In terms of regulatory requirements, Part D: Climate-related Disclosures of the Code came into effect on January 1, 2025, and applies to 2025 and beyond, "Climate Change Mitigation" has always been a material topic for us. This topic already addresses the Stock Exchange's newly added climate-related disclosure requirements. Therefore, the Company believes that the previously identified material topics remain applicable. After careful discussion, the Board has resolved to continue using the existing materiality assessment results for the current reporting period.

We identified 25 potential ESG material topics and classified them into three materiality levels: highest materiality, high materiality and materiality. Topics and their materiality are listed in graphs and tables below.



△ Innovation-Driven and Collaborative Cooperation

□ Talent Management

☆ Commitment to Quality and Integrity

○ Environmental Protection for a Green World

<sup>1</sup> Although Ascletis is not currently engaged in commercialization, the Company still focuses on research and development.

## Environmental, Social and Governance Report

Highest materiality topics:

ESG related topic	Category
1 Innovative R&D	Innovation-Driven and Collaborative Cooperation
2 Production safety assurance	Commitment to Quality and Integrity
3 Protection of intellectual property	Innovation-Driven and Collaborative Cooperation
4 Product quality management	Commitment to Quality and Integrity
5 Compliance operation	Commitment to Quality and Integrity
6 Protection of patients' interests	Commitment to Quality and Integrity
7 Production safety management	Commitment to Quality and Integrity
8 Risk management	Commitment to Quality and Integrity
9 Employees' health and safety	Talent Management
10 Training and development of employees	Talent Management

High materiality topics:

ESG related topic	Category
11 Employees' rights	Talent Management
12 Reduction in pollutant emissions	Environmental Protection for a Green World
13 Anti-corruption	Commitment to Quality and Integrity
14 Supply chain management	Commitment to Quality and Integrity
15 Waste management	Environmental Protection for a Green World
16 Water resources management	Environmental Protection for a Green World
17 Energy saving	Environmental Protection for a Green World
18 Protection of environment and natural resources	Environmental Protection for a Green World
19 Greenhouse gas emissions	Environmental Protection for a Green World
20 Customer service and communication	Commitment to Quality and Integrity
21 Employment equality	Talent Management
22 Prevention of child and forced labour	Talent Management

Materiality topics:

ESG related topic	Category
23 Climate change mitigation	Environmental Protection for a Green World
24 Monitoring on product information and advertising	Commitment to Quality and Integrity
25 Participating in charity	Commitment to Quality and Integrity

From the above results of the materiality matrix, Asclepis works out our direction in ESG report disclosures, consisting of "Innovation-Driven and Collaborative Cooperation", "Commitment to Quality and Integrity", "Talent Management" and "Environmental Protection for a Green World". This report will focus on these four aspects to reflect our focuses and contributions to ESG.

## Environmental, Social and Governance Report

### INNOVATION-DRIVEN AND COLLABORATIVE COOPERATION

#### Innovative R&D Activities

Ascletis is focused on the development and commercialization of potential best-in-class and first-in-class therapeutics to treat metabolic diseases. Utilizing its proprietary Artificial Intelligence-assisted Structure-Based Drug Discovery (AISBDD) and Ultra-Long-Acting Platform (ULAP) technologies as well as Peptide Oral Transport ENhancement Technology (POTENT), Ascletis has developed multiple drug candidates in-house, including both small molecules and peptides.

The Company achieved a number of significant milestones during the reporting period, including but not limited to: (1) Ascletis' oral small-molecule GLP-1 agonist, ASC30, demonstrated placebo-adjusted weight loss of 7.7% with better gastrointestinal tolerability in its 13-week U.S. Phase II study in participants with obesity or overweight; (2) ASC47, an adipose-targeted, thyroid hormone receptor beta (THR $\beta$ ) selective small molecule agonist, in combination with semaglutide, demonstrated up to 56.2% greater relative reduction in body weight in participants with obesity compared to semaglutide monotherapy; (3) Positive topline results from the U.S. Phase I study of ASC50, a potential best-in-class oral small-molecule interleukin-17 (IL-17) inhibitor; and (4) acceptance by the China National Medical Products Administration of the New Drug Application for denifanstat (ASC40), a first-in-class fatty acid synthase (FASN) inhibitor for acne treatment. Such milestones demonstrate the Group's strong R&D capabilities and reflect our commitment to developing globally competitive, differentiated pipeline products.

#### Intellectual Property Protection

As an innovative-driven company, Ascletis values the protection of intellectual property and has zero-tolerant for any infringement on intellectual property rights. The Group strictly complies with laws and regulations in relation to intellectual property such as the Patent Law of the People's Republic of China 《中華人民共和國專利法》, the Trademark Law of the People's Republic of China 《中華人民共和國商標法》, the Copyright Law of the People's Republic of China 《中華人民共和國著作權法》 and Anti-unfair Competition Law of the People's Republic of China 《中華人民共和國反不正當競爭法》. We have formulated the Administrative Measurements for Intellectual Property 《知識產權管理辦法》 concerning the relevant laws and regulations to standardize and strengthen our internal management on intellectual properties with our rules and systems.

We rely on employees and various regulations, confidentiality agreements and applications for patents to protect our intellectual property rights such as confidential data, professional know-how and other proprietary information. In R&D activities and business activities, we protect proprietary information with our confidentiality agreements and patents. We filed 192 applications for patents in 2025, and also maintained 69 patents and newly added 15 patents in 2025. To prevent confidential information leakage, every employee is required to enter into a Confidentiality Agreement 《保密協議》, in particular, R&D staff are also required to sign an Intellectual Property Management Confirmation Letter 《知識產權管理辦法確認書》. When employees resign, they are required to sign a Termination of Employment Relationship Agreement 《解除勞動關係協議書》 to ensure that confidential information will not be disclosed. Besides, research and development personnel and supervisors or above in manufacturing and operations sign a Confidentiality and Non-Compete Agreement 《保密和競業限制協議》.

In addition, we require that all publicly available products and business information shall be examined strictly. We also ensure that all advertisements used for brand promotion shall deliver complete, true and accurate information to the public without any false or misleading product descriptions and acts such as infringement upon others' rights such as intellectual property rights, patent rights, and copyrights.

In addition to our requirements for intellectual property rights, we also strictly regulate the conduct of external suppliers. When cooperating with external suppliers, we enter into confidentiality agreements to protect proprietary information.

## Environmental, Social and Governance Report

### COMMITMENT TO QUALITY AND INTEGRITY

#### Product Quality Management

##### *Product Quality*

The Group strictly complies with the Drug Administration Law of the People's Republic of China (《中華人民共和國藥品管理法》), Product Quality Law of the People's Republic of China (《中華人民共和國產品質量法》), Good Manufacturing Practices for Pharmaceutical Products (《藥品生產質量管理規範》) and its attachments, Good Supply Practice for Pharmaceutical Products (《藥品經營質量管理規範》), Measures for the Supervision over and Administration of Pharmaceutical Production (《藥品生產監督管理辦法》), Administrative Measures for Drug Recalls (《藥品召回管理辦法》), Regulation on the Administration of Annual Reports on Drugs (《藥品年度報告管理制度》) and Provisions on the Supervision and Administration of the Fulfillment of Medicinal Product Quality and Safety Responsibilities (《藥品上市許可持有人落實藥品質量安全主體責任監督管理規定》) which provide the legal framework for compliant operations of enterprises engaged in manufacturing, sales and quality management of drugs.

#### Our Wide Dimensions in Quality Assurance

##### Industry Norms

- Our production base strictly complies with the most stringent cGMP\* regulations in all stages from design, construction and operation

##### Quality Assurance

- We have adopted a wide range of state-of-the-art equipment with cutting-edge technology capabilities at global level to ensure that all of our pharmaceutical products are of high quality

##### International Standards

- We have experienced manufacturing employees from multinational corporations to ensure our production quality and management system to maintain the international standards

##### Ensure Production Capacity

- We have sufficient production capacity to ensure consistent supply of our drugs for clinical treatments

\* cGMP: Current Good Manufacturing Practice

## Environmental, Social and Governance Report

The Group considers product quality and safety as key elements of our business. To ensure product quality, we establish various quality management procedures and systems for suppliers, manufacturing processes, laboratory tests and finished goods to manage the quality throughout the entire product life cycle. At the sourcing stage, we have established the Supplier Quality Management Procedures (《供應商質量管理規程》) and Supplier Quality Audit Procedures (《供應商質量審計程序》) to assess the capabilities of suppliers, providing better quality assurance management for pharmaceutical raw materials. We have set up the Receiving Management Procedures for Production Materials (《生產用物料收貨管理規程》) and Material Receipt and Dispatch Management Procedures during IND Phase (《IND階段物料收發管理規程》) to specify the initial acceptance of materials. Quality control documents for each type of material have been established, confirming the quality of incoming materials through testing or analytical methods. After release by QA according to the Incoming Material Release Management Procedures (《進廠物料釋放管理規程》), these materials are used for production, ensuring that the quality of production materials is controllable.

The Company has developed management documents for plants, facilities, and equipment, validating them before they are used for production. Regular retrospective validations are conducted according to document requirements, and any changes will be executed according to the Company's change management process, assessing whether re-validation is necessary. The Company organizes annual Personnel Hygiene Training (《人員衛生培訓》) for all employees and conducts health check-ups for directly involved staff each year to ensure the quality and safety of pharmaceuticals.

The Company has established the Personnel Training and Job Qualification Management Procedures (《人員培訓和崗位資質管理規程》), regulating the on-boarding training for new employees and continuing education for existing staff. QA prepares an annual training plan before February each year and supervises its implementation. These guidelines help us ensure the quality of each step to meet its standards and requirements. We strictly follow the regulations and rules for pharmaceutical product manufacturing. For every new production pipeline, a Pharmaceutical Production License (《藥品生產許可證》) or a New Pharmaceutical Production Enterprise License (《新開辦藥品生產企業許可》) is applied or updated with authorities for any possible updated or correction. We continuously make improvements in our product quality and optimize the quality control management system. Additionally, we have developed the GMP Self-Inspection Management Procedures (《GMP自檢管理程序》) and GMP Inspection Standard Management Procedures (《GMP巡查標準管理程序》) to conduct routine and annual checks on the company's operations, ensuring the system runs smoothly. This guideline listed out the procedures for different departments such as logistics, quality assurance, and production when they are handling the products. In case of rejection, we also included the procedures to follow when the products have failed to meet the standards. This guideline provides a clear and convenient framework for our employees to manage the product's quality. The Group has established the Finished Products Release/Reject Management Procedure (《成品批放行/拒絕管理程序》). Prior to market release, each batch of products is tested in accordance with the quality standards approved by the National Medical Products Administration of China and is only released to the market upon compliance. To ensure the quality of production during transportation, we research and identify the best transportation methods to enhance the stability of products.

Efficiency is the key to our drug production, good quality control not only helps us ensure sound quality, but also reduces the application time and the associated cost. In the Reporting Period, we used the least amount of time to finish the update of old production licenses without causing any delay in the production and zero mistake was found during the audit process. In addition, government authorities and third-party auditing companies acknowledged our quality assurance capabilities, we are now an authorized independent drug manufacturer, entrusted drug manufacturer and active pharmaceutical ingredient (API) drug manufacturer in the province. The Group is thrilled with the results, we will keep on perfecting our quality control practice to meet any future needs.

## Environmental, Social and Governance Report

### *Monitoring of Product Information and Advertising*

As integrity is one of our core values, the Group prohibits any fraudulent, false or concealed information. For packaging, labeling and advertising of drugs, we strictly comply with relevant laws and regulations to ensure the safety of patients.

#### *Pharmaceutical Packaging*

The Group complies with the Measures for the Management of Packaging Materials and Containers in Direct Contact with Drugs (《直接接觸藥品的包裝材料和容器管理辦法》) to ensure that the packaging for all of our drugs complies with national and professional standards. When national or professional standards are not available for reference, we will develop our corporate standards which will be implemented upon approval by the food and drug authorities at the national level and the relevant regulatory authorities. We will file the application with the relevant authorities for approval when changes to the standards for packaging are required.

The Group complies with the Provisions on the Administration of Pharmaceutical Directions and Labels (《藥品說明書和標籤管理規定》), which stipulates that the pharmaceutical directions and labels of drugs should be reviewed and approved by the National Medical Products Administration. Our pharmaceutical directions include the scientific data, conclusions, and information concerning drug safety and effectiveness according to relevant provisions, to ensure the safe and rational use of drugs. We strictly follow the relevant provisions to make sure the inner labels of drugs include information such as the drug's name, indication or function, specification, dose and usage, production date, batch number, expiry date and drug manufacturer, and the outer labels of drugs indicate information such as the drug's name, ingredients, indication or function, specification, dose and usage, adverse reaction, batch number, expiry date and drug manufacturer.

We have formulated the Design and Approval Management Procedure for Printed Packaging Materials (《印字包材的設計和審批管理程序》) to stipulate the approval responsibility of each relevant department and approval procedure on the contents of the printed packaging materials of our pharmaceutical products. We have also formulated the Management Procedure for Solid Dosage Workshop of Packaging Materials (《固體車間包裝材料管理規程》). When using the packaging materials, the printed contents will be checked carefully to ensure the information on the packaging materials of our pharmaceutical products is accurate and truthful. We have established the Drug Traceability Code Management Procedure (《藥品追溯碼的管理程序》), which assigns a unique code to each bottle of medicine to ensure that the circulation information of every bottle in the market is traceable, thereby guaranteeing patient medication safety.

#### *Drug Advertisements*

The Group complies with the Drug Administration Law of the People's Republic of China (《中華人民共和國藥品管理法》), the Advertising Law of the People's Republic of China (《中華人民共和國廣告法》) and the Interim Measures for the Administration of Censorship of Advertisements on Drugs, Medical Devices, Dietary Supplements and Formula Foods for Special Medical Purposes (《藥品、醫療器械、保健食品、特殊醫學用途配方食品廣告審查管理暫行辦法》). We obtain approval document numbers for all advertisements relating to our drugs upon approval by competent authorities to ensure all the contents shown in the drug advertisement are true and legal. We will file new applications for approval to obtain approval document numbers for advertisements for our drugs relating to approval when an alteration to the content of such advertisements is required.

## Environmental, Social and Governance Report

### Product Safety Assurance

As the Group highly values the health and safety of our patients, product safety assurance is one of our utmost concerns in our business. In accordance with the Measures for the Reporting and Monitoring of Adverse Drug Reactions (《藥品不良反應報告和監測管理辦法》), the Announcement on the Direct Reporting of Adverse Reactions by Marketing Authorization Holders (Announcement No. 66 of 2018) 《國家藥品監督管理局關於藥品上市許可持有人直接報告不良反應事宜的公告((2018年第66號))》, the Announcement on the Issuance of the Guidelines for the Collection and Reporting of Adverse Drug Reactions in Individual Cases (No. 131 of 2018) 《個例藥品不良反應收集和報告指導原則(2018年第131號)》, the Specifications for Pharmacovigilance Quality Management (No. 65 of 2021) 《藥物警戒質量管理規範(2021年第65號)》 and International Conference on Harmonisation of Technical Requirements for Registration of Pharmaceuticals for Human Use Topic E2 series (人用藥品技術要求國際協調理事會國際藥物警戒E2系列), we have formulated the SOP for Individual Case Safety Reports in Clinical Studies(《研究中個例安全性報告SOP》), SOP for Post-Marketing Individual Case Safety Reports of Drugs (《藥品上市後個例安全性報告SOP》)and Periodic Safety Update Reports, Periodic Benefit-Risk Evaluation Report Writing and Submission SOPs (《定期安全性更新報告和定期獲益－風險評估報告撰寫及遞交SOP》) to stipulate the report of safety information and regular safety update of our pharmaceuticals to strengthen the safety management of products at various clinical stages and in the market.

We have formulated the Standard Operating Procedure for Security Signal Management (《安全信號管理SOP》) to outline the procedures for detecting, verifying, analyzing, evaluating, and following up on security signals. Security signals may arise from spontaneous reports, interventional or non-interventional clinical studies, scientific literature, pre-clinical studies etc. We will summarize, classify, rank, analyze and evaluate the information, assess its impact on public health and implement corresponding actions following a risk analysis.

We have formulated the Standard Operating Procedure for Clinical trial protocol writing, review and revision (《臨床試驗方案的撰寫、審核及修訂 SOP》) to regulate the procedure in preparing clinical trial proposals. A clinical trial proposal should include information of trial background, trial objectives, trial design, methods and procedures etc. Any information regarding the regulations, guidelines, principles, related research on drugs and experiments should be clarified before drafting the proposal. The proposal should be checked for its consistency and the trial template requirements, and the proposal should be approved by the head of the clinical department or CEO. We also have stipulated Standard Operating Procedure for Preparation of Packaging Drugs Used in Clinical Trials (《臨床試驗用藥品準備 SOP》), Standard Operating Procedure for Packaging Drugs Used in Clinical Trials (《臨床試驗用藥品的包裝 SOP》), Standard Operating Procedure for Packaging and Labeling Management of Experimental Drugs in Clinical Trials (《臨床試驗用藥品包裝和標籤的管理 SOP》), Standard Operating Procedure for Transportation, Storage, Sampling, Distribution, Recycling, Recall and Destruction of Drugs Used in Clinical Trials (《臨床試驗用藥品的運輸、貯存、留樣、發放、回收、召回和銷毀SOP》) and Standard Operating Procedure for Over-temperature/Ultra-humidity Handling of Drugs Used in Clinical Trials (《臨床試驗用藥品超溫／超濕的處理 SOP》) regulated the preparation of clinical trials, the format of labeling, packaging, delivery and destruction of the trial medicine, handling of over-temperature or ultra-humidity drugs used in clinical trials.

## Environmental, Social and Governance Report

We have formulated the Drafting, Review, and Revision SOP for the Informed Consent Form (《知情同意書的撰寫、審核及修訂SOP》), to oversee the drafting, review, and revision of informed consent forms for all clinical research studies. We have established a Standard Operating Procedure for the Management of Pharmacovigilance Activities in Research Projects (《研究項目中藥物警戒活動管理SOP》), Standard Operating Procedure for Safety Report of Individual Cases in the Study (《研究中個例安全性報告SOP》), Standard Operating Procedure for Safety Update Report during R&D (《研發期間安全性更新報告SOP》) to manage the adverse events happen during clinical trial. Every trial should assign a responsible pharmacovigilance project manager and set up a safety management plan. A Safety Management Plan should consist of reporting procedures, handling of suspected unexpected serious adverse reactions, a contact list, etc. Employees of our Group are required to report such cases of adverse events to the pharmacovigilance department in a timely manner within one business day when they become aware of any adverse reactions as a result of the use of the Group's products (and any case of death and group adverse reactions to a drug must be reported to the pharmacovigilance department immediately). Any adverse event that happened during the trial should be reported, recorded, analyzed.

To ensure the quality and safety of our products and to safeguard the rights and interests of our patients, we have developed management procedures for rejected materials, returned goods and emergency recall. We carry out quality assessments of the returned goods and determine the handling methods to improve our product quality and safety continuously. We have also established the Individual Case Safety Report for Post-launch Drug (《藥品上市後個例安全性報告SOP》), ensuring consistent, accurate, and timely handling of individual case safety reports for marketed products, in compliance with relevant regulatory requirements. To address fatal cases following medication use, clusters of adverse reactions, and group adverse drug events, we have established the Drug Safety Issues Emergency Response Plan (《藥品安全性問題應急預案SOP》), specifying the identification process and response methods for such urgent or major safety concerns after patients take medication, to safeguard patient rights. Besides, we have other SOPs based on the Specifications for Pharmacovigilance Quality Management (No. 65 of 2021) (《藥物警戒質量管理規範(2021年第65號)》).

According to the requirements of the Good Pharmacovigilance Practice (《藥物警戒質量管理規範》) and others, the Company has established a Pharmacovigilance Department to carry out pharmacovigilance activities for Ascletis's global investigational drugs and post-marketing drugs and has appointed a full-time head of pharmacovigilance. The Company has formed a Drug Safety Committee, which is chaired by the legal representative and is responsible for leading drug safety events. The core members of the committee include the head of pharmacovigilance and the heads of departments related to drug safety incidents. The Drug Safety Committee is responsible for assessing major risks, handling significant or urgent drug events, making risk control decisions, and addressing other major issues related to pharmacovigilance. Ascletis has an independent Pharmacovigilance Department, with the head of pharmacovigilance providing comprehensive guidance for the work. Other related departments assist and coordinate to ensure effective pharmacovigilance, continuously monitor signals, and timely complete periodic safety reports. In the Reporting Period, the Group did not receive any recall of products sold or delivered due to safety and health reasons.

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### Supply Chain Management

As a group focusing on developing innovative and best-in-class drugs, it is our top priority to have excellent supply chain management to guarantee the quality of our suppliers and products. To standardize and manage effectively our selection procedure of suppliers, the Group has formulated Procurement Management System (《採購管理制度》), Tender Management Standard Operating Procedure (《招標管理標準操作流程》), Contract Management System (《合同管理制度》), etc. In addition to factors such as product and service quality, technology standard, reputation and cost, there are important considerations for the suppliers to commit to environmental and social responsibilities, such as environmental, health and safety status. To continue monitoring the performance of our supply chain in an all-round manner, we have also established the Supplier Quality Audit Procedure (《供應商質量審計程序》). To further ensure that our suppliers comply with our anti-corruption and anti-bribery requirements when working with us and refrain from making or accepting any form of payment, bribery, or kickbacks, we require suppliers to sign the Supplier Admission Commitment Letter (《供應商准入承諾函》) before conducting business with us. We also enter into confidentiality agreements with suppliers for technical cooperation.

We have formulated the Quality Management Procedure of Supplier (《供應商質量管理規程》). For example, we have expanded the responsibilities of the logistics department. They are required to assist in updating expired information of suppliers and conducting an official comprehensive inspection report on internal packaging materials before procurement each year. We have also formulated the Quality Management Procedure for Subcontractor (《承包商質量管理規程》). After replacing contractors, the relevant business department applicants are required to provide the necessary qualification documents, which will be reviewed by the department head and the quality management department.

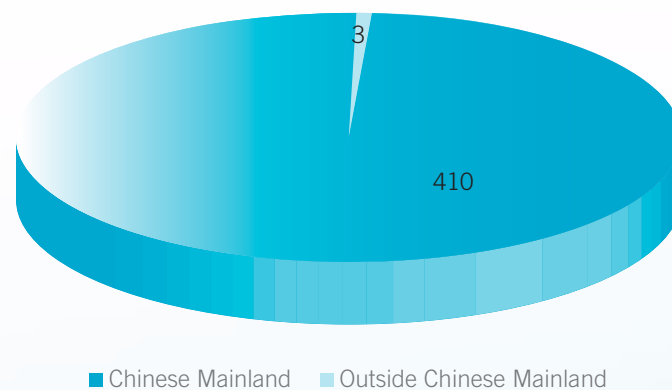
### *Consideration in Environmental and Social Aspects*

To achieve the goal of being a responsible pharmaceutical manufacturer, we guarantee the value chain of our product to be environmentally and socially sustainable. We have implemented certain policies on suppliers' ESG performance and make sure that suppliers are in line with our policies. We require suppliers to sign the Supplier Admission Commitment Letter (《供應商准入承諾函》) issued by the Group. It is stated therein that all goods and services provided by the suppliers to the Company comply with current laws and regulations and do not violate social order and public morality. The supplier possesses all necessary legal qualifications and performance capabilities required for transactions or cooperation between both parties. The Group has established the EHS Management Procedure for Contractor (《承包方EHS管理程序》), which stipulates the inspection, evaluation, and supervision of suppliers, as well as conducting EHS training. Furthermore, all goods and services provided by the supplier to the Company do not infringe upon the legitimate rights and interests of any other third party. Additionally, when conducting new drug developments, we strive to minimize the use of solvents and materials that may cause harm to the environment and safety.

## Environmental, Social and Governance Report

The distribution of suppliers is listed below, the figure reflects the cooperation of the Group with overseas suppliers.

### Number of Suppliers\*



\*Note: The number of suppliers includes those of producers, purchasing agents, traders and suppliers for indirect procurement.

## Protection of Patients' Interests

### Protection of Patients' Privacy

The Group places high importance on information security and privacy protection of the patients and trial subjects. To enhance information security, we establish Computer Active Directory (AD) Network User Management Regulation (《計算機AD網絡用戶管理規範》) which governs user access rights to specific data and information, as well as overall data and intranet security. Only the relevant departments may have the authority of access to the information of the patients and our employees are required to obtain approval from their supervisors for accessing the information of the patients. We have also established the Computer and Information Management Regulation (《計算機及信息管理規範》) to stipulate the management and safety usage of hardware, software, and internet within the Group. We have utilized professional firewalls and anti-virus software to prevent any malicious intrusion activities. We established ERP-SAP System Data Backup Operation Procedure (《ERP-SAP系統數據備份操作程序》), ERP-SAP System Problem Management Control Procedure (《ERP-SAP系統問題管理控制程序》) and ERP-SAP System Daily Inspection and Maintenance Procedures (《ERP-SAP系統日常檢查、維護操作程序》) to stipulate a routine system backup schedule, inspection process, daily inspection and maintenance and problem-solving procedure. Once there is any system-related problem, we will handle it according to the regulations. We have established the Document Management Procedure (《文件管理規程》) to create a company-wide document framework, ensuring the unified and complete preservation of company documents. Confidential documents are required to be stored in locked cabinets and should not be accessed by unauthorized personnel. When disposing of confidential documents, approval from the department head, as well as review and approval from the Presidents or Vice Presidents of Operations, is necessary, and a record of the disposal must be kept. We regularly hold employee training sessions on privacy rights to promote awareness of privacy protection.

## Environmental, Social and Governance Report

We specify with the collection, use and disclosure of information of patients and trial subjects and the ways of maintaining such information are carefully monitored and controlled. Every trial subject needs to sign the informed consent form before trial to make sure that they recognize the purpose, details and risks of the trials. Every employee must sign a confidentiality agreement, or a confidentiality and noncompete agreement upon joining the Group.

### *Emphasis on Patients' Interests*

The Group treasures patients' opinions and interests. We have established various channels for patients or their families to express opinions or complaints, such as email, hotline and letter. To standardize our customer service procedure, we have formulated the Product Complaints and Consultation Management (《產品投訴和諮詢的管理規程》), Standard Operating Procedure for Pharmacovigilance Department Hotline Management (《藥物警戒部熱線電話管理SOP》) and we follow the established procedures of handling complaints, enquiries and opinions. Upon receipt of complaints or issues on drug adverse reaction, the relevant departments will contact the patients in time to follow through on the situation, claims, key facts and reasons for the complaint, and ensure that the opinions and complaints received are responded and followed up properly and in a timely manner. Questions about the usage and dosage of medicine must be answered based on the instruction manual of the medicine. If the relevant questions cannot be answered, the clinical department must be notified and make a reply. To manage and standardize the handling procedure in case of any product quality complaints, returns and recalls of our products, we have formulated the Product Complaint and Inquiry Management Procedures (《產品投訴和諮詢的管理規程》), the Emergency Recall Management Procedure (《緊急召回管理程序》) and Return Handling Procedures (《退貨處理程序》). We review and optimize the product complaints and consultation management system regularly to protect patients' interests and maintain the reputation of the Group. During the Year, the Group did not receive product and service related complaint.

### **Repaying Community**

The Group spares no effort to promote community services and perform its corporate social responsibility. During the Year, the Group donated 460 pairs of shoes to a primary school in Guizhou Province. The Group has published articles and promotional videos during various health awareness days, such as Chinese Acne Week, World Obesity Day and 520 International Clinical Trials Day, among others, to enhance public awareness of health issues, including introducing prevention methods and treatment options for specific diseases, thereby strengthening overall health literacy.

## **TALENT MANAGEMENT**

Employee is an important pillar to support the success and growth of the Group. We adhere to the "Human-Based" management philosophy to allow for career advancement considerations with our employees. The Group strictly complies with the relevant laws and regulations in the places where we operate, including but not limited to the Labor Law of the People's Republic of China (《中華人民共和國勞動法》) and Labor Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》) in Chinese Mainland.

### *Talent Employment*

We have adopted policies to provide and ensure a harmonious, tolerant, fair and nondiscriminatory working environment. We strictly comply with the Labor Law of the People's Republic of China (《中華人民共和國勞動法》) and Labor Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》) and other relevant laws and regulations, and formulate our human resources policies in accordance with the relevant laws and regulations.

As of December 31, 2025, the Group had a total of 202 employees. The details of our employees are set out in Appendix I: Sustainability Data Statement.

## Environmental, Social and Governance Report

### *Recruitment Management System*

To recruit suitable talents effectively for our business development strategy, we have formulated the Recruitment Management System (《招聘管理制度》). Our human resources department implements the recruitment process based on the recruitment plan for the year. The Group recruits employees through various channels such as recruitment websites, newspaper advertisements, recruiters, internal referrals and job fairs. No matter it is external or internal recruitment, we follow the basic principles of “openness, justice and fairness” regardless of ethnicity, race, religion, age, gender, family origin, marital status, sexual orientation, disability, nationality and region etc. to select appropriate candidates by considering their education background, experience and skills of the applicant. For every successful candidate, our human resources department carries out background checks and examines carefully their age, identity and qualifications of candidates before signing employment contracts to prevent employment of child labor. We will immediately terminate the employment contract if we find employees are under legal employment age. The Group enters into employment contracts with the employees which cover remuneration, benefits, basis of termination and other matters to ensure no forced labor. The Group will deal with non-compliance incidents in accordance with the laws. The Group has stated the attendance schedule and employees should strictly follow attendance time. Overtime work is required to get approval in advance, we will offer overtime payment or day off in lieu of overtime work compensation. During the Year, no child and forced labor was found in the Group.

Ascletis is striving to enhance the board’s diversity. The Group established the Board Diversity Policy (《董事會多元化政策》) given that when the nomination committee selects the board candidate, a range of selective perspectives such as gender, ethnicity, language, cultural background, educational background, industry experience and professional experience should be considered. The nomination committee is also responsible for reviewing and setting up policies and measurable objectives. In the Year, 40% of the Board and 33% of senior management are female.

### *Stability of Employees*

We formulate an Employee Handbook (《員工手冊》) to stipulate the human resources management such as recruitment, promotion, dismissal, compensation, working hours and rest periods. As we treasure, respect and take care of every employee, any discrimination or harassment is strictly prohibited in the Group including gender, sexual orientation, disability, age, race, nationality, family status, or any other legally protected factors, applicable to all employee activities and human resources matters, including recruitment, promotion, transfer, compensation, and training, among others. To reduce the employee turnover rate, we proactively conduct face-to-face interviews with departing employees to understand relevant reasons to enable corporate management improvements. If any employee decides to resign, both the Group and employees will follow the terms stated in the employment contract for arrangement. Employees are required to hand over their job properly and we will arrange an interview to understand the reason for resignation and the needs of employees.

### *Employee’s Health and Safety*

We adhere to providing a safe and healthy working environment to our employees. We strictly comply with the relevant laws and regulations related to occupational health and safety, including but not limited to the Fire Control Law of the People’s Republic of China (《中華人民共和國消防法》) and the Work Safety Law of the People’s Republic of China (《中華人民共和國安全生產法》).

## Environmental, Social and Governance Report

### *Clean and Safe Working Environment*

We are dedicated to protecting the health and safety of our employees and have formulated the Employee Handbook (《員工手冊》), Compilation of Safety Management System (《安全管理制度匯編》) and Compilation Handbook of Occupational Health Management System (《職業健康管理制度匯編手冊》) to manage the health and safety aspects of the Group. The Director of the EHS Committee is responsible for implementing EHS-related laws and regulations, organizing regular EHS meetings and coordinating EHS work across relevant departments, including fire safety, occupational disease prevention, handling measures of dangerous goods and chemicals etc. During the Reporting Period, we have updated the personnel composition of the EHS Committee.

To ensure a safe working environment for our employees and to regulate the safety use and management of fire, electricity, dangerous goods and gas and electrical appliances, we have established various safety management regulations, such as Fire Safety Management Regulation (《消防安全管理規定》), Fire Rectification Management Regulation (《火災隱患整改管理規定》), Flammable and Explosive and Fire and explosion-proof Area Management Regulation (《易燃易爆危險物品和場所防火防爆管理規定》), Volunteer Fire Brigade and Micro-Fire Station Management Regulation (《志願消防隊及微型消防站管理規定》), Fire Inspection and Inspection Management Regulation (《防火巡查、檢查管理規定》), Regulation on the Safety Management of the Use of Fire and Electricity (《用火、用電安全管理規定》), Regulation on the Management of Maintenance of Fire Protection Facilities (《消防設施設備維護管理規定》), Fire and Explosion Safety Management Regulations (《防火防爆安全管理規定》), Fire control room Safety Management Regulations (《消防控制室安全管理規定》) and Equipment and Regulation on the Management of Safe Evacuation Facilities (《安全疏散設施管理規定》).

For fire safety, we adhere the approach of “prevention first with the combination of elimination” and the management principle of “who is in charge has to take the responsibility” and have formulated the Fire Safety Responsibility System (《消防安全責任制》) to stipulate the responsibilities of each responsible departments and employees. We have set up routine fire inspection items for daily, weekly and monthly inspection, ensuring all the fire protection regulations are well-implemented. Any employee who needs to work in flammable and explosive material sites should be trained and passed evaluations before taking the role. Any switch, lamp, wiring inside the site must meet the fire safety requirements and be regularly inspected and maintained. We have stipulated regulations on the implementation of emergency lights, safety exits, evacuation doors, walkways, staircases, labels. All these facilities should be checked regularly to ensure they are fully intact and functioning properly. To monitor the implementation of fire safety measures, we have formulated the Regulation on the Management of Fire Safety Work Assessment, Rewards and Punishments (《消防安全工作評估、獎懲管理規定》) to assess the fire safety implementation and knowledge of our employees. We have formulated our own volunteer fire brigade, which helps with fire extinguishment, employee evacuation and fire scene protection.

Smoking is forbidden, ignition tools and non-explosion-proof equipment are not allowed to be brought in the explosion-proof area. For some special machineries, employees are required to obtain the operation license before use. Whenever an incident happens, operations should be stopped and employees should notify EHS department immediately. Operations should only be resumed when the threat is eliminated.

For hazardous chemical handling, we have formulated the Hazardous Chemicals Management Regulations (《危險化學品管理規定》), Loading and Unloading Hazardous Chemicals Management Regulations (《危險化學品裝卸管理規定》), Highly Toxic and Precursor Chemicals Safety Management Regulations (《劇毒、易制毒化學品安全管理規定》), Highly Explosion Chemicals Safety Management Regulations (《易制爆化學品安全管理規定》) and EHS Label Management Regulation (《EHS標識管理規定》), providing guidelines for colleagues especially from the logistics, engineering, EHS preparation workshop, API workshop departments to handle hazardous chemicals safely. For clear indication and easy reference, we have set up safety signs, fire safety signs, occupational health warning slogans, hazardous chemical signs,

## Environmental, Social and Governance Report

environmental signs etc. These signs or slogans are placed at different sites such as licensed workplaces, factory roads, waste discharge outlets etc., improving the awareness of EHS on employees. We ask for the Material Safety Data Sheet (“**MSDS**”) from suppliers for every hazardous chemical we buy, then we follow the requirement on MSDS to store, use, transfer and dispose. Employees are required to wear safety equipment and work at the designated place listed in the guidelines. Besides toxic chemical handling, all the procedures should be carried out by at least two or more people together to ensure safety. Employees who need to handle hazardous chemicals are required to be trained before practice.

We have established the Accident Report and Investigation Management Regulations (《事故報告與調查管理規定》). After an accident occurs, the involved parties or witnesses should immediately report verbally or by phone to their direct supervisor or the factory manager. The department where the accident occurred should complete the Preliminary Accident Report (《事故初步報告》) and submit it to the Company’s EHS department within 24 hours, while the accident investigation organization must complete the formal Accident Investigation Report (《事故調查報告》) within 7 days. We have also developed the Near-Misses Management Regulations (《未遂事故管理規定》), which address events that could have resulted in an accident due to improper operations or maintenance but ultimately did not cause personal injury or property damage. After a near-miss incident, witnesses or involved parties are responsible for taking immediate action to prevent similar situations from occurring and should report by phone to the department head or directly to the EHS management department.

For the prevention of occupational diseases, we provide employees with a working environment and conditions that comply with national occupational health standards and hygiene requirements. We will take corresponding measures to prevent occupational diseases, including separating workplaces with toxic substances, hazardous materials, and high noise levels from the employees. We strive to use mechanized operations and regularly maintain, inspect, and service equipment that emits dust and noise. We will ensure that ventilation equipment, detoxification equipment, and air conditioning systems meet the relevant standards. Additionally, we have clear guidelines for assessing, maintaining, and servicing safety equipment to ensure that employees can work safely.

In addition, to ensure the health of our employees, all employees are entitled to free physical health examinations regularly. In accordance with the requirements of the Law of the People’s Republic of China on the Prevention and Control of Occupational Diseases (《中華人民共和國職業病防治法》), the Group regularly conducts occupational disease health check for every employee exposed to occupational disease hazards. During the Year, the Group did not have any accidents involving work-related death or injury of employees to indicate our achievement in protecting the health and safety of our employees.

### Health and Safety Trainings

To enhance the health and safety knowledge of employees, we offer various health and safety trainings to our employees. We have formulated the Regulations on the Management of Fire Safety Education and Training (《消防安全教育、培訓管理規定》) to strengthen and regulate the fire safety training work of the Group. This regulation regulates the content and frequency of fire safety trainings received by management staff, on-the-job staff, new staff and other staff. Good fire safety training files should be established by responsible departments and units. We have also formulated the Regulations on the Management of Firefighting and Emergency Evacuation Drills (《滅火和應急疏散預案演練管理規定》) and Firefighting and Emergency Evacuation Drills Plan (《火災事故應急救援演練方案》) to ensure organized firefighting and evacuation in case of fire. During the Year, we carried out regular fire drills in accordance with the requirement of the fire-control authorities to enhance the fire prevention awareness of all employees. We established a plan for each drill to prepare well preparation of the division of labour, emergency equipment and procedure.

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We also set June of the Year as our safety month and organized several trainings and drills for employees to raise their awareness, and get them familiarized with the safety precaution policies, emergency procedures and escape routes. Over the past year, we have organized and carried out various activities, such as special operations training, safety training for guardians, training on the handling of precursor chemicals and explosives, safety month training, safety management training, as well as fire evacuation drills and hazardous chemical leak drills. We coordinated with different authorities, departments and units to guarantee that the activities went well and gathered information and advice for further review and improvement. During the Year, we have no report of work-related injuries and casualties. The detail is presented in Appendix 1.

### Benefits of Employees

To attract and retain talents of high caliber, the Group is committed to providing fair and competitive remuneration and benefits to employees. We have formulated the Employee Handbook and update the policy of benefits and remuneration regularly to keep the benefits and remuneration at an appropriate and market competitive level. We prioritize internal promotions before considering external hires. The Group makes contributions to social insurance and housing provident fund for its employees as required by the laws of the People's Republic of China, including pension insurance, medical insurance, unemployment insurance, maternity insurance, work-related injury insurance and housing provident fund.

We pay great attention to benefits for employees and strictly comply with the Labor Law of the People's Republic of China (《中華人民共和國勞動法》) in making arrangements such as working hours and overtime pay for employees. We provide employees with benefits that are better than the minimum standard provided under the laws. We provide all employees with paid annual leave, sick leave, casual leave, maternity leave, wedding leave, bereavement leave and work-related injury leave. For general benefits, we provide employees with birthday and festival benefits, newborn gifts, annual health check-ups, summer hot weather allowance, employee newlywed benefits and reimbursement of pre-approved training expenses etc. We adjust salaries annually for our employees and have equity incentive plans. We provide year-end bonuses.

### Cultural Events for Employees

The Group has established labor unions. The labor union representatives are responsible for participating in discussions related to company regulations or significant matters that directly affect the interests of employees. The Group has also held different activities regularly for our employees to alleviate work pressure, relieve mental stress and help to build up the teamwork spirit. During the Year, we have organized a variety of events, including Christmas celebrations, annual corporate gatherings, and the 12th-anniversary commemoration. These activities enhanced communication between colleagues from different branches and strengthened their attachment to the Company.

### Training and Development of Employees

The Group is committed to employees' training and development for excellent team building and maintains the competitiveness of the Group. To expand the horizons and enhance the expertise, technical know-how, quality and skills of the employees, we offer various types of training programs to our employees, such as regular training, R&D training, and manufacturing training, etc.

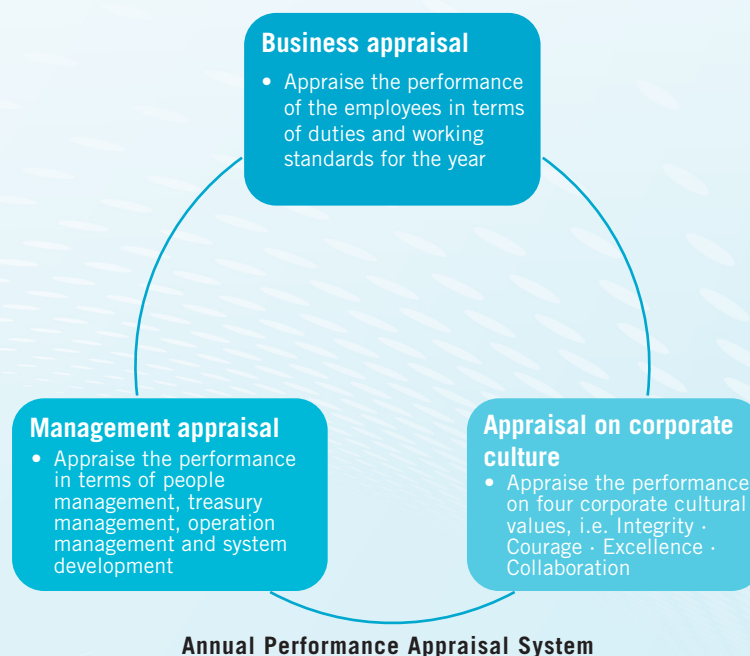
## Environmental, Social and Governance Report

The regular training mainly focuses on the training of new employees and includes all new employees for the current Year. The main learning content covers company policies, operation procedures, professional knowledge, and skills training. In addition, all employees need to learn how to set performance goals and how to conduct performance evaluations. Besides, R&D training covers topics such as the Good Clinical Practice for pharmaceuticals (《藥物臨床試驗質量管理規範》) training and involves employees from various departments within the R&D sector. Manufacturing training mainly includes safety training, Annual Good Manufacturing Practice (GMP) training, and job-specific retraining, targeting primarily factory employees who are currently employed. During the Reporting Period, we have launched a series of training programs, including business data management training, business-finance integration training, meeting management training, and on-site management training.

### Annual Performance Assessment

To drive business results, develop employees' ability and support human resources management, we have developed an annual performance appraisal system. We appraise the performance of our employees annually on objective considerations such as business performance, management capabilities and cultural values, which are subsequently used in deciding the awarding of year-end bonuses, salary adjustments and promotions. To better respond to industry changes and ensure competitiveness, year-end bonuses will be allocated based on company performance and employee levels, with salaries benchmarked against the market, and will also incentivize high-performing employees.

Setting of individual growth targets can be selected from three dimensions including professional knowledge or capability, general capability, and corporate culture awareness and action. Adopting the principle of "suitable talent fits for the suitable job", we choose suitable employees with outstanding performance and strong ability for appropriate positions through methods such as promotion. During the Reporting Period, we comprehensively promoted the peer evaluation mechanism based on previous efforts, establishing and optimizing the evaluation system and peer review process. This includes comprehensive, cross-sector, and intra-departmental peer evaluations, continuously enhancing the objectivity, accuracy, transparency, and fairness of performance assessments.



## Environmental, Social and Governance Report

### ENVIRONMENTAL PROTECTION FOR A GREEN WORLD

#### Environmental Protection System Establishment

To ensure proper implementation of the environmental management system can be carried out in the Group, apart from establishing the ESG Committee, the Group has established the Sustainable Development System and related policy to continuously improve environmental measures. Our Sustainable Development Policy (《可持續發展政策》) regulates the environmental measures of the Group in controlling and reducing its air emissions, greenhouse gas (“GHG”) emissions, effluent, use of resources and waste production and the measures on combating climate changes. The ESG committee is responsible for monitoring the implementation status of the related policy and the implementation progress of the environmental measures. We establish a Compilation Manual of Environmental Management Regulations (《環保管理制度匯編手冊》) to regulate the handling and control measures of air emissions, effluent and waste produced from the Group.

The Group strictly abides by relevant laws and regulations of the regions where the Group operates, such as the Environmental Protection Law of the People’s Republic of China (《中華人民共和國環境保護法》), the Law of the People’s Republic of China on Prevention and Control of Water Pollution (《中華人民共和國水污染防治法》), the Law of the People’s Republic of China on the Prevention and Control of Atmospheric Pollution (《中華人民共和國大氣污染防治法》) and the Law of the People’s Republic of China on Prevention and Control of Environmental Pollution by Solid Waste (《中華人民共和國固體廢物污染環境防治法》). To maintain good relationships with communities in the surroundings of the production base, the Group strives to save energy as much as possible in business operations, implements measures for water management and waste recycling, reduces GHG emissions and improves energy efficiency. During the Year, there was no material incident affecting the environmental and natural resources or punishment and litigation concerning environmental regulations.

In the Year, the Group has reviewed the environmental targets set in 2021. As the environmental targets conclude in 2025, going forward we will establish new environmental targets, and the Group will continue to implement pollution mitigation, reduce energy and water resource usage, and implement non-hazardous waste reduction measures in the future.

#### Emissions Management

##### *GHG Emissions Inspection*

In fulfilling China’s responsibilities under the Paris Agreement (《巴黎協議》) and other related important policies such as China’s Policies and Actions on Climate Change (《國家適應氣候變化戰略》), the Group is committed to minimizing the impacts arising from the risk of global warming. We inspect GHG emissions of the Group in accordance with the Greenhouse Gas Protocol (《溫室氣體盤查議定書》) jointly developed by the World Resources Institute and the World Business Council for Sustainable Development and ISO14064-1 developed by the International Standardization Organization. We are committed to reducing the carbon footprint during the operations of the Group and implementing low carbon business.

Following the inspection, the Group’s GHG emissions are divided into direct GHG emissions (Scope 1) and indirect GHG emissions (Scope 2). Scope 1 refers to direct GHG emissions from sources that are owned or controlled by the Group. Scope 2 refers to indirect GHG emissions resulting from the generation of electricity, heating and cooling, or steam generated off site but purchased by the Group. GHG emissions in all scopes originated from the fuel consumption of the Group and the fuel oil used by its vehicles (Scope 1), and electricity consumption during operation (Scope 2). In the future, we will actively consider researching and disclosing other Indirect emissions (Scope 3) within the Group. A summary of GHG emissions during the Year is described in Appendix 1.

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GHG emission per pipeline in the Reporting Period increased compared to last year due to an increase in production activities and frequency of working outside the office. As the Company's current operating conditions differ from those in 2021, we were unable to achieve the target of using 2021 as the base year to maintain or reduce GHG emission intensity by 2025. Moving forward, we will actively implement GHG reduction measures and set new targets based on the Company's latest circumstances.

### *Air Emissions*

Our air emissions mainly come from the emissions of volatile organic compounds (VOCs) and acidic exhaust arising from the manufacturing processes of drugs and emissions of nitrogen oxides (NO<sub>x</sub>), sulphur oxides (SO<sub>x</sub>) and particulate matters (PM) arising from our group vehicles. We adopt appropriate reduction measures of air emissions to reduce their influence on the environment.

For exhaust arising from drug manufacturing processes, we adopt suitable processes, such as spraying, adsorption and regenerative thermal oxidizer (RTO), to treat the exhaust. After treatment, the amount of air emissions can attain the national and local emission standards of air pollutants.

To reduce vehicle emissions, we have formulated the Vehicle and Driver Management System (《車輛及駕駛員管理制度》) for reasonable vehicle arrangement for business purposes. We encourage the use of online meetings to reduce unnecessary business travel. We regularly maintain our company vehicles to ensure smooth operation. We encourage our employees to travel by public transport. If group vehicle is necessary, we encourage more employees to share one vehicle when traveling to reduce the use of group vehicles. We optimize the production process using clean materials and technology to reduce the generation of VOCs, also. The summary of the air emissions is presented in Appendix 1.

### *Wastewater Discharge*

Wastewater generated by the Group mainly comes from drug manufacturing processes, equipment washing, pure water manufacturing processes, exhaust treatment and domestic sewage. All types of wastewater are treated by the sewage treatment station in the factory area to meet the required standard before discharge. Water discharged from recirculating cooling systems and sewage from water purification generated in the factory area is discharged directly to the sewage treatment plant in Shaoxing for centralized treatment and is discharged when effluent has met the required standards. All discharges of wastewater generated by the Group meet with the required standards for emissions at the national level and local levels.

To meet the discharge requirement, we have developed several types of treatment methods for various types of sewage. For industrial sewage of high pollutant concentration, we employ advanced oxidation for pretreatment to reduce the contamination levels. For integrated sewage, we utilize biological treatment to reduce the pollutant concentration. The sewage has to meet the class 3 of integrated wastewater discharge standard before discharge to sewage treatment plants nearby for further treatment.

### *Disposal of Waste*

The Group employs qualified waste treatment companies for the disposal and recycling companies for recycling respectively of both hazardous waste, according to Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste (《中華人民共和國固體廢物污染環境防治法》), Directory of National Hazardous Wastes (Version 2025) (《國家危險廢物名錄(2025年版)》) and other related laws and regulations. We have classified the hazardous waste into several categories, such as used batteries, electronic waste, waste catalyst, waste mother liquor, waste solvent, laboratory waste, waste reagent bottle, etc. We signed contracts with licensed waste management companies, to ensure that they handle waste per requirements. To achieve waste reduction and better resource utilization, we

## Environmental, Social and Governance Report

have implemented a partial waste solvent reuse program, entrusting qualified hazardous waste treatment units with comprehensive utilization capabilities to recover, reuse, and dispose of the waste. Waste is stored in sealed containers with waste labels and transported by GPS-equipped transportation vehicles to achieve complete process supervision. We also have sufficient safety equipment, decontamination and clean-up tools and kits as well as the Emergency Response Plan for Sudden Environmental Incidents (《突發環境事件應急預案》) to deal with accidents.

We provided environmental training to employees during the Reporting Period to enhance the management of hazardous waste. We also use recyclable and remanufactured toner cartridges or ink cartridges. Additionally, we regularly assess material usage to avoid excessive inventory.

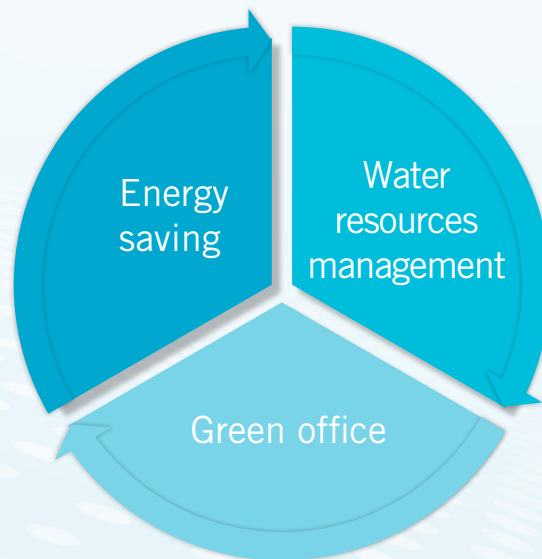
Non-hazardous waste per pipeline in the Reporting Period increased compared to last year due to fewer pipelines than last year, while the amount of non-hazardous waste remained flat. As the Company's current operating conditions differ from those in 2021, we were unable to achieve the target of using 2021 as the base year to maintain or reduce waste generation intensity by 2025. Moving forward, we will actively implement waste reduction measures and set new targets based on the Company's latest circumstances.

### *Reduction of Business Trip*

The Group is aware that business trips can result in GHG emissions. Therefore, we encourage employees to replace unnecessary overseas business trips with video conferences, and choose non-stop flights for unavoidable business trips, to minimize GHG emissions.

### **Use of Resources**

The Group is committed to protecting the environment and conserving natural resources, therefore we established the Office Management Regulation (《辦公室管理規範》) to manage the employees' behaviors in the aspects of energy saving, water resources management and green office. We adopt the following measures to have better utilization of resources and waste reduction during the Year.



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### *Energy Saving*

The air conditioning system is one of the most intensive power-usage devices in the office. For effective energy saving, we use an air conditioning system with a proven energy efficient label and avoid installing the air conditioner under direct sunlight to enhance energy efficiency. We regularly clean the air conditioner filters and fan coil units. We also conduct regular inspections and replacement of pressure gauges, pressure hoses, and connectors of the air compressor to reduce the possibility of refrigerant leakage. We stipulate our employees to turn off the air conditioning system in our office when not in use. The lowest temperature of air conditioning is set to be 26°C. In addition, we try to avoid using high-energy-consuming equipment during peak hours and strengthen the maintenance of all equipment to ensure optimal operation and achieve energy reduction. We have introduced dehumidifiers in specific warehouses to reduce the energy consumption of cooling equipment. The windows in our office are attached with UV-resistant insulation film to reduce heat absorption. We have the water-cooled air conditioning system, and the air conditioning system, fan, and water pump are equipped with automatic variable frequency control. We have also utilized the Building Management System (BMS) to save energy. We installed weatherstripping on some doors and windows to prevent the conditioned air from leaking out. During hot weather, we allow our staff not to wear ties and suits and to wear smart casual on Friday to reduce the use of the air conditioning system.

For energy saving in the lighting system, we promote the use of energy-efficient LED lighting. We also divide our offices and laboratories into several different lighting zones to provide independent control of the lighting system, and stipulate employees to turn off unnecessary lighting when not in use as they leave the office for outdoor work, go out for lunch or at the end of the day, use compact fluorescent lamps in a street lamp. Besides, we regularly check the level of illumination in different parts of the office, and for places with light exceeding the required brightness level, so that we may reduce the number of lights to reduce energy consumption and make use of natural daylight as much as possible.

In order to reduce fuel consumption, the Group regularly carries out inspection and maintenance of the vehicle fleet, inflates the tires regularly to keep proper air inflation and improves the automobile efficiency to reduce fuel consumption and emission of pollutants. We also offer training for drivers to prevent engine idling and improve fuel oil efficiency.

We purchase electronic devices with energy efficiency labels, such as computers, to lower energy consumption. Daily electricity consumption is monitored to assess usage. Electricity consumption per pipeline in the Reporting Period increased, due to an increase in production activities. As the Company's current operating conditions differ from those in 2021, we were unable to achieve the target of using 2021 as the base year to maintain or reduce electricity consumption intensity by 2025. Moving forward, we will actively implement electricity conservation measures and set new targets based on the Company's latest circumstances.

### *Water Resources Management*

The Group recognizes that the world is now facing a water shortage crisis and we strive to promote water conservation. We implement several measures throughout our operations to enhance the effective use of water resources. We take the initiative to lower the water pressure to the lowest possible level, take meter readings regularly and check for hidden leaks, collect rainwater and wastewater from washing for irrigating and cleaning. To further reduce water consumption, we recycle wastewater from a water

## Environmental, Social and Governance Report

purification system to use as cooling water, this wastewater recycling system is estimated to reduce about 1,050.00 tonnes of water per year, also, we place water saving reminder stickers, use double flush toilet and use sanitary ware with water saving labels and infrared sensing in the washroom. We use the washing machine when it is full rather than washing with a small load at a time. Our water source is from local waterworks and we do not have any issues in sourcing water.

Water consumption per pipeline in the Reporting Period decreased, because a circulating water system was implemented in 2025. This included changing the cooling tower cleaning process from using fresh water to circulating water. As the frequency of circulating water usage increased, the total amount of water consumption used dropped significantly. As the Company's current operating conditions differ from those in 2021, we were unable to achieve the target of using 2021 as the base year to maintain or reduce water consumption intensity by 2025. Moving forward, we will actively implement water conservation measures and set new targets based on the Company's latest circumstances.

### *Green Office*

The Group adopts green measures in our office. We have been utilized training systems, electronic document management systems, and human resources systems to migrate relevant paper-based approval processes to online platforms. This enhanced the management of electronic data and allowed for online previewing, sharing, and real-time operations through the document functionalities of these systems. We also utilize online platform for approval processes. We use QR codes instead of written forms to complete visitor registration. We use an online management platform as an important tool in streamlining and managing the business processes to reduce paper consumption. For unavoidable paper consumption, we encourage our employees to reuse or use both sides of the paper or adjust the spacing to print as much as possible on one page. In this Year, we have collectively recycled 1.02 tonnes of office and domestic waste, including paper and cardboard. We also encourage our employees to use wastepaper for internal record purposes, use e-greeting cards instead of traditional greeting cards to send holiday greetings and utilize electronic devices to transmit information to minimize paper consumption. We also provide hand dryers to encourage colleagues to use fewer paper towels. We regularly check and monitor paper usage and carry out suitable improvement measures. Besides, we regularly remind employees to pay attention to environmental protection, such as posting relevant reminder notices to raise the employees' environmental protection awareness.

Before purchasing office stationery, we first assess the material usage to avoid excessive inventory. If there is any need for the purchase of materials, we give priority to the products that can be recycled or replenished and reduce the use of one-off and unrecyclable ones. The use of material should be based on work requirements, and the requisition application form should be filled out truthfully. We encourage our staff to reuse envelopes, spring binders, file cards and other stationery. We post waste separation guidelines in our offices to encourage staff to separate recyclables such as metal cans, plastics and used paper to facilitate recycling and disposal of wastes. The Group has formulated the Office Management Regulations (《辦公室管理規範》), which specify that the Administrative Department is responsible for centralized procurement, arranging green plants within the office, and assigning janitors for daily maintenance.

We regularly provide environmental training courses to employees to enhance their environmental awareness. We also encourage employees to use public transport more often to attain energy savings.

## Environmental, Social and Governance Report

### Combating Climate Change

The Group attaches great importance to climate-related issues. In accordance with the climate-related disclosure requirements under the Code, we are committed to continuously enhancing our capabilities in identifying and managing climate risks. For information that is still reasonably unavailable during the reporting period or cannot be reliably measured, the Group adopts “Reasonable Information Relief” under the Code and will progressively improve the scope and depth of its climate disclosures over time.

### Governance

Through an ESG governance structure consisting of the Board and the ESG Committee, the Board is responsible for the overall leadership and supervision of ESG issues, including climate-related risks and opportunities. The Board receives regular updates from the ESG Committee to stay informed about the identification and management of climate-related risks and opportunities.

The ESG Committee is tasked with driving and overseeing the implementation of ESG and climate-related initiatives, regularly reviewing ESG and climate performance, and tracking progress toward related targets. The Group has provided climate-related training to the Board.

The Group does not currently apply an internal carbon price or include climate-related metrics in its remuneration policies. The Board will keep this under review as the Group’s climate risk management capabilities further mature.

### Strategy

The Group has recognized that climate change and extreme weather have foreseeable impacts on our business, employees and stakeholders. We also raise awareness of climate issues among our stakeholders, especially employees, so that we can work together to address these challenges for the greater good.

We have evaluated the risks of climate change and have adopted several adaptation measures to reduce the direct risks to our employees. We provide a hot-weather allowance, conduct heat-illness training and install UV-insulation film to reduce the heat gain and protect our employees from hot weather. We continue to explore other measures to reduce potential impacts.

We believe that a low carbon working style can help mitigate the climate change effect. The Group encourages and inspires our employees to work and live in a more environmentally friendly way. For all the events we organise, we take low-carbon options into consideration, such as using low-carbon and locally sourced food where practicable, selecting locations with convenient transportation to reduce travel-related emissions, and reducing the use of single-use utensils.

## Environmental, Social and Governance Report

Potential risk	Risk level	Potential consequences*	Recommendations for current responses to mitigate risks
<b>Physical Risk</b>			
Extreme high temperature	Medium	<ul style="list-style-type: none"> <li>Increased demand for cooling, resulting in higher power requirements and operating costs</li> </ul>	<ul style="list-style-type: none"> <li>Reduce the risk of possible future energy price increases by using more low-cost emission reduction measures</li> </ul>
Water Scarcity	Low	<ul style="list-style-type: none"> <li>Change in plant and animal growing conditions due to climate change affecting the supply of raw materials for pharmaceutical production</li> </ul>	<ul style="list-style-type: none"> <li>Establish water-saving measures, such as installing efficient water-saving equipment etc.</li> </ul>
<b>Transition Risk</b>			
International climate change policy and regulatory requirement	Low	<ul style="list-style-type: none"> <li>Possible penalties from regulatory bodies</li> </ul>	<ul style="list-style-type: none"> <li>Publicly disclose the Company's greenhouse gas emission data and efforts in low-carbon operations in ESG Reports</li> </ul>
Failure to comply with national and industry standards for carbon neutrality goals	Low	<ul style="list-style-type: none"> <li>The loss of orders and decreased revenue caused by insufficient disclosure of carbon neutrality targets and data</li> </ul>	<ul style="list-style-type: none"> <li>Dedicated to integrating carbon neutrality into management strategies</li> </ul>
Stakeholder focus on climate-related issues	Low	<ul style="list-style-type: none"> <li>Indirect impact on corporate goodwill</li> </ul>	<ul style="list-style-type: none"> <li>Communicate with stakeholders to explain the sustainability measures the Group has implemented</li> </ul>
<b>Climate-related Opportunities</b>			
<b>Climate-related opportunities</b>	<b>Potential Benefits</b>		<b>Measures in realizing opportunities</b>
Resources efficiency improvement	More efficient production process		Reduce the use of electricity in daily operations

\* None of the above risks has, to date, had a significantly impact on the Group's asset value. The risks described above represent anticipated effects. Moving forward, we will continue to enhance and refine our scenario analysis efforts based on our accumulated professional expertise, comprehensive capabilities and resource allocation.

## Environmental, Social and Governance Report

### Risk Management

Climate-related risks are identified and assessed as part of the Group's overall risk management process. In coordination with relevant departments, the ESG Committee evaluates climate-related risks by considering the likelihood and potential impact on our operations, and proposes corresponding mitigation measures where necessary. Material climate-related risks are reported to the Board through existing risk management and reporting mechanisms.

Given current data and methodological limitations, the Group has not yet quantified the financial effects of climate-related risks and opportunities on its financial position, performance and cash flows, nor carried out full climate scenario analysis. The Group applies the "Reasonable Information Relief" and "Financial Effects Relief" under the Code in this respect and will continue to enhance data collection and analytical capabilities to enable more detailed quantitative and scenario-based disclosures in the future.

### Metrics and Targets

We have consistently disclosed our direct GHG emissions (Scope 1) and indirect GHG emissions (Scope 2) in our annual ESG reports. Currently, we have also initiated preliminary data collection work with relevant departments to identify other indirect emissions (Scope 3) categories that are material to our Group's operations, with the aim of future disclosure.

GHG emissions<sup>2,3</sup>

Direct GHG emissions (Scope 1)	tonnes carbon dioxide equivalent	31.48
Indirect GHG emissions (Scope 2)	tonnes carbon dioxide equivalent	2,718.30
Total GHG emissions (Scope 1 & 2)	tonnes carbon dioxide equivalent	2,749.78
GHG emission intensity (per square metre) (Scope 1 & 2)	tonnes carbon dioxide equivalent/square metre	0.12
GHG emission intensity (per pipeline) <sup>4</sup> (Scope 1 & 2)	tonnes carbon dioxide equivalent/pipeline	274.98

### Climate-related targets

We have set environmental targets using 2021 as the base year, aiming to maintain or reduce our GHG emission intensity and waste-generation intensity by 2025 through the implementation of pollution-mitigation and resource-efficiency measures. For more details on the initiatives, we have undertaken to achieve our environmental goals, please refer to the section titled "Emissions Management" in this chapter.

In accordance with the requirements of Part D of Appendix C2 to the Code, the Group makes climate-related disclosures based on the "Comply or Explain" principle. As certain initiatives are currently in the capacity-building phase and the data foundation is still being enhanced, we have prioritized the establishment of governance structures and data foundation this Year, providing qualitative disclosures in line with the "Reasonable Information Relief" principle. We have formulated a clear roadmap for improvement and will continuously refine our data foundation and measurement methodologies. The overall disclosure level will be progressively elevated as data coverage and methodologies mature, ensuring that information is traceable, comparable, and subject to continuous improvement.

## Environmental, Social and Governance Report

### APPENDIX I: SUSTAINABILITY DATA STATEMENT

Environmental Subject Area <sup>5</sup>	Unit	2025
<b>Air emissions<sup>2,6</sup></b>		
NO <sub>x</sub>	kilogram	6.61
SO <sub>x</sub>	kilogram	0.14
PM	kilogram	0.49
<b>GHG emissions<sup>2,3</sup></b>		
Direct GHG emissions (Scope 1)	tonnes carbon dioxide equivalent	31.48 <sup>7</sup>
Indirect GHG emissions (Scope 2)	tonnes carbon dioxide equivalent	2,718.30
Total GHG emissions (Scope 1 & 2)	tonnes carbon dioxide equivalent	2,749.78
<b>GHG emission intensity</b>		
GHG emission intensity (per square metre) (Scope 1 & 2)	tonnes carbon dioxide equivalent/ square metre	0.12
GHG emission intensity (per pipeline) <sup>4</sup> (Scope 1 & 2)	tonnes carbon dioxide equivalent/ pipeline	274.98
<b>Energy consumption<sup>8</sup></b>		
Total energy consumption	megawatt-hour	5,931.41
Natural gas consumption	cubic metre	2,394.00
Gasoline consumption (fleet)	litre	9,726.33
Diesel consumption	litre	120.00 <sup>9</sup>
Total electricity consumption	megawatt-hour	3,565.84
Electricity consumption intensity (per square metre)	megawatt-hour/square metre	0.15
Electricity consumption intensity (per pipeline) <sup>4</sup>	megawatt-hour/pipeline	356.58
Purchased Steam	tonnes	3,004.60 <sup>10</sup>
<b>Water consumption</b>		
Total water consumption	cubic metre	16,277.77
Total recycled water	cubic metre	5,565.90
Water consumption intensity (per square metre)	cubic metre/square metre	0.68
Water consumption intensity (per pipeline) <sup>4</sup>	cubic metre/pipeline	1,627.78

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Environmental Subject Area <sup>5</sup>	Unit	2025
<b>Hazardous waste</b>		
Total hazardous waste	tonnes	143.47 <sup>11</sup>
Hazardous waste intensity (per employee)	tonnes/employee	0.71
Hazardous waste intensity (per pipeline) <sup>4</sup>	tonnes/pipeline	14.35
<b>Non-hazardous waste</b>		
Total non-hazardous waste	tonnes	36.40
Non-hazardous waste intensity (per employee)	tonnes/employee	0.18
Non-hazardous waste intensity (per pipeline) <sup>4</sup>	tonnes/pipeline	3.64
Paper consumption	tonnes	2.66 <sup>12</sup>
Paper consumption intensity (per employee)	tonnes/employee	0.013
Paper consumption intensity (per pipeline) <sup>4</sup>	tonnes/pipeline	0.27
<b>Packing Materials</b>		
Carton	tonnes	0.15
Polyolefin bottle for oral solid drugs	tonnes	0.35
Bottle lid	tonnes	0.17
Plastic bag	tonnes	0.25

### Pollutants concentration from the factory in Shaoxing

Environmental Subject Area	Unit	2025	Permitted concentration
Domestic sewage	tonnes	2,163.00	–
Industrial sewage	tonnes	5,960.00	–
Chemical oxygen demand (COD)	tonnes	0.452	≤1.159 tonnes/year

Social Subject Area	Unit	2025
<b>Total employees</b>		
Female employees	no. of people	98
Male employees	no. of people	104
Total employees	no. of people	202
<b>Total employees by employment type</b>		
General employees	no. of people	102
Supervisors and managers	no. of people	94
Directors and above	no. of people	6

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Social Subject Area	Unit	2025
<b>Total employees by age</b>		
Below 30	no. of people	43
Aged 30-50	no. of people	148
Above 50	no. of people	11
<b>Total employees by geographical region</b>		
North China	no. of people	2
East China	no. of people	195
Central China	no. of people	0
South China	no. of people	1
Other regions (including Macau, Hong Kong and Taiwan)	no. of people	4
<b>Employee turnover rate by gender<sup>13</sup></b>		
Female employees	%	26.87
Male employees	%	32.47
<b>Employee turnover rate by age<sup>13</sup></b>		
Below 30	%	38.57
Aged 30-50	%	26.37
Above 50	%	35.29
<b>Employee turnover rate by geographical region<sup>13</sup></b>		
North China	%	50.00
East China	%	28.58
Central China	%	100.00
South China	%	75.00
Other regions (including Macau, Hong Kong and Taiwan)	%	20.00
<b>Occupational health and safety</b>		
<b>Work-related casualties</b>		
Lost days due to work injury	days	0
Number of work-related fatalities occurred in each of the past three years including the reporting year	no. of people	0
Rate of work-related fatalities that occurred in each of the past three years including the reporting year	%	0.00
<b>Percentage of employees participating in training by gender<sup>14</sup></b>		
Female employees	%	100.00
Male employees	%	98.08

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Social Subject Area	Unit	2025
<b>Percentage of employees participating in training by employment type<sup>14</sup></b>		
General employees	%	100.00
Supervisors and managers	%	100.00
Directors and above	%	66.67
<b>Average training hours per employee by gender<sup>15</sup></b>		
Female employees	hours	20.70
Male employees	hours	23.40
<b>Average training hours per employee by employment type<sup>15</sup></b>		
General employees	hours	24.18
Supervisors and managers	hours	20.30
Directors and above	hours	8.95

<sup>2</sup> The calculation standard is referenced to “How to Prepare an ESG Report – Appendix II: Reporting Guidance on Environmental KPIs” from the Stock Exchange and Requirements for Carbon dioxide emission accounting and Reporting Heat production and supply enterprises (《二氧化碳排放核算和報告要求熱力生產和供應業》) issued by Beijing Municipal Ecology and Environment Bureau and “Announcement on the Release of the 2023 Power Sector CO2 Emission Factor” (《關於發佈2023年電力二氧化碳排放因子的公告》) issued by the Ministry of Ecology and Environment of the People’s Republic of China on 26 December, 2024.

<sup>3</sup> We use the operational control approach to define the accounting boundary for greenhouse gas emissions and employ a location-based methodology for the calculations.

<sup>4</sup> This Year the number of pipelines is 10. We completed the existing pipeline review and assessment and made a strategic optimization of resources on 10 pipelines in the Reporting Period.

<sup>5</sup> Reporting boundary of environmental subject area includes Ascletis BioScience Co., Ltd., Ascletis Pharmaceuticals Co., Ltd., Ascletis Biopharmaceutical (Hangzhou) Co., Ltd., Ascletis XinNuo Medicine (Hangzhou) Co., Ltd. and Gannex Pharma.

<sup>6</sup> Air emissions from company vehicles.

<sup>7</sup> The refrigerant for the Reporting Period was handled by a third party, and the Group did not handle the procurement process. As a result, direct GHG emissions (Scope 1) have decreased compared to last year.

<sup>8</sup> The calculation standard is referenced to “Guidelines for Greenhouse Gas Emission Accounting and Reporting for Power Generation Facilities in Enterprises (Revised Edition 2021)” (《企業溫室氣體排放核算方法與報告指南發電設施(2021年修訂版)》) issued by Ministry of Ecology and Environment of the People Republic of China and “Energy Statistics Manual” from issued by the IEA.

<sup>9</sup> The relative increase in production capacity has led to a rise in related production activities, resulting in more frequent use of forklifts. Consequently, diesel consumption has increased compared to the previous year.

<sup>10</sup> Production capacity has increased compared to 2024, and the frequency of equipment usage has risen. Consequently, steam consumption during the Reporting Period has increased.

<sup>11</sup> Due to the increase in product output compared to last year, the total hazardous waste has also correspondingly increased.

<sup>12</sup> Paper consumption has decreased compared to last year due to reduced paper usage in the clinical department.

<sup>13</sup> Calculation method: no. of departed employees in the specific category/(no. of staff turnover in the specific category + no. of staff in the specific category at the end of the Year) × 100%

<sup>14</sup> Calculation method: no. of employees in the specific category who took part in training/no. of employees in the specific category × 100%

<sup>15</sup> Calculation method: total training hours for employees in the specific category/total no. of employees in the specific category.

## Environmental, Social and Governance Report

### APPENDIX II: HONG KONG STOCK EXCHANGE ESG REPORTING GUIDE CONTENT INDEX

#### Mandatory disclosure rules

Index content		Relevant sections
Governance Structure	<p>A statement from the board containing the following elements:</p> <ul style="list-style-type: none"> <li>(i) a disclosure of the board's oversight of ESG issues;</li> <li>(ii) the board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer's businesses); and</li> <li>(iii) how the board reviews progress made against ESG related goals and targets with an explanation of how they relate to the issuer's businesses.</li> </ul>	2.3 ESG Structure
Reporting Principles	<p>A description of, or an explanation on, the application of the reporting principles of materiality, quantitative, and consistency in the preparation of the ESG report.</p> <p><b>Materiality:</b> The ESG report shall disclose: (i) the process to identify and the criteria for the selection of material ESG factors; and (ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer's stakeholder engagement.</p> <p><b>Quantitative:</b> Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable).</p> <p><b>Consistency:</b> The issuer should disclose in the ESG report any changes to the methods or KPIs used, or any other relevant factors affecting a meaningful comparison.</p>	1. About the Report
Reporting Boundary	<p>A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.</p>	1. About the Report

## Environmental, Social and Governance Report

### Index content

#### A. Environmental Area

Index content			Relevant sections
A1: Emissions	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	6. Environmental Protection for a Green World
	A1.1	The types of emissions and respective emissions data.	7. Appendix I: Sustainability Data Statement
	A1.2	(Repealed 1 January 2025)	/
	A1.3	Total hazardous waste produced and, where appropriate intensity.	7. Appendix I: Sustainability Data Statement
	A1.4	Total non-hazardous waste produced and, where appropriate, intensity.	7. Appendix I: Sustainability Data Statement
	A1.5	Description of emissions target(s) set and steps taken to achieve them.	6.2 Emissions Management
	A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	6.2 Emissions Management
A2: Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	6.3 Use of Resources
	A2.1	Direct and/or indirect energy consumption by type in total and intensity.	7. Appendix I: Sustainability Data Statement
	A2.2	Water consumption in total and intensity.	7. Appendix I: Sustainability Data Statement
	A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	6.3 Use of Resources
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	6.3 Use of Resources
	A2.5	Total packaging material used for finished products.	7. Appendix I: Sustainability Data Statement

## Environmental, Social and Governance Report

### Index content

Index content			Relevant sections
A3: The Environment and Natural Resources	General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	6. Environmental Protection for a Green World
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	6. Environmental Protection for a Green World
<b>B. Social Area</b>			
B1: Employment	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	5.1 Talent Employment 5.3 Benefits of Employees
	B1.1	Total workforce by gender, employment type, age group and geographical region.	7. Appendix I: Sustainability Data Statement
	B1.2	Employee turnover rate by gender, age group and geographical region.	7. Appendix I: Sustainability Data Statement
B2: Health and Safety	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	5.2 Employee's Health and Safety
	B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	7. Appendix I: Sustainability Data Statement
	B2.2	Lost days due to work injury.	7. Appendix I: Sustainability Data Statement
	B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	5.2 Employee's Health and Safety
B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	5.5 Training and Development of Employees
	B3.1	The percentage of employees trained by gender and employee category.	7. Appendix I: Sustainability Data Statement
	B3.2	The average training hours completed per employee by gender and employee category.	7. Appendix I: Sustainability Data Statement

## Environmental, Social and Governance Report

### Index content

Index content			Relevant sections
B4: Labour Standards	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	5.1 Talent Employment
	B4.1	Description of measures to review employment practices to avoid child and forced labour.	5.1 Talent Employment
	B4.2	Description of steps taken to eliminate such practices when discovered.	5.1 Talent Employment
B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	4.3 Supply Chain Management
	B5.1	Number of suppliers by geographical region.	4.3 Supply Chain Management
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	4.3 Supply Chain Management
	B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	4.3 Supply Chain Management
	B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	4.3 Supply Chain Management
B6: Product Responsibility	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	4.1 Product Quality Management 4.2 Product Safety Assurance 4.4 Protection of Patients' Interests
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	4.2 Product Safety Assurance

## Environmental, Social and Governance Report

### Index content

			Relevant sections
	B6.2	Number of products and service related complaints received and how they are dealt with.	4.2 Product Safety Assurance 4.4 Protection of Patients' Interests
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	3.3 Intellectual Property Protection
	B6.4	Description of quality assurance process and recall procedures.	4.1 Product Quality Management 4.2 Product Safety Assurance 4.4 Protection of Patients' Interests
	B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	4.4 Protection of Patients' Interests
B7: Anti-corruption	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	2.4 Managing Corruption Risks and Promoting Integrity
	B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	2.4 Managing Corruption Risks and Promoting Integrity
	B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	2.4 Managing Corruption Risks and Promoting Integrity
	B7.3	Description of anti-corruption training provided to directors and staff.	2.4 Managing Corruption Risks and Promoting Integrity
B8: Community Investment	General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	4.5 Repaying Community
	B8.1	Focus areas of contribution.	4.5 Repaying Community
	B8.2	Resources contributed to the focus area.	4.5 Repaying Community

## Environmental, Social and Governance Report

### Climate-related Disclosures

(I)	Governance	19.	<p>An issuer shall disclose information about:</p> <p>(a) the governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of climate-related risks and opportunities.</p> <p>(b) whether the role is delegated to a specific management-level position or management-level committee and how oversight is exercised over that position or committee.</p>	6.4 Combating Climate Change
(II)	Strategy	20.	<p><b>Climate-related risks and opportunities</b></p> <p>An issuer shall disclose information to enable an understanding of climate-related risks and opportunities that could reasonably be expected to affect the issuer's cash flows, its access to finance or cost of capital over the short, medium or long term.</p>	6.4 Combating Climate Change
		21.	<p><b>Business model and value chain</b></p> <p>An issuer shall disclose information that enables an understanding of the current and anticipated effects of climate-related risks and opportunities on the issuer's business model and value chain.</p>	6.4 Combating Climate Change
		22.	<p><b>Strategy and decision-making</b></p> <p>An issuer shall disclose information that enables an understanding of the effects of climate-related risks and opportunities on its strategy and decision-making. Specifically, the issuer shall disclose:</p> <p>(a) information about how the issuer has responded to, and plans to respond to, climate-related risks and opportunities in its strategy and decision-making, including how the issuer plans to achieve any climate-related targets it has set and any targets it is required to meet by law or regulation.</p>	<p>Determination of the scope of the value chain: We have applied reasonable information relief, because we cannot use all reasonable and supportable information that is available to the Group at the reporting date without undue cost or effort to determine the scope of its value chain.</p> <p>6.4 Combating Climate Change</p>
		23.	<p>An issuer shall disclose information about the progress of plans disclosed in previous reporting periods in accordance with paragraph 22(a).</p>	

## Environmental, Social and Governance Report

24. **Financial position, financial performance and cash flows**  
**Current financial effect**  
 An issuer shall disclose qualitative and quantitative information about:  
 (a) how climate-related risks and opportunities have affected its financial position, financial performance and cash flows for the reporting period; and  
 (b) the climate-related risks and opportunities identified in paragraph 24(a) for which there is a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the related financial statements.
25. **Anticipated financial effect**  
 The issuer shall provide qualitative and quantitative disclosures about:  
 (a) how the issuer expects its financial position to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities, taking into consideration.  
 (b) how the issuer expects its financial performance and cash flows to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities.
26. **Climate resilience**  
 An issuer shall disclose information that enables an understanding of the resilience of the issuer's strategy and business model to climate-related changes, developments and uncertainties, taking into consideration the issuer's identified climate-related risks and opportunities. An issuer shall use climate-related scenario analysis to assess its climate resilience using an approach that is commensurate with an issuer's circumstances. In providing quantitative information, the issuer may disclose a single amount or a range.
- 6.4 Combating Climate Change
- Quantification of current and anticipated financial effects:  
 We have applied Financial Effects Relief, as we believe that the level of measurement uncertainty involved in estimating those effects is so high that the resulting quantitative information would not be useful.
- Preparation of disclosures on anticipated financial effects: We have applied the Reasonable Information Relief because we cannot determine an approach to climate related scenario analysis that enables the consideration of all reasonable and supportable information available to the Group at the reporting date without undue cost or effort.
- 6.4 Combating Climate Change
- Use of climate-related scenario analysis: We have applied the Reasonable Information Relief because we cannot determine an approach to climate-related scenario analysis that enables the consideration of all reasonable and supportable information available to the Group at the reporting date without undue cost or effort.

## Environmental, Social and Governance Report

(III)	Risk Management	27.	<p>An issuer shall disclose information about:</p> <p>(a) the processes and related policies it uses to identify, assess, prioritise and monitor climate-related risks.</p> <p>(b) the processes the issuer uses to identify, assess, prioritise and monitor climate-related opportunities (including information about whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related opportunities); and</p> <p>(c) the extent to which, and how, the processes for identifying, assessing, prioritising and monitoring climate-related risks and opportunities are integrated into and inform the issuer’s overall risk management process.</p>	6.4 Combating Climate Change
(IV)	Metrics and Targets	28.	<p><b>Greenhouse gas emissions</b></p> <p>An issuer shall disclose its absolute gross greenhouse gas emissions generated during the reporting period, expressed as metric tons of CO2 equivalent, classified as:</p> <p>(a) Scope 1 greenhouse gas emissions;</p> <p>(b) Scope 2 greenhouse gas emissions; and</p> <p>(c) Scope 3 greenhouse gas emissions.</p>	6.4 Combating Climate Change
		29.	<p>An issuer shall:</p> <p>(a) measure its greenhouse gas emissions in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) unless required by a jurisdictional authority or another exchange on which the issuer is listed to use a different method for measuring greenhouse gas emissions;</p> <p>(b) disclose the approach it uses to measure its greenhouse gas emissions;</p> <p>(c) for Scope 2 greenhouse gas emissions disclosed in accordance with paragraph 28(b), disclose its location-based Scope 2 greenhouse gas emissions, and provide information about any contractual instruments that is necessary to enable an understanding of the issuer’s Scope 2 greenhouse gas emissions; and</p> <p>(d) for Scope 3 greenhouse gas emissions disclosed in accordance with paragraph 28(c), disclose the categories included within the issuer’s measure of Scope 3 greenhouse gas emissions, in accordance with the Scope 3 categories described in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011).</p>	<p>6.4 Combating Climate Change</p> <p>Measurement approach, inputs and assumptions for Scope 3 GHG emissions: We have applied the Reasonable Information Relief because we cannot use all reasonable and supportable information that is available to it at the reporting date without undue cost or effort when the Group select the measurement approach, inputs and assumptions it uses in measuring Scope 3 greenhouse gas emissions.</p>

## Environmental, Social and Governance Report

30. **Climate-related transition risks**  
An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related transition risks.
31. **Climate-related physical risks**  
An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related physical risks.
32. **Climate-related opportunities**  
An issuer shall disclose the amount and percentage of assets or business activities aligned with climate-related opportunities.
33. **Capital deployment**  
An issuer shall disclose the amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities.
34. **Internal carbon prices**  
**An issuer shall disclose:**  
(a) an explanation of whether and how the issuer is applying a carbon price in decision-making (for example, investment decisions, transfer pricing, and scenario analysis); and  
(b) the price of each metric tonne of greenhouse gas emissions the issuer uses to assess the costs of its greenhouse gas emissions;  
or an appropriate negative statement that the issuer does not apply a carbon price in decision-making.
- 6.4 Combating Climate Change
- Calculation of metrics in particular cross-industry metric categories: We have applied the Reasonable Information Relief because we cannot use all reasonable and supportable information that is available to the Group at the reporting date without undue cost or effort.
- 6.4 Combating Climate Change
- Calculation of metrics in particular cross-industry metric categories: We have applied the Reasonable Information Relief because we cannot use all reasonable and supportable information that is available to the Group at the reporting date without undue cost or effort.
- 6.4 Combating Climate Change
- Calculation of metrics in particular cross-industry metric categories: We have applied the Reasonable Information Relief because we cannot use all reasonable and supportable information that is available to the Group at the reporting date without undue cost or effort.
- 6.4 Combating Climate Change
- 6.4 Combating Climate Change
- The Group does not apply a carbon price in decision-making.

## Environmental, Social and Governance Report

35. **Remuneration**  
An issuer shall disclose whether and how climate-related considerations are factored into remuneration policy, or an appropriate negative statement. This may form part of the disclosure under paragraph 19(a)(iv).
36. **Industry-based metrics**  
An issuer is encouraged to disclose industry-based metrics that are associated with one or more particular business models, activities or other common features that characterise participation in an industry. In determining the industry-based metrics that the issuer discloses, an issuer is encouraged to refer to and consider the applicability of the industry-based metrics associated with disclosure topics described in the IFRS S2 Industry-based Guidance on implementing Climate-related Disclosures and other industry-based disclosure requirements prescribed under other international ESG reporting frameworks.
37. **Climate-related targets**  
An issuer shall disclose (a) the qualitative and quantitative climate-related targets the issuer has set to monitor progress towards achieving its strategic goals; and (b) any targets the issuer is required to meet by law or regulation, including any greenhouse gas emissions targets.
38. An issuer shall disclose information about its approach to setting and reviewing each target, and how it monitors progress against each target, including:  
(a) whether the target and the methodology for setting the target has been validated by a third party;  
(b) the issuer's processes for reviewing the target;  
(c) the metrics used to monitor progress towards reaching the target; and  
(d) any revisions to the target and an explanation for those revisions.
- 6.4 Combating Climate Change
- The Group has not incorporated climate-related considerations into its remuneration policies.
- 6.4 Combating Climate Change
- 6.4 Combating Climate Change
- 6.4 Combating Climate Change
- 6.4 Combating Climate Change

## Environmental, Social and Governance Report

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|---|--|
| 39. An issuer shall disclose information about its performance against each climate-related target and an analysis of trends or changes in the issuer's performance.  | 6.4 Combating Climate Change   |
| 40. For each greenhouse gas emissions target disclosed in accordance with paragraphs 37 to 39.  | 6.4 Combating Climate Change   |
| 41. <b>Applicability of cross-industry metrics and industry-based metrics</b><br>In preparing disclosures to meet the requirements in paragraphs 21 to 26 and 37 to 38, an issuer shall refer to and consider the applicability of cross-industry metrics (see paragraphs 28 to 35) and (ii) industry-based metrics (see paragraph 36). | 6.4 Combating Climate Change<br><br>Calculation of metrics in particular cross-industry metric categories: We have applied the Reasonable Information Relief because we cannot use all reasonable and supportable information that is available to the Group at the reporting date without undue cost or effort. |

### APPENDIX III: RELEVANT PICTURES

#### Health and Safety Trainings



Fire Equipment Usage Training



Fire Drill

## Environmental, Social and Governance Report

### Cultural Events for Employees



“Chasing Light, Embracing Light” – 2025 Ascletris Annual Gala Celebration



12th anniversary activities



Ascletris 2025 Christmas Event

# Independent Auditor's Report

**Independent auditor's report to the members of Ascleitis Pharma Inc.**  
(Incorporated in the Cayman Islands with limited liability)

## OPINION

We have audited the consolidated financial statements of Ascleitis Pharma Inc. ("the Company") and its subsidiaries ("the Group") set out on pages 129 to 200, which comprise the consolidated statement of financial position as at 31 December 2025, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and notes, comprising material accounting policy information and other explanatory information.

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

## BASIS FOR OPINION

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

## KEY AUDIT MATTERS

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

## Independent Auditor's Report

### KEY AUDIT MATTERS (Continued)

#### Key audit matter

#### How our audit addressed the key audit matter

Refer to notes 6 to the consolidated financial statements and the accounting policies in note 2(h).

#### **Cut-off of research and development costs**

Research and development costs mainly consisted of staff costs, clinical trial expenses, service fees and materials paid to outsourced service providers, which include contract research organizations ("CROs") and clinical site management operators ("SMOs").

During the year, the Group incurred R&D costs of RMB409,053,000, of which a material portion were service fees to the outsourced service providers.

The R&D activities with these service providers are documented in detailed agreements and are typically carried out over an extended period.

We identified the cut-off of R&D costs paid to outsourced service providers as a key audit matter because of the significant amount incurred during the year.

Our audit procedures to assess cut-off of R&D costs paid to outsourced service providers included the following:

- understanding and evaluating the design and implementation of key internal controls over:
  - the engagement of CROs and SMOs;
  - the management of the progress of the underlying clinical trials;
  - the accounting for related expenses;
- inspecting, on a sample basis, the key terms set out in the agreements with the outsourced service providers, to assess the appropriateness of the accounting treatment with reference to the requirements of the prevailing accounting standards;
- inspecting, on a sample basis, such as the outsourced service providers' acknowledgement of milestone achieved, invoices and bank payment advices for settled balances and assessed whether the related service fees have been recognised in accordance with the requirement of the prevailing accounting standards;
- re-calculating the accruals for service fees to the outsourced service providers and comparing the recalculated amount with the recorded amount, on a sample basis, based on the progress of related clinical trial activities/milestones achieved, the terms stated in the underlying service agreements and the accumulated amount paid at the end of the year; and
- obtaining confirmations from outsourced service providers to confirm the service fees, progress/milestones achieved, on a sample basis. For unreturned confirmations, comparing service fees paid and payable to outsourced service providers with the underlying service agreements, outsourced service providers' acknowledgement of milestones achieved and invoices.

## Independent Auditor's Report

### INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

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

In preparing the consolidated financial statements, the directors 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 either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors 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. This 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 HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

## Independent Auditor's Report

### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As part of an audit in accordance with HKSA's, 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.

## Independent Auditor's Report

### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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 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 Yue Tat Wai (practicing certificate number: P06438).

KPMG  
Certified Public Accountants  
8th Floor, Prince's Building  
10 Chater Road  
Central, Hong Kong  
31 March 2026

# Consolidated Statement of Profit or Loss

for the year ended 31 December 2025

(Expressed in Renminbi)

	Notes	2025 RMB'000	2024 RMB'000
<b>Revenue</b>	4	<b>2,028</b>	1,283
Cost of sales		<b>(1,501)</b>	(548)
<b>Gross profit</b>		<b>527</b>	735
Other income and net gains	5	<b>125,322</b>	119,793
Research and development costs		<b>(409,053)</b>	(302,394)
Administrative expenses		<b>(75,232)</b>	(101,744)
Other expenses		<b>(774)</b>	(11,809)
<b>Loss from operations</b>		<b>(359,210)</b>	(295,419)
Finance costs	6	<b>(164)</b>	(244)
Share of the loss of an associate	15	–	(5,273)
<b>Loss before taxation</b>	6	<b>(359,374)</b>	(300,936)
Income tax	7	<b>(506)</b>	–
<b>Loss for the year</b>		<b>(359,880)</b>	(300,936)
<b>Attributable to:</b>			
Equity shareholders of the Company		<b>(359,880)</b>	(300,936)
<b>Loss per share</b>			
Basic and diluted	10	<b>RMB(37.01) cents</b>	RMB(30.05) cents

The notes on pages 136 to 200 form part of these financial statements.

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2025  
(Expressed in Renminbi)

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
<b>Loss for the year</b>	<b>(359,880)</b>	(300,936)
<b>Other comprehensive income</b>		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	3,615	987
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of the Company's financial statements into the presentation currency	(35,112)	19,573
<b>Other comprehensive income for the year, net of tax</b>	<b>(31,497)</b>	20,560
<b>Total comprehensive loss for the year</b>	<b>(391,377)</b>	(280,376)
<b>Attributable to:</b>		
Equity shareholders of the Company	(391,377)	(280,376)
<b>Total comprehensive loss for the year</b>	<b>(391,377)</b>	(280,376)

The notes on pages 136 to 200 form part of these financial statements.

# Consolidated Statement of Financial Position

(Expressed in Renminbi)

	Notes	31 December 2025 RMB'000	31 December 2024 RMB'000
<b>Non-current assets</b>			
Property, plant and equipment	11	39,625	49,249
Advance payments for property, plant and equipment		259	130
Right-of-use assets	12	7,077	7,825
Other intangible assets	13	10,285	12,118
Financial assets at fair value through other comprehensive income ("FVOCI")	16	31,733	30,865
Financial assets at fair value through profit or loss ("FVPL")	17	56,367	53,526
Long-term deferred expenditure		460	77
		<b>145,806</b>	<b>153,790</b>
<b>Current assets</b>			
Inventories	18	1,874	4,373
Trade receivables	19	223	152
Financial assets at FVPL	17	26,103	7,365
Prepayments, other receivables and other assets	20	17,747	17,762
Restricted deposits	21	–	2,368
Time deposits	22	431,259	1,074,436
Cash and cash equivalents	23	1,443,513	864,326
		<b>1,920,719</b>	<b>1,970,782</b>
<b>Current liabilities</b>			
Trade payables	24	1,344	31
Other payables and accruals	25	121,789	145,188
Lease liabilities	26	2,871	6,246
Deferred income	27	1,588	1,588
		<b>127,592</b>	<b>153,053</b>
<b>Net current assets</b>		<b>1,793,127</b>	<b>1,817,729</b>
<b>Total assets less current liabilities</b>		<b>1,938,933</b>	<b>1,971,519</b>

The notes on pages 136 to 200 form part of these financial statements.

## Consolidated Statement of Financial Position

	Notes	31 December 2025 RMB'000	31 December 2024 RMB'000
<b>Non-current liabilities</b>			
Lease liabilities	26	2,287	1,387
Deferred income	27	2,382	3,970
		<b>4,669</b>	5,357
<b>NET ASSETS</b>		<b>1,934,264</b>	1,966,162
<b>CAPITAL AND RESERVES</b>			
Share capital	29(c)	679	689
Reserves		1,933,585	1,965,473
<b>Total equity attributable to equity shareholders of the Company</b>		<b>1,934,264</b>	1,966,162
<b>TOTAL EQUITY</b>		<b>1,934,264</b>	1,966,162

Approved and authorised for issue by the board of directors on 31 March 2026.

.....  
Jinzi Jason Wu  
Director

.....  
Judy Hejingdao Wu  
Director

The notes on pages 136 to 200 form part of these financial statements.

# Consolidated Statement of Changes in Equity

for the year ended 31 December 2025

(Expressed in Renminbi)

	Attributable to owners of the Company						
	Share capital RMB'000	Treasury shares RMB'000	Share premium account RMB'000	Capital reserve RMB'000	Exchange fluctuation reserve RMB'000	Accumulated losses RMB'000	Total equity RMB'000
<b>At 1 January 2024</b>	731	(51,951)	2,843,133	664,926	59,630	(1,174,403)	2,342,066
Loss for the year	-	-	-	-	-	(300,936)	(300,936)
Other comprehensive income for the year:							
Exchange differences	-	-	-	-	20,560	-	20,560
Total comprehensive loss for the year	-	-	-	-	20,560	(300,936)	(280,376)
Shares repurchased (note 29(c))	-	(98,531)	-	-	-	-	(98,531)
Shares cancelled (note 29(c))	(42)	93,780	(93,738)	-	-	-	-
Transfer of capital reserve upon the exercise of share options	-	-	568	(568)	-	-	-
Equity-settled share award and option arrangements (note 28)	-	-	-	3,003	-	-	3,003
<b>At 31 December 2024</b>	<b>689</b>	<b>(56,702)</b>	<b>2,749,963</b>	<b>667,361</b>	<b>80,190</b>	<b>(1,475,339)</b>	<b>1,966,162</b>

The notes on pages 136 to 200 form part of these financial statements.

## Consolidated Statement of Changes in Equity

	Attributable to owners of the Company						Total equity RMB'000
	Share capital RMB'000	Treasury shares RMB'000	Share premium account RMB'000	Capital reserve RMB'000	Exchange fluctuation reserve RMB'000	Accumulated losses RMB'000	
<b>At 1 January 2025</b>	<b>689</b>	<b>(56,702)</b>	<b>2,749,963</b>	<b>667,361</b>	<b>80,190</b>	<b>(1,475,339)</b>	<b>1,966,162</b>
Loss for the year	-	-	-	-	-	(359,880)	(359,880)
Other comprehensive income for the year:							
Exchange differences	-	-	-	-	(31,497)	-	(31,497)
Total comprehensive loss for the year	-	-	-	-	(31,497)	(359,880)	(391,377)
Issuance of shares under top-up placement (note 29(c))	21	-	427,954	-	-	-	427,975
Issuance of shares under share option scheme (note 29(c))	1	-	5,451	-	-	-	5,452
Shares repurchased (note 29(c))	-	(81,578)	-	-	-	-	(81,578)
Shares cancelled (note 29(c))	(32)	54,848	(54,816)	-	-	-	-
Transfer of capital reserve upon the exercise of share options	-	-	6,697	(6,697)	-	-	-
Equity-settled share award and option arrangements (note 28)	-	-	-	7,630	-	-	7,630
<b>At 31 December 2025</b>	<b>679</b>	<b>(83,432)</b>	<b>3,135,249</b>	<b>668,294</b>	<b>48,693</b>	<b>(1,835,219)</b>	<b>1,934,264</b>

The notes on pages 136 to 200 form part of these financial statements.

# Consolidated Cash Flow Statement

for the year ended 31 December 2025

(Expressed in Renminbi)

	Notes	2025 RMB'000	2024 RMB'000
<b>Operating activities:</b>			
Cash used in operations	23(b)	(416,776)	(341,579)
Net cash used in operating activities		(416,776)	(341,579)
<b>Investing activities:</b>			
Purchases of items of property, plant and equipment and construction in progress		(1,643)	(2,095)
Proceeds from disposal of items of property, plant and equipment		38	–
Purchases of intangible assets		(329)	(53)
Purchases of financial assets at FVPL		(570,868)	(607,519)
Purchases of financial assets at FVOCI		–	(30,000)
Proceeds from disposal of financial assets at FVPL		570,614	625,363
Receipt of investment income from financial assets at FVPL		3,130	6,079
Decrease in time deposits		580,066	865,991
Receipt of investment income from financial assets at FVOCI		–	84
Interest received		81,171	121,056
<b>Net cash generated from investing activities</b>		<b>662,179</b>	<b>978,906</b>
<b>Financing activities:</b>			
Capital element of lease rentals paid	23(c)	(6,459)	(4,733)
Interest element of lease rentals paid	23(c)	(164)	(244)
Proceeds from issuance of shares under top-up placement	29(c)	427,975	–
Proceeds from issuance of shares under share option scheme	29(c)	5,452	–
Shares repurchased		(81,578)	(98,531)
<b>Net cash generated from/(used in) financing activities</b>		<b>345,226</b>	<b>(103,508)</b>
<b>Net increase in cash and cash equivalents</b>		<b>590,629</b>	<b>533,819</b>
Cash and cash equivalents at 1 January		864,326	330,117
Effect of foreign exchange rate changes		(11,442)	390
Cash and cash equivalents at 31 December		1,443,513	864,326

The notes on pages 136 to 200 form part of these financial statements.

# Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

## 1 GENERAL INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands on 25 February 2014. The registered office address of the Company is located at 190 Elgin Avenue, George Town, Grand Cayman KY1-9008, Cayman Islands. The principal place of business in China is located in Zhejiang Province.

The Company is an investment holding company. The Company's subsidiaries (together with the Company, referred to as the "Group") are principally engaged in the research and development of pharmaceutical products.

The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 1 August 2018.

## 2 MATERIAL ACCOUNTING POLICIES

### (a) Statement of compliance

These financial statements have been prepared in accordance with HKFRS Accounting Standards, which collective term includes all applicable individual Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Material accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain new or amended HKFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the Group. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period reflected in these financial statements.

### (b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2025 comprise the Company and its subsidiaries.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets are stated at their fair value as explained in the accounting policies set out below:

- financial assets at fair value through profit or loss (see note 2(f));
- financial assets at fair value through other comprehensive income (see note 2(f)).

## Notes to the Financial Statements

### 2 MATERIAL ACCOUNTING POLICIES (Continued)

#### (b) Basis of preparation of the financial statements (Continued)

The preparation of financial statements in conformity with HKFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRS Accounting Standards that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 3.

#### (c) Changes in accounting policies and disclosures

The Group has applied amendments to HKAS 21, *The effects of changes in foreign exchange rates – Lack of exchangeability* issued by the HKICPA to these financial statements for the current accounting period. The amendments do not have a material impact on these financial statements as the Group has not entered into any foreign currency transactions in which the foreign currency is not exchangeable into another currency.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

#### (d) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

## Notes to the Financial Statements

### 2 MATERIAL ACCOUNTING POLICIES (Continued)

#### (d) Subsidiaries (Continued)

When the Group loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in that former subsidiary is measured at fair value when control is lost.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 2(j)(ii)), unless it is classified as held for sale.

#### (e) Investment in an associate

An associate is an entity in which the Group or the Company has significant influence, but not control or joint control, over the financial and operating policies. An interest in an associate is accounted for using the equity method, unless it is classified as held for sale. They are initially recognised at cost, which includes transaction costs. Subsequently, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income ("OCI") of those investees, until the date on which significant influence ceases.

When the Group's share of losses exceeds its interest in the associate, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method, together with any other long-term interests that in substance form part of the Group's net investment in the associate, after applying the ECL model to such other long-term interests where applicable (see note 2(j)(i)).

Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent there is no evidence of impairment.

In the Company's statement of financial position, an investment in an associate is stated at cost less impairment losses (see note 2(j)(ii)), unless it is classified as held for sale.

## Notes to the Financial Statements

### 2 MATERIAL ACCOUNTING POLICIES (Continued)

#### (f) Other investments in securities

The Group's policies for investments in securities, other than investments in subsidiaries, associates, are set out below.

Investments in securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss ("FVPL") for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see note 30. These investments are subsequently accounted for as follows, depending on their classification.

##### (i) Non-equity investments

Non-equity investments are classified into one of the following measurement categories:

- amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Expected credit losses, interest income calculated using the effective interest method (see note 2(t)(ii)(a)), foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
- fair value through other comprehensive income (FVOCI) - recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses are recognised in profit or loss and computed in the same manner as if the financial asset was measured at amortised cost. The difference between the fair value and the amortised cost is recognised in other comprehensive income (OCI). When the investment is derecognised, the amount accumulated in OCI is recycled from equity to profit or loss.
- FVPL if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

##### (ii) Equity investments

An investment in equity securities is classified as FVPL, unless the investment is not held for trading purposes and on initial recognition the Group makes an irrevocable election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in OCI. Such elections are made on an instrument by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. If such election is made for a particular investment, at the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings and not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognised in profit or loss as other income.

## Notes to the Financial Statements

### 2 MATERIAL ACCOUNTING POLICIES (Continued)

#### (g) Property, plant and equipment

The following items of property, plant and equipment are stated at cost, which includes capitalised borrowing costs, less accumulated depreciation and any accumulated impairment losses (see note 2(j)(ii)):

- right-of-use assets arising from leases over freehold or leasehold properties where the Group is not the registered owner of the property interest; and
- items of plant and equipment, including right-of-use assets arising from leases of underlying plant and equipment (see note 2(i)).

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components).

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Depreciation is calculated to write off the cost of property, plant and equipment less their estimated residual values, if any, using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss.

The estimated useful lives for the current and comparative periods are as follows:

	Estimated useful lives
Plant and machinery	3 – 10 years
Motor vehicles	4 – 5 years
Office equipment	3 – 5 years
Leasehold improvements	3 – 5 years

Where parts of an item of property, plant and equipment have different useful lives, the cost is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

Construction in progress represents properties under construction and machinery and equipment pending installation and is stated at cost less impairment losses (see note 2(j)(ii)). Cost comprises the purchase costs of the asset and the related construction and installation costs.

Construction in progress is transferred to property, plant and equipment when the asset is ready for its intended use and depreciation will be provided at the appropriate rates in accordance with the depreciation policies specified above.

No depreciation is provided in respect of construction in progress.

## Notes to the Financial Statements

### 2 MATERIAL ACCOUNTING POLICIES (Continued)

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

##### (i) 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 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.

##### (ii) Other intangible assets

Other intangible assets, including patents and trademarks, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses (see note 2(j)(ii)). The cost of an intangible asset acquired in a separate acquisition is the cash paid or the fair value of any other consideration given.

Expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, if any, and is generally recognised in profit or loss.

The estimated useful lives for the current and comparative periods are as follows:

	Estimated useful lives
Software	2 – 10 years
Intellectual property	10 – 17 years

Both the period and method of amortization are reviewed annually and adjusted if appropriate.

## Notes to the Financial Statements

### 2 MATERIAL ACCOUNTING POLICIES (Continued)

#### (i) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. This is the case if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

##### *(i) As a lessee*

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for leases that have a short lease term of 12 months or less, and leases of low-value items such as laptops and office furniture. When the Group enters into a lease in respect of a low-value item, the Group decides whether to capitalise the lease on a lease-by-lease basis. If not capitalised, the associated lease payments are recognised in profit or loss on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is recognised using the effective interest method (note 2(t)(ii)(a)). Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability, and are charged to profit or loss as incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see notes 2(g) and 2(j)(ii)).

Refundable rental deposits are accounted for separately from the right-of-use assets in accordance with the accounting policy applicable to investments in non-equity securities carried at amortised cost (see notes 2(f), 2(t)(ii)(a) and 2(j)(i)). Any excess of the nominal value over the initial fair value of the deposits is accounted for as additional lease payments made and is included in the cost of right-of-use assets.

## Notes to the Financial Statements

### 2 MATERIAL ACCOUNTING POLICIES (Continued)

#### (i) Leased assets (Continued)

##### (i) *As a lessee (Continued)*

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a lease modification, which means a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract, if such modification is not accounted for as a separate lease. In this case, the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

#### (j) Credit losses and impairment of assets

##### (i) *Credit losses from financial instruments*

The Group recognises a loss allowance for expected credit losses ("ECL"s) on financial assets measured at amortised cost (including cash and cash equivalent, time deposit, trade receivables and other receivables).

##### *Measurement of ECLs*

ECLs are a probability-weighted estimate of credit losses. Generally, credit losses are measured as the present value of all expected cash shortfalls between the contractual and expected amounts.

The expected cash shortfalls are discounted using the following rates if the effect is material:

- fixed-rate financial assets, trade and other receivables and contract assets: effective interest rate determined at initial recognition or an approximation thereof;
- variable-rate financial assets: current effective interest rate;

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

## Notes to the Financial Statements

### 2 MATERIAL ACCOUNTING POLICIES (Continued)

#### (j) Credit losses and impairment of assets (Continued)

##### (i) Credit losses from financial instruments (Continued)

###### *Measurement of ECLs (Continued)*

ECLs are measured on either of the following bases:

- 12-month ECLs: these are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months); and
- lifetime ECLs: these are the ECLs that result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables and other receivables are always measured at an amount equal to lifetime ECLs.

###### *Significant increases in credit risk*

When determining whether the credit risk of a financial instrument has increased significantly since initial recognition and when measuring ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is 60 days past due.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in non-equity securities that are measured at FVOCI (recycling), for which the loss allowance is recognised in OCI and accumulated in the fair value reserve (recycling) does not reduce the carrying amount of the financial asset in the statement of financial position.

## Notes to the Financial Statements

### 2 MATERIAL ACCOUNTING POLICIES (Continued)

#### (j) Credit losses and impairment of assets (Continued)

##### (i) Credit losses from financial instruments (Continued)

###### *Credit-impaired financial assets*

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

###### *Write-off policy*

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

##### (ii) Impairment of other non-current assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (including property, plant and equipment, right-of-use assets, other intangible assets, investment in an associate, construction in progress, investment in a subsidiary in the Company's statement of financial position) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("CGU"s). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

## Notes to the Financial Statements

### 2 MATERIAL ACCOUNTING POLICIES (Continued)

#### (j) Credit losses and impairment of assets (Continued)

##### *(ii) Impairment of other non-current assets (Continued)*

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, 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 or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the resulting carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

##### *(iii) Interim financial reporting and impairment*

Under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, the Group is required to prepare an interim financial report in compliance with HKAS 34, Interim financial reporting, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see notes 2(j)(i) and (ii)).

Impairment losses recognised in an interim period in respect of goodwill are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates.

#### (k) 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.

## Notes to the Financial Statements

### 2 MATERIAL ACCOUNTING POLICIES (Continued)

#### (l) Inventories

Inventories are assets which are held for sale in the ordinary course of business, in the process of production for such sale or in the form of materials or supplies to be consumed in the production process or in the rendering of services.

Inventories are carried at the lower of cost and net realizable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of work in progress, costs include direct labour and appropriate share of overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised.

The amount of any write-down of inventories to net realizable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

#### (m) Contract liabilities

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue (see note 2(t)(i)). A contract liability is also recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such latter cases, a corresponding receivable is also recognised (see note 2(n)).

#### (n) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due.

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses (see note 2(j)(i)).

#### (o) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for expected credit losses (ECL) in accordance with the policy set out in note 2(j)(i).

## Notes to the Financial Statements

### 2 MATERIAL ACCOUNTING POLICIES (Continued)

#### (p) Trade and other payables

Trade and other payables are initially recognised at fair value and are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amount.

#### (q) Employee benefits

##### *(i) Short-term employee benefits and contributions to defined contribution retirement plans*

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Contributions to local retirement schemes pursuant to the relevant labour rules and regulations in the jurisdictions in which the Group's subsidiaries located are recognised as an expense in profit or loss as incurred, except to the extent that they are included in the cost of inventories not yet recognised as an expense.

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

The grant-date fair value of equity-settled share-based payments granted to employees is measured using the binomial lattice model. The amount is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service conditions at the vesting date. The equity amount is recognised in the capital reserve until either the option is exercised (when it is included in the amount recognised in share capital for the shares issued) or the option expires (when it is released directly to retained profits).

##### *(iii) Termination benefits*

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring.

## Notes to the Financial Statements

### 2 MATERIAL ACCOUNTING POLICIES (Continued)

#### (r) Income tax

Income tax expense comprises current tax and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;
- temporary differences related to investment in subsidiaries, associates and joint venture to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;
- taxable temporary differences arising on the initial recognition of goodwill; and
- those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development.

The Group recognised deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Deferred tax assets and liabilities are offset only if certain criteria are met.

## Notes to the Financial Statements

### 2 MATERIAL ACCOUNTING POLICIES (Continued)

#### (s) Provisions and contingent liabilities

Provisions are recognised when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognised for any expected reimbursement that would be virtually certain. The amount recognised for the reimbursement is limited to the carrying amount of the provision.

#### (t) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods, the provision of services in the ordinary course of the Group's business.

Further details of the Group's revenue and other income recognition policies are as follows:

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

The Group is the principal for its revenue transactions and recognises revenue on a gross basis, including the sale of products that are sourced externally. In determining whether the Group acts as a principal or as an agent, it considers whether it obtains control of the products before they are transferred to the customers. Control refers to the Group's ability to direct the use of and obtain substantially all of the remaining benefits from the products.

Revenue is recognised when control over a product or service is transferred to the customer at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties such as value added tax or other sales taxes.

##### (a) Sale of products

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

## Notes to the Financial Statements

### 2 MATERIAL ACCOUNTING POLICIES (Continued)

#### (t) Revenue and other income (Continued)

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

###### (b) Provide Research & Development service (R&D service)

Revenue from rendering of services is recognised over time by measuring the progress of that performance obligation.

###### (c) License fee income

The Group provides license of its patented intellectual property (“IP”) or commercialization license to customers and revenue is recognised when the customers obtain rights to use the underlying IP or license.

For the license which the Group will not undertake any activities that significantly affect the IP to which the customer has rights, the customers obtain a right to use the IP as it exists at the point in time at which the license is granted. The consideration of the contract is recognised as revenue when the customers can use the underlying IP.

##### (ii) Revenue from other sources and other income

###### (a) Interest income

Interest income is recognised using the effective interest method. The ‘effective interest rate’ is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

###### (b) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them.

Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

Grants that compensate the Group for the cost of an asset are recognised as deferred income and subsequently recognised as income in profit or loss over the useful life of the asset.

## Notes to the Financial Statements

### 2 MATERIAL ACCOUNTING POLICIES (Continued)

#### (t) Revenue and other income (Continued)

##### *(ii) Revenue from other sources and other income (Continued)*

##### *(c) Dividends*

Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established.

#### (u) Translation of foreign currencies

Transactions in foreign currencies are translated into the respective functional currencies of group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into RMB at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into RMB at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in OCI and accumulated in the exchange reserve.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the exchange reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

#### (v) Related parties

- (a) A person, or a close member of that person's family, is related to the Group if 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 the Group's parent.

## Notes to the Financial Statements

### 2 MATERIAL ACCOUNTING POLICIES (Continued)

#### (v) Related parties (Continued)

- (b) An entity is related to the Group if any of the following conditions applies:
- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) Both entities 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).
  - (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 Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

#### (w) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

## Notes to the Financial Statements

### 3. ACCOUNTING JUDGEMENTS AND ESTIMATES

#### (a) Critical accounting judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, management has made the following judgements:

##### (i) *Research and development costs*

Research and development costs are expensed in accordance with the accounting policy for research and development costs in note 2(h) to the financial statements. Determining the amounts to be capitalised or expensed requires management to make assumptions and judgements regarding to technical feasibility of completing the intangible asset, future economic benefits and so forth.

#### (b) Sources of estimation uncertainty

Notes 28 and 30 contain information about the assumptions and their risk factors relating to fair value of restricted share unit and share options granted and fair value of financial assets. Other key sources of estimation uncertainty are as follows:

##### (i) *Deferred tax assets*

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. 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. Further details are included in note 7 to the financial statements.

##### (ii) *Useful lives of intangible assets*

The Group's finite life intangible assets primarily represent patents transferred from third parties. These intangible assets are amortised on a straight-line basis over their useful economic lives, which are estimated to be the patent life. If the Group's estimate of the duration of sale of the product is shorter than the patent life, then the shorter period is used. Additional amortisation is recognised if the estimated useful lives of patents are different from the previous estimation. Useful lives are reviewed at the end of the year based on changes in circumstances.

## Notes to the Financial Statements

### 4 REVENUE AND SEGMENT REPORTING

#### (a) Revenue

##### (i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products is as follows:

	2025 RMB'000	2024 RMB'000
<b>Revenue from contracts with customers within the scope of HKFRS 15</b>		
<b>Recognised at a point in time:</b>		
– Sale of products	382	681
<b>Recognised over time:</b>		
– Provide R&D service	1,619	602
– Others	27	–
	<b>2,028</b>	1,283

##### (ii) Information about major customers

In 2025, two customers of the Group with whom transactions have exceeded 10% of the Group's revenues, of which Sagimet Biosciences Inc. ("Sagimet") contributed 20.2%, Northridge Health Group (Hong Kong) Co., Limited ("Northridge") contributed 79.8%, and arose outside Chinese Mainland.

In 2024, two customers of the Group with whom transactions have exceeded 10% of the Group's revenues, of which Sagimet Biosciences Inc. ("Sagimet") contributed 53.1%, Northridge contributed 46.9%, and arose outside Chinese Mainland.

##### (iii) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date.

As at 31 December 2024 and 2025, the remaining performance obligations (unsatisfied or partially unsatisfied) for contracts with customers are part of contracts that have original expected duration of one year or less.

The Group has applied the practical expedient in paragraph 121(a) of HKFRS 15 to its sales contracts for maternal, infant and child products such that the above information does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts for sales of maternal, infant and child products that had an original expected duration of one year or less.

## Notes to the Financial Statements

### 4 REVENUE AND SEGMENT REPORTING (Continued)

#### (b) Segment reporting

Operating segments are identified on the basis of internal reports that the Group's most senior executive management reviews regularly in allocating resources to segments and in assessing their performances.

The Group's most senior executive management makes resources allocation decisions based on internal management functions and assess the Group's business performance as one integrated business instead of by separate business lines or geographical regions. Accordingly, the Group has only one operating segment and therefore, no segment information is presented.

#### (c) Geographical information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment and intangible assets ("specified non-current assets"). The geographical location of customers is based on their operating location. The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of property, plant and equipment, and the location of the operation to which they are allocated, in the case of intangible assets.

##### (i) Revenue from external customers

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Hong Kong	1,619	602
Other regions	409	681
Total	<u>2,028</u>	<u>1,283</u>

##### (ii) Non-current assets

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Chinese Mainland	49,906	61,362
United States	4	5
Total	<u>49,910</u>	<u>61,367</u>

## Notes to the Financial Statements

### 5 OTHER INCOME AND NET GAINS

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Government grants ( <i>note i</i> )	37,262	21,148
Bank interest income	65,676	92,237
Gain on dilution of interest in associate ( <i>note ii</i> )	–	21,147
Net loss arising from fair value remeasurement of interest in a former associate ( <i>note 15</i> )	–	(24,546)
Net realized and unrealized gain/(loss) arising from equity investment	22,706	(1,653)
Net realized and unrealized gain arising from management product	3,840	6,351
Net realized and unrealized gains on financial assets at FVOCI	868	949
Foreign exchange (loss)/gain, net	(5,672)	4,149
Others	642	11
	<b>125,322</b>	<b>119,793</b>

Notes:

- (i) The government grants mainly represent subsidies received from the local governments for the purpose of compensation for expenses arising from research activities, clinical trials and daily operating activities and capital expenditure incurred on certain projects, and awarding the new drug development.
- (ii) Gain on dilution of interest in associate represents the decrease in interest of Sagimet results from the dilution due to the IPO financing and post-IPO financing.

### 6 LOSS BEFORE TAXATION

The Group's loss before taxation is arrived at after charging/(crediting):

#### (a) Finance costs

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Interest on lease liabilities	164	244

## Notes to the Financial Statements

### 6 LOSS BEFORE TAXATION (Continued)

#### (b) Staff costs

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Salaries, wages and other benefits	173,522	126,680
Contribution to defined contribution retirement plans	6,968	6,443
Equity-settled share-based payment expenses	7,630	3,003
	<b>188,120</b>	<b>136,126</b>

#### (c) Other items

	Notes	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Cost of services provided		1,501	548
Depreciation charge:			
– property, plant and equipment	11	10,892	12,107
– right-of-use assets	12	4,732	4,677
Amortisation of intangible assets	13	1,993	3,670
Auditors' remuneration			
– audit services		1,800	1,800
– tax services		234	122
Research and development costs ( <i>note i</i> )		409,053	302,394
Reversal of impairment loss on trade and other receivables	19	–	(2)
Impairment of other intangible assets	13	–	10,579
Lawsuit expenses ( <i>note ii</i> )		5,238	47,017

Notes:

- (i) Research and development costs include amounts relating to staff costs, depreciation and amortization expenses, which are also included in the respective total amounts disclosed separately above or in note 6(b) for each of these types of expenses.
- (ii) The lawsuit expenses mainly contain lawyer's service fees and provisions recognised related to the litigation disclosed in note 25 and note 32.

## Notes to the Financial Statements

### 7 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

#### (a) Taxation in the consolidated statement of profit or loss represents:

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

##### *Cayman Islands*

Under the current laws of the Cayman Islands, the Company is not subject to tax on income or capital gains. In addition, upon payments of dividends by the Company to its shareholders, no Cayman Islands withholding tax is imposed.

##### *British Virgin Islands*

Under the current laws of the British Virgin Islands (“BVI”), PowerTree Investment (BVI) Ltd. (“PowerTree”) is not subject to tax on income or capital gains. In addition, upon payments of dividends by PowerTree to its shareholder, no BVI withholding tax is imposed.

##### *Hong Kong*

Under the current laws of the Hong Kong, the subsidiary in Hong Kong is subject to profits tax at a rate of 16.5% (2024: 16.5%) on the estimated assessable profits arising in Hong Kong. During the year, no provision for profits tax has been made as the subsidiary did not generate any assessable profits in Hong Kong.

##### *United States*

Under the current laws of the United States, the subsidiary in the United States is subject to tax at a maximum of 21% (2024: 21%) federal corporate income tax rate and 2.5% (2024: 2.5%) North Carolina state tax rate. During the year, no provision for income tax has been made as the subsidiary did not generate any assessable income in United States.

##### *Australia*

Under the current laws of Australia, the subsidiary in the Australia is subject to profits tax at a rate of 30% (2024: 30%). During the year, no provision for income tax has been made as the subsidiary did not generate any assessable income in Australia.

##### *Chinese Mainland*

Pursuant to the Corporate Income Tax Law of the PRC and the respective regulations (the “CIT Law”), the subsidiaries which operate in Mainland China are subject to CIT at a rate of 25% (2024: 25%) on the taxable income.

Pursuant to the CIT Law, non-resident enterprises without an establishment or place of business in the PRC or which have an establishment or place of business in the PRC but whose relevant income is not effectively connected with the establishment or a place of business in the PRC, will be subject to withholding tax at the rate of 10% (unless reduced by treaty) on various types of passive income such as dividends derived from sources within the PRC.

## Notes to the Financial Statements

### 7 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS (Continued)

#### (a) Taxation in the consolidated statement of profit or loss represents: (Continued)

##### *Chinese Mainland (Continued)*

Preferential tax treatment is available to Ascleitis Pharmaceuticals Co., Ltd. (“Ascleitis Pharmaceuticals”) (歌禮藥業(浙江)有限公司) since it was recognised as a High and New Technology Enterprise, and it was entitled to a preferential tax rate of 15% (2024: 15%) during the year.

Certain subsidiaries in the PRC were entitled to a preferential PRC CIT rate of 5% as it was accredited as small and micro business.

According to the new tax incentive policies promulgated by the State Tax Bureau of Chinese Mainland in March 2023, effective from 1 January 2023, an additional 100% of qualified research and development expenses incurred is allowed to be deducted from taxable income.

#### (b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Loss before taxation	<b>(359,374)</b>	(300,936)
Notional tax on loss before taxation, calculated at the rates applicable to losses in the jurisdictions concerned	<b>(76,924)</b>	(75,449)
Tax effect of non-deductible expenses	<b>79</b>	830
Tax effect of unused tax losses and temporary differences not recognised	<b>117,671</b>	105,736
Tax benefit of subsidiaries subject to preferential tax rates ( <i>Note 7(a)</i> )	<b>4,143</b>	11,062
Tax effect of super deduction for research and development expenses ( <i>Note 7(a)</i> )	<b>(44,969)</b>	(42,179)
Withholding income tax on interest income derived from PRC by non-resident enterprises ( <i>Note 7(a)</i> )	<b>506</b>	–
Actual tax expense	<b>506</b>	–

## Notes to the Financial Statements

### 7 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS (Continued)

#### (c) Deferred tax assets and liabilities recognised

- (i) The components of deferred tax assets/(liabilities) recognised in the consolidated statement of financial position and the movements during the year are as follows:

Deferred tax arising from:	Right-of-use assets RMB'000	Lease liabilities RMB'000	Total RMB'000
At 1 January 2024	(2,045)	2,045	–
Charged/(credited) to profit or loss	725	(725)	–
At 31 December 2024 and 1 January 2025	(1,320)	1,320	–
Charged/(credited) to profit or loss	173	(173)	–
At 31 December 2025	<b>(1,147)</b>	<b>1,147</b>	–

- (ii) The components of deferred tax assets/(liabilities) recognised in the consolidated statement of financial position and the movements during the year are as follows:

	2025 RMB'000	2024 RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	1,147	1,320
Net deferred tax liabilities recognised in the consolidated statement of financial position	<b>(1,147)</b>	<b>(1,320)</b>
	–	–

#### (d) Deferred tax assets not recognised

In accordance with the accounting policy set out in note 2(r), the Group has not recognized any deferred tax assets in respect of the following items:

	2025 RMB'000	2024 RMB'000
Tax losses	2,183,361	1,895,741
Deductible temporary differences	178,524	190,157
	<b>2,361,885</b>	<b>2,085,898</b>

It is not probable that future taxable profits against which the tax losses and deductible temporary differences can be utilized will be available in the relevant tax jurisdiction and entity.

## Notes to the Financial Statements

### 7 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS (Continued)

#### (d) Deferred tax assets not recognised (Continued)

Deductible losses that are not recognized as deferred tax assets will be expired as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
2025	–	160,064
2026	<b>311,987</b>	315,226
2027	<b>375,224</b>	379,044
2028	<b>403,122</b>	403,937
2029	<b>341,067</b>	356,883
2030	<b>374,654</b>	31,118
2031 and thereafter	<b>377,307</b>	249,469
	<b>2,183,361</b>	1,895,741

### 8 DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

2025	Directors' fees <i>RMB'000</i>	Salaries, allowances and benefits in kind <i>RMB'000</i>	Discretionary bonuses <i>RMB'000</i>	Retirement scheme contributions <i>RMB'000</i>	Sub-Total <i>RMB'000</i>	Share-based payments <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Executive directors</b>							
Jinzi Jason WU*	–	44,594**	57,369	81	102,044	174	102,218
Judy Hejingdao WU	–	2,610	3,435	165	6,210	174	6,384
<b>Independent non-executive directors</b>							
Jiong GU	397	–	–	–	397	–	397
Lin HUA	397	–	–	–	397	–	397
Yizhen WEI	397	–	–	–	397	–	397
	<b>1,191</b>	<b>47,204</b>	<b>60,804</b>	<b>246</b>	<b>109,445</b>	<b>348</b>	<b>109,793</b>

## Notes to the Financial Statements

### 8 DIRECTORS' EMOLUMENTS (Continued)

2024	Directors' fees <i>RMB'000</i>	Salaries, allowances and benefits in kind <i>RMB'000</i>	Discretionary bonuses <i>RMB'000</i>	Retirement scheme contributions <i>RMB'000</i>	Sub-Total <i>RMB'000</i>	Share-based payments <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Executive directors</b>							
Jinzi Jason WU*	–	38,529**	16,606	63	55,198	298	55,496
Judy Hejingdao WU	–	2,453	622	155	3,230	298	3,528
<b>Independent non-executive directors</b>							
Jiong GU	397	–	–	–	397	–	397
Lin HUA	397	–	–	–	397	–	397
Yizhen WEI	397	–	–	–	397	–	397
	<u>1,191</u>	<u>40,982</u>	<u>17,228</u>	<u>218</u>	<u>59,619</u>	<u>596</u>	<u>60,215</u>

\* Jinzi Jason WU was also the chief executive of the Company during the year.

\*\* During the year, the Group paid a subsidy of RMB35,014,000 (2024: RMB30,142,000) to Jinzi Jason WU to offset against his individual income tax liability (after grossed up for China individual income tax) for his subpart F income in 2025 which was derived from the bank interest generated by the Group. He is the citizen of the United States of America ("USA") and pursuant to the USA Internal Revenue Code Section 951, if a foreign corporation is a controlled foreign corporation at any time during any taxable year, and any of the shareholders of such corporation is the citizen of the USA, such shareholder shall include in his gross income his pro rata shares of the corporation's subpart F income for the year, even though such corporation has not paid such shareholder any dividends.

\*\*\* The discretionary year-end performance bonus of executive directors were based on their performance appraisal results in accordance with the Company's remuneration policy.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year. There was no payment to any of the directors or the individuals with highest emoluments (as disclosed in note 9) as an inducement to join or upon joining the Group or as compensation for loss of any office during the year ended 31 December 2024 and 2025.

### 9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments of the Group, two (2024: two) are directors whose emoluments are disclosed in note 8. The aggregate of the emoluments in respect of the remaining three (2024: three) individual are as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Salaries, allowance, and benefits-in-kind	<b>4,387</b>	5,565
Discretionary bonuses	<b>789</b>	1,342
Retirement scheme contributions	<b>210</b>	237
Equity-settled share-based payment expenses (Note 28)	<b>6,635</b>	941
	<u><b>12,021</b></u>	<u>8,085</u>

## Notes to the Financial Statements

### 9 INDIVIDUALS WITH HIGHEST EMOLUMENTS (Continued)

The emoluments of the individuals who are not directors and with the highest emoluments are within the following bands:

	Number of employees	
	2025	2024
HK\$500,001 to HK\$1,000,000	1	–
HK\$1,000,001 to HK\$1,500,000	1	1
HK\$2,000,001 to HK\$2,500,000	–	–
HK\$2,500,001 to HK\$3,000,000	–	1
HK\$3,000,001 to HK\$3,500,000	–	–
HK\$4,500,001 to HK\$5,000,000	–	1
HK\$5,500,001 to HK\$6,000,000	–	–
HK\$6,000,001 to HK\$6,500,000	–	–
HK\$7,000,001 to HK\$7,500,000	–	–
HK\$7,500,001 to HK\$8,000,000	–	–
HK\$8,000,001 to HK\$8,500,000	–	–
HK\$8,500,001 to HK\$9,000,000	–	–
HK\$9,000,001 to HK\$9,500,000	–	–
HK\$9,500,001 to HK\$10,000,000	–	–
HK\$10,000,001 to HK\$10,500,000	1	–
	<b>3</b>	<b>3</b>

### 10 LOSS PER SHARE

The calculation of the basic loss per share is based on the loss attributable to ordinary equity shareholders of the Company of RMB359,880,000 (2024: RMB300,936,000), and the weighted average number of ordinary shares of 972,512,060 (2024: 1,001,588,704) in issue during the year calculated as follows:

Weighted average number of ordinary shares

	2025	2024
Issued ordinary shares at 1 January (excluding treasury shares)	<b>964,717,000</b>	1,042,721,000
Effect of shares repurchased ( <i>note 29(c)</i> )	<b>(3,684,869)</b>	(41,132,296)
Effect of issuance of shares ( <i>note 29(c)</i> )	<b>11,479,929</b>	–
Weighted average number of ordinary shares at 31 December	<b>972,512,060</b>	1,001,588,704

No adjustment has been made to the basic loss per share amounts presented for the years ended 31 December 2024 and 2025 in respect of a dilution as the impact of the share award had an anti-dilutive effect on the basic loss per share amounts presented.

## Notes to the Financial Statements

### 11 PROPERTY, PLANT AND EQUIPMENT

	Plant and machinery RMB'000	Motor vehicles RMB'000	Office equipment RMB'000	Leasehold improvements RMB'000	Total RMB'000
<b>Cost:</b>					
At 1 January 2024	105,825	2,944	17,358	2,873	129,000
Additions	477	–	1,493	–	1,970
Disposals	(553)	(2)	(166)	–	(721)
Exchange adjustments	–	–	1	–	1
At 31 December 2024 and 1 January 2025	105,749	2,942	18,686	2,873	130,250
Additions	440	28	872	–	1,340
Disposals	(253)	–	(254)	–	(507)
Exchange adjustments	–	–	(2)	–	(2)
At 31 December 2025	105,936	2,970	19,302	2,873	131,081
<b>Accumulated depreciation and impairment:</b>					
At 1 January 2024	(52,273)	(2,844)	(11,375)	(2,783)	(69,275)
Depreciation charge for the year	(10,080)	–	(1,937)	(90)	(12,107)
Written back on disposals	229	2	151	–	382
Exchange adjustments	–	–	(1)	–	(1)
At 31 December 2024 and 1 January 2025	(62,124)	(2,842)	(13,162)	(2,873)	(81,001)
Depreciation charge for the year	(9,721)	–	(1,171)	–	(10,892)
Written back on disposals	220	–	215	–	435
Exchange adjustments	–	–	2	–	2
At 31 December 2025	(71,625)	(2,842)	(14,116)	(2,873)	(91,456)
<b>Net book value:</b>					
At 31 December 2025	34,311	128	5,186	–	39,625
At 31 December 2024	43,625	100	5,524	–	49,249

## Notes to the Financial Statements

### 12 RIGHT-OF-USE ASSETS

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

	<b>Office premises and staff dormitories RMB'000</b>
<b>Cost:</b>	
At 1 January 2024	19,769
Additions	3,950
Disposals	(5,987)
At 31 December 2024 and 1 January 2025	17,732
Additions	3,984
At 31 December 2025	21,716
<b>Accumulated depreciation:</b>	
At 1 January 2024	(11,217)
Charge for the year	(4,677)
Disposals	5,987
At 31 December 2024 and 1 January 2025	(9,907)
Charge for the year	(4,732)
At 31 December 2025	(14,639)
<b>Net book value:</b>	
At 31 December 2025	7,077
At 31 December 2024	7,825

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	<b>2025 RMB'000</b>	2024 RMB'000
Interest on lease liabilities	164	244
Depreciation charge of right-of-use assets	4,732	4,677
Expense relating to short-term leases	148	128

The Group leases various office buildings and warehouses in the PRC. The Group has obtained the right to use properties through tenancy agreements. The leases typically run for an initial period of 2 to 5 years.

Some leases include an option to terminate the lease before the end of the contract term. The Group considers it reasonably certain not to exercise the option to early terminate at lease commencement date.

## Notes to the Financial Statements

### 13 OTHER INTANGIBLE ASSETS

	Intellectual property RMB'000	Software RMB'000	Total RMB'000
<b>Cost:</b>			
At 1 January 2024	145,085	10,350	155,435
Additions	–	52	52
Exchange adjustments	370	–	370
At 31 December 2024 and 1 January 2025	<u>145,455</u>	<u>10,402</u>	<u>155,857</u>
Additions	–	160	160
Exchange adjustments	<b>(559)</b>	–	<b>(559)</b>
31 December 2025	<u><b>144,896</b></u>	<u><b>10,562</b></u>	<u><b>155,458</b></u>
<b>Accumulated amortisation and impairment:</b>			
At 1 January 2024	<b>(121,769)</b>	<b>(7,351)</b>	<b>(129,120)</b>
Charge for the year	<b>(2,076)</b>	<b>(1,594)</b>	<b>(3,670)</b>
Impairment loss for the year (note i)	<b>(10,579)</b>	–	<b>(10,579)</b>
Exchange adjustments	<b>(370)</b>	–	<b>(370)</b>
At 31 December 2024 and 1 January 2025	<u>(134,794)</u>	<u>(8,945)</u>	<u>(143,739)</u>
Charge for the year	(1,254)	(739)	(1,993)
Exchange adjustments	559	–	559
At 31 December 2025	<u><b>(135,489)</b></u>	<u><b>(9,684)</b></u>	<u><b>(145,173)</b></u>
<b>Net book value:</b>			
At 31 December 2025	<u><b>9,407</b></u>	<u><b>878</b></u>	<u><b>10,285</b></u>
At 31 December 2024	<u><b>10,661</b></u>	<u><b>1,457</b></u>	<u><b>12,118</b></u>

Note:

- (i) Impairment of intellectual property

During the year ended 31 December 2024, an impairment loss of RMB10,579,000 was recognised in the consolidated statement of profit or loss as other expense. The recoverable amount of the intellectual property was assessed to be zero since the related R&D project was terminated and the management estimated there is no other use.

## Notes to the Financial Statements

### 14 INVESTMENTS IN SUBSIDIARIES

#### (a) Information about subsidiaries:

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

Name	Place and date of incorporation/ registration and place of business	Particulars of registered and paid-up capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
PowerTree	British Virgin Islands 13 January 2011	United States dollars ("US\$") 102	100%	–	Investment holding
AP11 Limited	British Virgin Islands 20 November 2018	US\$103	100%	–	Investment holding
Ascletris Pharma (China) Co., Limited (歌禮製藥(中國)有限公司)	Hong Kong 15 March 2018	US\$80,050,254.04	–	100%	Investment holding
SoundRidge Pharmaceuticals (Hong Kong) Co., Limited	Hong Kong 23 April 2019	US\$28,015,012.75	–	100%	Investment holding
Gannex Pharma Co., Ltd. ("Gannex Pharma") (甘萊製藥有限公司) (i) (ii)	People's Republic of China/Chinese Mainland 3 September 2019	US\$28,000,000/ US\$8,000,000	–	100%	Manufacture, and research and development of pharmaceutical products
Ascletris BioScience Co., Ltd. ("Ascletris BioScience") (歌禮生物科技(杭州)有限公司) (i) (ii)	People's Republic of China/Chinese Mainland 26 April 2013	US\$180,600,162/ US\$180,600,162	–	100%	Research, development and commercialisation of pharmaceutical products
Ascletris Pharmaceuticals (ii)	People's Republic of China/Chinese Mainland 24 September 2014	RMB411,002,100	–	100%	Manufacture, commercialisation, and research and development of pharmaceutical products
Ascletris Biopharmaceutical (Hangzhou) Co., Ltd. ("Ascletris Biopharma") (歌禮生物製藥(杭州) 有限公司) (ii)	People's Republic of China/Chinese Mainland 19 April 2018	RMB50,000,000/ RMB43,590,800	–	100%	Research, development and commercialisation of pharmaceutical products
Gannex, LLC	United States/Delaware 30 October 2020	US\$5,000,000	–	100%	Research and development
Ascletris (Australia) Pty., Ltd.	Australia/South Melbourne 8 March 2022	AUD1,000	100%	–	Research and development

## Notes to the Financial Statements

### 14 INVESTMENTS IN SUBSIDIARIES (Continued)

Notes:

- (i) These entities are registered as wholly-foreign-owned enterprises under People's Republic of China ("PRC") law.
  - (ii) These entities are limited liability enterprises established under PRC law.
  - (iii) Ascleitis Xinnuo Medicine Co., Ltd (歌禮欣諾醫藥(杭州)有限公司) has been dissolved in June 2025.
- \* The English names of these entities registered in the PRC represent the best efforts made by the management of the Company to directly translate their Chinese names as they did not register any official English names.

#### (b) The carrying amount of Interest in subsidiaries is listed below:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Investment in subsidiaries, at cost	1,700,325	1,738,933
Deemed investments arising from share-based transactions	35,815	29,671
	<u>1,736,140</u>	<u>1,768,604</u>

### 15 INVESTMENT IN AN ASSOCIATE

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
<b>Group's share of Sagimet's</b>		
Loss from continuing operations	-	(5,273)
Other comprehensive income	-	-
Total comprehensive income	<u>-</u>	<u>(5,273)</u>

Notes:

- (i) On 5 June 2024, Dr. Wu's service as a member of the board of Sagimet ended effectively as of the Annual Meeting of Stockholders of Sagimet, and in accordance with the Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws of Sagimet, the Group no longer has the right to appoint directors to the board of Sagimet. Therefore, the directors of the Company are in the view that the Group lost significant influence on Sagimet on 5 June 2024. The Group ceased to account for the equity interest in Sagimet under equity method and recognized a loss of RMB24,546,000 in the consolidated statements of profit or loss, which represented the difference between the fair value of the retained interest and the carrying amount of the investment at the date on which significant influence was lost. Since the loss of significant influence on Sagimet, the Group recognized the equity interest in Sagimet as a financial asset measured at fair value through profit or loss.

## Notes to the Financial Statements

### 16 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Transferable certificate of deposit	<u>31,733</u>	<u>30,865</u>

Transferable certificate of deposit is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Therefore, the management of the Group classified the transferable certificate of deposit as financial assets at fair value through other comprehensive income.

The analysis on the fair value measurement of the Group's above financial assets is disclosed in Note 30.

### 17 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
<b>Non-current</b>		
Financial assets at FVPL		
– Listed equity securities	<u>56,367</u>	<u>53,526</u>
<b>Current</b>		
Financial assets at FVPL		
– Wealth management products	<u>26,103</u>	<u>7,365</u>

Notes:

- (i) The Group's non-current balances of financial assets at FVPL represent investments in equity securities listed on the NASDAQ.
- (ii) Wealth management products are issued by commercial banks and other financial institutions with its idle funds. These products generally have a pre-set maturity and expected return, with its underlying assets being a wide range of government and corporate bonds, central bank bills, money market funds as well as other listed securities in the PRC. The Group evaluates these products on a fair value basis in accordance with the accounting policy set out in Note 2(f).

### 18 INVENTORIES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Raw materials	<u>1,874</u>	<u>4,373</u>

## Notes to the Financial Statements

### 18 INVENTORIES (Continued)

The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Carrying amount of inventories recognised as research and development expenses	7,736	4,509
Write down of inventories	37	5,296
	<u>7,773</u>	<u>9,805</u>

### 19 TRADE RECEIVABLES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Trade receivables	<u>223</u>	<u>152</u>

All of the trade receivables are expected to be recovered within one year.

#### Aging analysis

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

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Within 3 months	<u>223</u>	<u>152</u>

Trade receivables are generally due within 30 to 90 days from the date of billing. Further details on the Group's credit policy and credit risk arising from trade receivables are set out in Note 30(a).

### 20 PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Value-added tax recoverable	9,940	9,111
Deposits and other receivables	<u>3,056</u>	<u>4,990</u>
Cash in transit	–	1,404
Prepayments	3,544	1,248
Prepaid expenses	<u>1,207</u>	<u>1,009</u>
	<u>17,747</u>	<u>17,762</u>

All of the Prepayments, other receivables and other assets are expected to be recovered or recognised as expense within one year.

## Notes to the Financial Statements

### 21 RESTRICTED DEPOSITS

As of 31 December 2024, restricted deposits comprise certain pledged deposits held at the bank arising from a commercial dispute, which was subsequently resolved on 21 January 2025.

### 22 TIME DEPOSITS

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Time deposits held at the bank	<u>431,259</u>	<u>1,074,436</u>

As at 31 December 2025, the time deposits held at the bank have annual interest rate 3.76% (2024: 2.9% to 5.5%).

### 23 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

#### (a) Cash and cash equivalents comprise:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Cash in hand	11	11
Cash at bank	<u>1,443,502</u>	<u>866,683</u>
	<b>1,443,513</b>	866,694
Less: restricted deposits ( <i>note 21</i> )	<u>–</u>	<u>2,368</u>
Cash and cash equivalents	<u><b>1,443,513</b></u>	<u>864,326</u>

As at 31 December 2025, cash and cash equivalents of the Group situated in Chinese Mainland amounted to RMB459,970,000 (2024: RMB253,016,000). Remittance of funds out of Chinese Mainland is subject to relevant rules and regulations of foreign exchange control.

## Notes to the Financial Statements

### 23 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (Continued)

#### (b) Reconciliation of loss before taxation to cash used in operations:

	Notes	2025 RMB'000	2024 RMB'000
<b>Cash flows from operating activities</b>			
Loss before tax		<b>(359,374)</b>	(300,936)
Adjustments for:			
Finance costs	6(a)	<b>164</b>	244
Share of the loss of an associate	15	–	5,273
Gain on dilution of interest in associate	5	–	(21,147)
Bank interest income	5	<b>(65,676)</b>	(92,237)
Net realized and unrealized gain arising from financial assets at FVPL	5	<b>(26,546)</b>	(4,698)
Foreign exchange loss/(gain)	5	<b>5,816</b>	(5,430)
Net realized and unrealized gains on financial assets at FVOCI	5	<b>(868)</b>	(949)
Net loss arising from fair value remeasurement of interest in a former associate	5	–	24,546
Loss on disposal of items of property, plant and equipment		<b>34</b>	339
Depreciation of property, plant and equipment	6(c)	<b>10,892</b>	12,107
Depreciation of right-of-use assets	6(c)	<b>4,732</b>	4,677
Amortisation of intangible assets	6(c)	<b>1,993</b>	3,670
Write-down of inventories to net realisable value		<b>37</b>	5,296
Reversal of impairment of trade receivables	19	–	(2)
Impairment of other intangible assets	6(c)	–	10,579
Equity-settled share award and option expense	28	<b>7,630</b>	3,003
Changes in working capital:			
Decrease/(increase) in inventories		<b>2,461</b>	(3,598)
(Increase)/decrease in long-term deferred expenditure		<b>(383)</b>	299
(Increase)/decrease in trade receivables		<b>(71)</b>	5,282
Decrease in prepayments, other receivables and other assets		<b>15</b>	4,088
Decrease/(increase) in restricted deposits		<b>2,368</b>	(2,368)
Increase/(decrease) in trade payables		<b>1,313</b>	(618)
Increase in other payables and accruals		<b>275</b>	12,589
Decrease in deferred income		<b>(1,588)</b>	(1,588)
Cash used in operations		<b>(416,776)</b>	(341,579)

## Notes to the Financial Statements

### 23 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (Continued)

#### (c) Reconciliation of liabilities arising from financing activities:

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statements as cash flows from financing activities.

	<b>Lease liabilities</b>	
	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
At 1 January	<u>7,633</u>	8,416
<b>Changes from financing cash flows:</b>		
Capital element of lease rentals paid	(6,459)	(4,733)
Interest element of lease rentals paid	<u>(164)</u>	(244)
Total changes from financing cash flows	<u>(6,623)</u>	(4,977)
<b>Other changes:</b>		
Increase in lease liabilities from entering into new leases during the year ( <i>Note 12</i> )	3,984	3,950
Interest expenses ( <i>Note 6(a)</i> )	<u>164</u>	244
Total other changes	<u>4,148</u>	4,194
At 31 December	<u>5,158</u>	<u>7,633</u>

#### (d) Total cash outflow for leases

Amounts included in the cash flow statement for leases comprise the following:

	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
Within operating activities	148	128
Within financing activities	<u>6,623</u>	4,977
	<u>6,771</u>	<u>5,105</u>

## Notes to the Financial Statements

### 24 TRADE PAYABLES

	2025 RMB'000	2024 RMB'000
Trade payables	<u>1,344</u>	<u>31</u>

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

	2025 RMB'000	2024 RMB'000
Within 3 months	<u>1,344</u>	<u>31</u>

The trade payables are non-interest-bearing, and all trade payables are expected to be settled within one year or are repayable on demand.

### 25 OTHER PAYABLES AND ACCRUALS

	Note	2025 RMB'000	2024 RMB'000
Other payables	(i)	30,630	45,737
Accrued expenses		69,375	66,002
Payroll payable		17,217	13,715
Provisions	(ii)	4,038	15,265
Taxes other than income tax		529	4,078
Contract liabilities		–	391
		<u>121,789</u>	<u>145,188</u>

Notes:

- (i) Other payables are non-interest-bearing.
- (ii) Provisions primarily include:

In March 2024, Ascleitis Pharmaceuticals Co., Ltd. (歌禮藥業(浙江)有限公司), a subsidiary of the Company was involved in arbitration proceedings initiated by Fujian Cosunter Pharmaceutical Co., Ltd. (福建廣生堂藥業股份有限公司) and Fujian Guangsheng Zhonglin Biotechnology Co., Ltd. (福建廣生堂中霖生物科技有限公司) (together "Claimants"), two pharmaceutical companies in the same group in China, due to commercial contracts dispute on ritonavir tablets sales and ritonavir non-exclusive license. On 10 March 2025 the arbitration tribunal issued a final ruling requiring the Group to compensate the Claimants and the Group recognised a provision of RMB11,227,000 which was subsequently settled on 20 March 2025.

A monetary sanction of USD567,000 (equivalent to approximately RMB4,038,000) related to the litigation disclosed in note 32.

- (iii) All of the other payables are expected to be settled within one year or repayable on demand.

## Notes to the Financial Statements

### 26 LEASE LIABILITIES

At 31 December 2025 and 2024, the lease liabilities were repayable as follows:

	<b>2025</b> <i>RMB'000</i>	2024 <i>RMB'000</i>
Within 1 year	<b>2,871</b>	6,246
After 1 year but within 2 years	<b>2,287</b>	1,387
	<b>5,158</b>	7,633

### 27 DEFERRED INCOME

	<b>2025</b> <i>RMB'000</i>	2024 <i>RMB'000</i>
Government grants		
Current	<b>1,588</b>	1,588
Non-current	<b>2,382</b>	3,970
	<b>3,970</b>	5,558

The movements in government grants during the year are as follows:

	<b>2025</b> <i>RMB'000</i>	2024 <i>RMB'000</i>
At beginning of year	<b>5,558</b>	7,146
Amount released	<b>(1,588)</b>	(1,588)
At end of year	<b>3,970</b>	5,558

The grants are related to the subsidies received from the government for the purpose of compensation for expenses arising from research activities and clinical trials, awards for its new drug development and capital expenditure incurred on certain projects.

## Notes to the Financial Statements

### 28 EQUITY SETTLED SHARE-BASED TRANSACTIONS

#### (a) Restricted Stock Unit Option Incentive Scheme

JJW11 Limited, a shareholder of the Company, adopted a Restricted Stock Unit Option Incentive Scheme on 8 August 2018 (the “2018 Scheme”) to provide incentives to directors, senior management, technical personnel and other key contributors to the Group. The Scheme is administered by JJW11 Limited (or its authorised person), which has discretion over the grant and administration of the options.

(i) The terms and conditions of the share options granted are as follows:

	Number of Share options	Contractual life of options
<b>Options granted to employees:</b>		
– on 15 October 2018	200,000	12 years
– on 22 October 2018	60,000	12 years
– on 12 November 2018	1,097,000	12 years
– on 25 February 2019	60,000	12 years
– on 26 February 2019	60,000	12 years
– on 30 June 2019	60,000	12 years
– on 30 September 2019	90,000	12 years
– on 8 October 2019	330,000	12 years
– on 31 March 2020	810,000	12 years
	2,767,000	

The vesting condition of the share options granted are as follows:

- 60% on the third anniversary from the date of grant;
- 20% on the fourth anniversary from the date of grant;
- 20% on the fifth anniversary from the date of grant.

## Notes to the Financial Statements

### 28 EQUITY SETTLED SHARE-BASED TRANSACTIONS (Continued)

#### (a) Restricted Stock Unit Option Incentive Scheme (Continued)

(ii) The number and weighted average exercise prices of share options are as follows:

	2025		2024	
	Weighted average exercise price <i>HK\$ per share</i>	Number of options <i>'000</i>	Weighted average exercise price <i>HK\$ per share</i>	Number of options <i>'000</i>
Outstanding at the beginning of the year	3.2807	717	3.2807	942
Exercised during the year	3.2807	(617)	3.2807	(225)
Forfeited during the year	3.2807	(66)	–	–
Outstanding at the end of the year	3.2807	34	3.2807	717
Exercisable at the end of the period	3.2807	34	3.2807	546

The weighted average share price at the date of exercise for shares options exercised during the year was HK\$11.43 (2024: HK\$1.35).

(iii) The exercise price and exercise period at the reporting period end are as follows:

Exercise period	Exercise price <i>HK\$ per share</i>	Number of options		Remaining contractual life	
		2025 <i>'000</i>	2024 <i>'000</i>	2025	2024
08/10/2022-07/10/2031	3.2807	–	264	Not applicable	6.77 years
31/03/2023-30/03/2032	3.2807	34	453	6.25 years	7.25 years
		34	717		

The options outstanding at 31 December 2025 had a weighted average remaining contractual life of 6.25 years (2024: 7.07 years)

## Notes to the Financial Statements

### 28 EQUITY SETTLED SHARE-BASED TRANSACTIONS (Continued)

#### (a) Restricted Stock Unit Option Incentive Scheme (Continued)

##### (iv) Fair value of share options and assumptions

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted is measured based on a binomial lattice model. The contractual life of the share option is used as an input into this model. Expectations of early exercise are incorporated into the binomial lattice model.

	2020	2019
Fair value at measurement date (HK\$ per share)	7.03	11.28
Weighted average share price (HK\$ per share)	2.90	3.09 – 6.82
Exercise price (HK\$ per share)	3.2807	3.2807
Expected volatility (%)	82.22	84.56 – 89.30
Option life	12 years	12 years
Dividend yield (%)	0.00	0.00
Risk-free interest rate (%)	0.77	1.34 – 1.76
Early exercise multiple	2.20 – 2.80	2.80
Forfeiture rate (%)	0.00	0.00

The expected volatility is based on the historic volatility (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility based on publicly available information. Expected dividends are based on historical dividends. Changes in the subjective input assumptions could materially affect the fair value estimate.

##### (v) Equity-settled share-based payment expenses recognized in the consolidated statement of profit or loss are as follows:

	<b>2025</b> <b>RMB'000</b>	2024 RMB'000
Research and development costs	<b>37</b>	197
Administrative expenses	<b>4</b>	19
	<b>41</b>	216

## Notes to the Financial Statements

### 28 EQUITY SETTLED SHARE-BASED TRANSACTIONS (Continued)

#### (b) 2019 Share Option Scheme

The Company adopted an employee share option scheme (“2019 Share Option Scheme”) on 6 June 2019, pursuant to which, the directors of the Company are authorised to issue share options to employees, directors, and advisors of the Group. Each option gives the holder the right to subscribe for one ordinary share of the Company.

(i) The terms and conditions of the share options granted are as follows:

	Number of Share options	Vesting conditions	Contractual life of options
<b>Options granted to directors:</b>			
– On 3 January 2024	2,000,000	Graded vest of one fifth per year over five years from grant date	10 years
<b>Options granted to employees:</b>			
– on 31 March 2020	5,249,120	Graded vest of one fifth per year over five years from grant date	10 years
– on 31 December 2020	2,000,000	Graded vest of one fifth per year over five years from grant date	10 years
– on 7 March 2021	200,000	Graded vest of one fifth per year over five years from grant date	10 years
– on 7 April 2021	1,000,000	Graded vest of one fifth per year over five years from grant date	10 years
– on 30 June 2021	300,000	Graded vest of one fifth per year over five years from grant date	10 years
– on 30 September 2021	2,400,000	Graded vest of one fifth per year over five years from grant date	10 years
– on 31 March 2022	100,000	Graded vest of one fifth per year over five years from grant date	10 years
– on 30 June 2022	2,200,000	Graded vest of one fifth per year over five years from grant date	10 years
– on 30 December 2022	100,000	Graded vest of one fifth per year over five years from grant date	10 years
– On 3 January 2024	4,300,000	Graded vest of one fifth per year over five years from grant date	10 years
	<u>19,849,120</u>		

## Notes to the Financial Statements

### 28 EQUITY SETTLED SHARE-BASED TRANSACTIONS (Continued)

#### (b) 2019 Share Option Scheme (Continued)

(ii) The number and weighted average exercise prices of share options are as follows:

	2025		2024	
	Weighted average exercise price HK\$ per share	Number of options '000	Weighted average exercise price HK\$ per share	Number of options '000
Outstanding at the beginning of the year	2.28	10,466	3.35	5,146
Granted during the year	–	–	1.45	6,300
Exercised during the year	2.59	(2,277)	–	–
Forfeited during the year	1.74	(1,426)	2.55	(980)
Outstanding at the end of the year	3.16	6,763	2.28	10,466
Exercisable at the end of the period	3.06	2,244	3.20	2,733

The weighted average share price at the date of exercise for shares options exercised during the year was HK\$7.82 (2024: not applicable).

(iii) The exercise price and exercise period at the reporting period end are as follows:

Exercise period	Exercise price HK\$ per share	Number of options		Remaining contractual life	
		2025 '000	2024 '000	2025	2024
31/03/2021-30/03/2030	2.90	292	2,066	4.25 years	5.25 years
30/09/2022-29/09/2031	2.70	250	400	5.75 years	6.75 years
30/06/2023-29/06/2032	3.93	2,000	2,100	6.50 years	7.50 years
03/01/2025-02/01/2034	1.45	4,221	5,900	8.01 years	9.01 years
		6,763	10,466		

The options outstanding at 31 December 2025 had a weighted average remaining contractual life of 7.32 years (2024: 7.88 years)

## Notes to the Financial Statements

### 28 EQUITY SETTLED SHARE-BASED TRANSACTIONS (Continued)

#### (b) 2019 Share Option Scheme (Continued)

##### (iv) Fair value of share options and assumptions

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted is measured based on a binomial lattice model. The contractual life of the share option is used as an input into this model. Expectations of early exercise are incorporated into the binomial lattice model.

	2024	2022	2021	2020
Fair value at measurement date (HK\$ per share)	1.13	2.65 – 3.51	1.80 – 2.45	2.05
Weighted average share price (HK\$ per share)	1.30	3.79 – 5.20	2.70 – 3.53	2.87 – 2.90
Exercise price (HK\$ per share)	2.70 – 5.51	2.70 – 2.90	2.87 – 2.90	2.87 – 2.90
Expected volatility (%)	73.00	82.08 – 85.42	81.45 – 85.03	82.22 – 85.57
Option life	10 years	10 years	10 years	10 years
Dividend yield (%)	0.00	0.00	0.00	0.00
Risk-free interest rate (%)	3.36	2.09 – 3.71	1.21 – 1.44	0.75 – 0.78
Early exercise multiple	2.20 – 2.80	2.20 – 2.80	2.20 – 2.80	2.20 – 2.80
Forfeiture rate (%)	0.00	0.00	0.00	0.00

The expected volatility is based on the historic volatility (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility based on publicly available information. Expected dividends are based on historical dividends. Changes in the subjective input assumptions could materially affect the fair value estimate.

##### (v) Equity-settled share-based payment expenses recognized in the consolidated statement of profit or loss are as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Research and development costs	406	982
Administrative expenses	935	1,805
	<u>1,341</u>	<u>2,787</u>

## Notes to the Financial Statements

### 28 EQUITY SETTLED SHARE-BASED TRANSACTIONS (Continued)

#### (c) 2025 Share Option Scheme

On 3 February 2025, an employee share option scheme (“2025 Share Option Scheme”) was approved at the Company’s extraordinary general meeting, pursuant to which, the directors of the Company are authorised to issue share options to employees, directors, and advisors of the Group. Each option gives the holder the right to subscribe for one ordinary share of the Company.

(i) The terms and conditions of the share options granted are as follows:

	Number of Share options	Vesting conditions	Contractual life of options
<b>Options granted to employees:</b>			
– on 3 February 2025	4,820,175	Graded vest of one fourth per year over four years from 14 January 2025	10 years
– On 30 September 2025	650,000	Graded vest of one fifth per year over five years from grant date	10 years
	5,470,175		

(ii) The number and weighted average exercise prices of share options are as follows:

	2025		2024	
	Weighted average exercise price <i>HK\$ per share</i>	Number of options <i>'000</i>	Weighted average exercise price <i>HK\$ per share</i>	Number of options <i>'000</i>
Outstanding at the beginning of the year	–	–	–	–
Granted during the year	4.24	5,470	–	–
Outstanding at the end of the year	4.24	5,470	–	–
Exercisable at the end of the period	4.24	5,470	–	–

## Notes to the Financial Statements

### 28 EQUITY SETTLED SHARE-BASED TRANSACTIONS (Continued)

#### (c) 2025 Share Option Scheme (Continued)

(iii) The exercise price and exercise period at the reporting period end are as follows:

Exercise period	Exercise price HK\$ per share	Number of options 2025 '000	Remaining contractual life 2025
14/01/2026 – 14/01/2035	3.93	2,000	9.04 years
30/09/2026 – 30/09/2035	1.45	4,221	9.75 years
		6,221	

The options outstanding at 31 December 2025 had a weighted average remaining contractual life of 9.52 years (2024: not applicable)

(iv) Fair value of share options and assumptions

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted is measured based on a binomial lattice model. The contractual life of the share option is used as an input into this model. Expectations of early exercise are incorporated into the binomial lattice model.

	2025
Fair value at measurement date (HK\$ per share)	2.75 – 6.43
Weighted average share price (HK\$ per share)	4.01 – 9.97
Exercise price (HK\$ per share)	3.34 – 10.938
Expected volatility (%)	73.00 – 78.00
Option life	10 years
Dividend yield (%)	0.00
Risk-free interest rate (%)	3.05 – 3.73
Early exercise multiple	2.20 – 2.80
Forfeiture rate (%)	0.00

The expected volatility is based on the historic volatility (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility based on publicly available information. Expected dividends are based on historical dividends. Changes in the subjective input assumptions could materially affect the fair value estimate.

## Notes to the Financial Statements

### 28 EQUITY SETTLED SHARE-BASED TRANSACTIONS (Continued)

#### (c) 2025 Share Option Scheme (Continued)

- (v) Equity-settled share-based payment expenses recognized in the consolidated statement of profit or loss are as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Research and development costs	412	–
Administrative expenses	5,836	–
	<u>6,248</u>	<u>–</u>

#### (d) 2025 Share Award Scheme

Pursuant to the share award scheme (2025 Share Award Scheme) of the Company, which was adopted and approved by at the Company's extraordinary general meeting on 3 February 2025, the Company may purchase its own shares and grant such shares to certain employees of the Group at nil consideration.

For the year ended 31 December 2025, the Company granted 5,784,210 shares to an employee of the Group with a fair value of RMB21,420,000 with certain vesting as follow.

- (i) The terms and conditions of the share options granted are as follows:

	Number of Shares	Contractual life of options
<b>Shares granted to employees:</b>		
– on 3 February 2025	<u>5,784,210</u>	10 years

The vesting condition of the share options granted are as follows:

- 50% upon the completion of a business development deal with a total amount of milestone payment's equal to or above US\$500 million, of which the upfront payment shall be not less than US\$50 million;
- 50% upon the completion of a business development deal with a total amount of milestone payment's equal to or above US\$1 billion, of which the upfront payment shall be not less than US\$100 million.

As at 31 December 2025, the directors assessed the likelihood of achieving the non-market performance conditions attached to the share awards granted on 3 February 2025 under the 2025 Share Award Scheme. Based on the status of the Group's business development activities and the absence of binding agreements for transactions meeting the specified thresholds, the directors concluded that the achievement of the performance conditions was not more likely than not as of the reporting date. Accordingly, no share-based payment expense was recognised for the year ended 31 December 2025.

## Notes to the Financial Statements

### 29 CAPITAL, RESERVES AND DIVIDENDS

#### (a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

	Share capital RMB'000	Treasury shares RMB'000	Share premium account RMB'000	Capital reserve RMB'000	Exchange fluctuation reserve RMB'000	Retained profits RMB'000	Total RMB'000
At 1 January 2024	731	(51,951)	2,843,133	20,552	156,436	135,600	3,104,501
Income for the year	-	-	-	-	-	50,086	50,086
Other comprehensive loss for the year:							
Exchange differences	-	-	-	-	45,533	-	45,533
Total comprehensive income for the year	-	-	-	-	45,533	50,086	95,619
Shares repurchased	-	(98,531)	-	-	-	-	(98,531)
Shares cancelled	(42)	93,780	(93,738)	-	-	-	-
Transfer of capital reserve upon the exercise of share options	-	-	568	(568)	-	-	-
Equity-settled share award and option arrangements (note 28)	-	-	-	3,003	-	-	3,003
At 31 December 2024	689	(56,702)	2,749,963	22,987	201,969	185,686	3,104,592
At 1 January 2025	689	(56,702)	2,749,963	22,987	201,969	185,686	3,104,592
Income for the year	-	-	-	-	-	(17,781)	(17,781)
Other comprehensive loss for the year:							
Exchange differences	-	-	-	-	(74,379)	-	(74,379)
Total comprehensive income for the year	-	-	-	-	(74,379)	(17,781)	(92,160)
Issuance of shares under top-up placement	21	-	427,954	-	-	-	427,975
Issuance of shares under share option scheme	1	-	5,451	-	-	-	5,452
Shares repurchased	-	(81,578)	-	-	-	-	(81,578)
Shares cancelled	(32)	54,848	(54,816)	-	-	-	-
Transfer of capital reserve upon the exercise of share options	-	-	6,697	(6,697)	-	-	-
Equity-settled share award and option arrangements (note 28)	-	-	-	7,630	-	-	7,630
At 31 December 2025	679	(83,432)	3,135,249	23,920	127,590	167,905	3,371,911

## Notes to the Financial Statements

### 29 CAPITAL, RESERVES AND DIVIDENDS (Continued)

#### (b) Dividends

The board does not recommend the payment of any dividend in respect for the year ended 31 December 2025 (2024: Nil).

#### (c) Share capital

##### (i) Issued share capital

	2025		2024	
	No. of shares (‘000)	RMB‘000	No. of shares (‘000)	RMB‘000
<b>Ordinary shares, issued and fully paid:</b>				
At 1 January	1,012,758	689	1,072,739	731
Shares cancelled (note ii)	(44,897)	(32)	(59,981)	(42)
Issuance of shares (note iii)	31,097	22	–	–
At 31 December	<b>998,958</b>	<b>679</b>	<b>1,012,758</b>	<b>689</b>

The par value of the ordinary shares of the Company is US\$0.0001 each.

##### (ii) Repurchase and cancellation of shares

During the year, the company repurchased its own ordinary shares on The Stock Exchange of Hong Kong Limited as follows:

Month/year	Number of shares repurchased (‘000)	Highest price paid per share HKD	Lowest price paid per share HKD	Aggregate price paid RMB‘000
January 2025	2,640	4.13	2.94	8,802
April 2025	800	6.74	4.57	3,956
October 2025	1,260	11.12	8.86	11,078
November 2025	100	9.32	9.10	845
December 2025	4,926	14.80	11.17	56,897
	<b>9,726</b>			<b>81,578</b>

Notes:

#### (a) Purchase and cancellation of own shares

In 2025, the Company repurchased 9,726,000 of its shares on the Stock Exchange for a total cash consideration of HK\$89,148,000 (equivalent to approximately RMB81,578,000). In the same year, the Company cancelled 44,897,000 treasury shares on 7 January 2025 and 13 February 2025. The aggregate carrying amount of the treasury shares canceled was equivalent to RMB54,848,000 approximately, of which RMB32,000 was debited to share capital and RMB54,816,000 was debited to share premium.

In 2024, the Company repurchased 78,004,000 of its shares on the Stock Exchange for a total cash consideration of HK\$107,834,000 (equivalent to approximately RMB98,531,000). In the same year, the Company cancelled 59,981,000 treasury shares on 4 January 2024 and 5 March 2024. The aggregate carrying amount of the treasury shares canceled was equivalent to RMB93,780,000 approximately, of which RMB42,000 was debited to share capital and RMB93,738,000 was debited to share premium.

## Notes to the Financial Statements

### 29 CAPITAL, RESERVES AND DIVIDENDS (Continued)

#### (c) Share capital (Continued)

##### *(iii) Issuance of shares*

In 2025, options were exercised to subscribe for 2,277,000 ordinary shares in the Company at a consideration of RMB5,452,000. An amount of RMB1,000 was credited to share capital and an amount of RMB5,451,000 was credited to share premium.

On 25 August 2025, the Company issued 28,820,000 ordinary shares with a par value of US\$0.0001 at a price of HK\$16.45 per share under top-up placement. The net proceeds amounted RMB427,975,000, of which RMB21,000, representing the par value, were credited to the Company's share capital, and the remaining proceeds, net of share issuance expenses, of RMB427,954,000 was credited to share premium.

#### (d) Nature and purpose of reserves

##### *(i) Share premium*

The share premium represents the difference between the par value of the ordinary shares of the Company and proceeds received from the issue of the ordinary shares of the Company. Under the Cayman Companies Act, the share premium account of the Company is distributable to the ordinary shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company would be in a position to pay off its debts as they fall due in the ordinary course of the business.

##### *(ii) Capital reserve*

The capital reserve comprises the following:

- reserve arose from financing and reorganization before initial public offering;
- the portion of the grant date fair value of unexercised share options granted to employees, directors and consultants of the Company that has been recognised in accordance with the accounting policy adopted for share-based payments in note 2(q)(ii).

##### *(iii) Exchange fluctuation reserve*

The exchange fluctuation reserve is used to record exchange differences arising from the translation of the financial statements of entities of which the functional currency is not the RMB. The reserve is dealt with in accordance with the accounting policies set out in note 2(u).

## Notes to the Financial Statements

### 29 CAPITAL, RESERVES AND DIVIDENDS (Continued)

#### (e) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholders return, taking into consideration the future of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows and projected capital expenditures.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares, new debt financing or the redemption of existing debt. The Group made no changes to its capital management objectives, policies or processes during the current and prior years.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

### 30 FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, and currency risk arises in the normal course of the Group's business. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

#### (a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade receivables and other receivables.

The Group's exposure to credit risk arising from cash and bank balances, restricted deposits and time deposits is limited because the counterparties are reputable banks, for which the Group considered to present low credit risk.

The Group does not provide any guarantees which would expose the Group to credit risk.

#### *Trade and other receivables*

The Group has established a credit risk management policy under which individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Normally, the Group does not obtain collateral from customers.

The Group has significant concentration of credit risk primarily arise from significant exposure to individual customers. At the end of the reporting period, 100% (2024: 100%) of the total trade receivables was due from the Group's largest customer within research and development services.

## Notes to the Financial Statements

### 30 FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

#### (a) Credit risk (Continued)

##### *Trade and other receivables (Continued)*

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

The Group did not provide loss allowance for trade receivables from related parties. The management of the Group expect the occurrence of losses from non-performance by related parties of trade receivables to be remote and a loss allowance provision for trade receivables from related parties to be immaterial.

##### *Prepayments, other receivables and deposits*

The Group measures loss allowances for prepayments, other receivables and deposits at an amount equal to 12-month ECLs unless there has been a significant increase in credit risk since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs. The Group assessed that there is no significant loss allowance recognised in accordance with HKFRS 9 for deposits, prepayments and other receivables at 31 December 2024 and 2025.

#### (b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the parent company's board when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay:

## Notes to the Financial Statements

### 30 FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

#### (b) Liquidity risk (Continued)

	As at 31 December 2025 contractual undiscounted cash outflow				
	Within 1 year or on demand <i>RMB'000</i>	More than 1 year but less than 2 years <i>RMB'000</i>	More than 2 years but less than 5 years <i>RMB'000</i>	Total <i>RMB'000</i>	Carrying amount at 31 December 2025 <i>RMB'000</i>
Lease liabilities	2,987	1,568	784	5,339	5,158
Trade payables	1,344	–	–	1,344	1,344
Financial liabilities included in other payables and accruals	100,005	–	–	100,005	100,005
	<b>104,336</b>	<b>1,568</b>	<b>784</b>	<b>106,688</b>	<b>106,507</b>
	As at 31 December 2024 contractual undiscounted cash outflow				
	Within 1 year or on demand <i>RMB'000</i>	More than 1 year but less than 2 years <i>RMB'000</i>	More than 2 years but less than 5 years <i>RMB'000</i>	Total <i>RMB'000</i>	Carrying amount at 31 December 2024 <i>RMB'000</i>
Lease liabilities	6,389	1,419	–	7,808	7,633
Trade payables	31	–	–	31	31
Financial liabilities included in other payables and accruals	111,739	–	–	111,739	111,739
	<b>118,159</b>	<b>1,419</b>	<b>–</b>	<b>119,578</b>	<b>119,403</b>

#### (c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group is primarily exposed to fair value interest rate risk in relation to lease liabilities, bank loans and cash flow risk in relation to variable-rate bank balances. The Group currently does not have an interest rate hedging policy to mitigate interest rate risk; nevertheless, the management monitors interest rate exposure and will consider hedging significant interest rate risk should the need arise.

The Company considers that the exposure of cash flow interest rate risk arising from variable-rate bank balances is insignificant because the current market interest rates are relatively low and stable.

## Notes to the Financial Statements

### 30 FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

#### (d) Currency risk

The Group is exposed to currency risk primarily through purchases and investments which give rise to cash balances, time deposits and other payables that are denominated in a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily United States dollars, Hong Kong dollars. The Group seeks to limit its exposure to foreign currency risk by minimising its net foreign currency position.

#### (i) Exposure to currency risk

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in RMB, translated using the spot rate at the year end date. Differences resulting from the translation of the financial statements of foreign operations into the Group's presentation currency are excluded.

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
<i>United States Dollars</i>		
Cash and cash equivalents	381,019	8,056
Time deposits	–	394,473
Trade receivables	1,081	–
Other payables	(16,173)	(16,122)
Net exposure	<u>365,927</u>	<u>386,407</u>
<i>Hong Kong Dollars</i>		
Cash and cash equivalents	818	219
Other payables	(24)	–
Net exposure	<u>794</u>	<u>219</u>

## Notes to the Financial Statements

### 30 FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

#### (d) Currency risk (Continued)

##### (ii) Sensitivity analysis

The following table indicates the instantaneous change in the Group's profit after tax (and retained profits) that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant. In this respect, it is assumed that the pegged rate between the Hong Kong dollar and the United States dollar would be materially unaffected by any changes in movement in value of the United States dollar against other currencies.

	2025		2024	
	Increase/ (decrease) in foreign exchange rate %	Effect on profit after tax and retained profits RMB'000	Increase/ (decrease) in foreign exchange rate %	Effect on profit after tax and retained profits RMB'000
United States Dollars	5%	18,296	5%	19,321
	(5%)	(18,296)	(5%)	(19,321)
Hong Kong Dollars	5%	40	5%	11
	(5%)	(40)	(5%)	(11)

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' profit after tax and equity measured in the respective functional currencies, and then translated into RMB at the exchange rate ruling at the end of the reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency. The analysis is performed on the same basis for 2023.

## Notes to the Financial Statements

### 30 FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

#### (e) Fair value measurement

##### (i) Financial assets and liabilities measured at fair value

###### Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

#### As at 31 December 2025

	Fair value at 31 December 2025 RMB'000	Fair value measurement at 31 December 2025 categorised into		
		Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
<b>Recurring fair value measurement</b>				
<b>Financial assets at FVPL</b>				
– Wealth management products	26,103	–	26,103	–
– Listed equity securities	56,367	56,367	–	–
<b>Financial assets at FVOCI</b>				
– Transferable certificate of deposit	31,733	–	31,733	–

## Notes to the Financial Statements

### 30 FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

#### (e) Fair value measurement (Continued)

##### (i) Financial assets and liabilities measured at fair value (Continued)

*Fair value hierarchy (Continued)*

**As at 31 December 2024**

	Fair value at 31 December 2024 RMB'000	Fair value measurement at 31 December 2024 categorised into		
		Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
<b>Recurring fair value measurement</b>				
<b>Financial assets at FVPL</b>				
– Wealth management products	7,365	–	7,365	–
– Listed equity securities	53,526	53,526	–	–
<b>Financial assets at FVOCI</b>				
– Transferable certificate of deposit	30,865	–	30,865	–

The Group did not have any financial liabilities measured at fair value as at 31 December 2025 and 2024.

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).

##### (ii) Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of wealth management products is determined by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

The fair value of transferable certificate of deposit measured at fair value are determined by calculating based on the annualised interest rates.

## Notes to the Financial Statements

### 31 COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Contracted, but not provided for:		
Plant and machinery	<u>574</u>	<u>645</u>

The Group has entered several exclusive license agreements with other parties and is eligible to pay potential milestone payments in relation to these agreements.

### 32 CONTINGENT LIABILITIES

#### (a) Viking case

On 29 December 2022, Viking Therapeutics, Inc. (“Viking”), a pharmaceutical company in the United States, filed certain complaints against the Company, its founder Jinzi Jason WU and certain subsidiaries of the Company in connection with the Group’s drug candidates ASC41 and ASC43F. One complaint was made with the United States International Trade Commission, Washington D.C. (the “ITC”) and another complaint was made with the United States District Court, Southern District of California, (the “USDC”) San Diego Division, each covering similar allegations.

The Company received initial determination and final judgment (together the “Judgment”) from ITC on the complaint on 4 October 2024 and 29 May 2025. The Judgment, made by an Administrative Law Judge of the ITC, found a violation of Section 337 of the Tariff Act of 1930 (as amended) in the importation of the Company’s drug candidates ASC41 and ASC43F into the United States. In addition, a monetary sanction of USD567,000 (equivalent to approximately RMB4,038,000) was proposed due to certain procedural issues during the investigation phase. The Company has made a provision for this monetary sanction in the financial statements.

Regarding the complaint made with USDC, there has been no major progress since 1 January 2025, and the relevant investigation and litigation proceedings are ongoing. The Company will vigorously defend against the complaint. Accordingly, the Group has not made any provision for the allegations arising from the complaint made with USDC filed by Viking as at 31 December 2025.

#### (b) Arbitration case

In September 2025, Ascletois Pharmaceuticals became involved in an arbitration proceeding initiated by a previous customer due to commercial contracts dispute on sales of certain products.

The claimant seeks compensation in an aggregate amount around RMB25 million, comprising (i) contract payments, (ii) interest on the alleged occupied funds, and (iii) arbitration and legal fees.

As at the date of this report, the arbitration is ongoing and no ruling has been issued. Based on the information currently available, the outcome of the arbitration and its potential financial impact on the Group cannot be reliably estimated. As at 31 December 2025, the Group has not made any provision for the arbitration.

## Notes to the Financial Statements

### 33 RELATED PARTY TRANSACTIONS

#### (a) Key management personnel remuneration:

Remuneration for key management personnel of the Group, including amounts paid to the Group's directors as disclosed in Note 8 and certain of the highest paid employees as disclosed in Note 9, is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Salaries, wages and other benefits	52,141	45,739
Discretionary bonuses	61,487	18,436
Contributions to defined contribution retirement plan	407	411
Equity settled share-based payment expenses	6,856	1,477
	<b>120,891</b>	<b>66,063</b>

Total remuneration is included in staff costs (see Note 6(b)).

#### (b) Names and relationship of the related parties that had material transactions with the Group during the reporting period

Name of the related party	Relationship
Northridge	Entity controlled by Jinzi Jason WU

#### (c) Transactions with related parties

	Notes	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Revenue from providing R&D service	<i>(i)</i>	1,619	602
Receiving service	<i>(i)</i>	286	–
Payment on behalf		287	–

Notes:

- (i) The revenue and purchase from related parties was based on the price mutually agreed between the parties.

#### (d) Balance with related parties

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Trade receivables	223	152
Other payables and accruals	281	–

## Notes to the Financial Statements

### 34 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
<b>Non-current assets</b>		
Investments in subsidiaries	1,736,140	1,768,604
<b>Current assets</b>		
Other current assets	527	1,952
Amount due from subsidiaries	308,076	67,108
Financial assets at fair value through profit or loss	7,464	7,365
Time deposits	1,283,788	679,962
Cash and cash equivalents	71,134	609,914
	<u>1,670,989</u>	<u>1,366,301</u>
<b>Current liabilities</b>		
Other payables and accruals	<u>35,218</u>	<u>30,313</u>
<b>Net current assets</b>	<u>1,635,771</u>	<u>1,335,988</u>
<b>Total assets less current liabilities</b>	<u>3,371,911</u>	<u>3,104,592</u>
<b>NET ASSETS</b>	<u>3,371,911</u>	<u>3,104,592</u>
<b>CAPITAL AND RESERVES</b>		
Share capital	679	689
Reserves	<u>3,371,232</u>	<u>3,103,903</u>
<b>TOTAL EQUITY</b>	<u>3,371,911</u>	<u>3,104,592</u>

## Notes to the Financial Statements

### 35 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2025

Up to the date of issue of these financial statements, the HKICPA has issued a number of new or amended standards, which are not yet effective for the year ended 31 December 2025 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	<b>Effective for accounting periods beginning on or after</b>
Amendments to HKFRS 9, <i>Financial instruments</i> and HKFRS 7, <i>Financial instruments: disclosures – Contracts referencing nature dependent electricity</i>	1 January 2026
Amendments to HKFRS 9, <i>Financial instruments</i> and HKFRS 7, <i>Financial instruments: disclosures – Amendments to the classification and measurement of financial instruments</i>	1 January 2026
Annual improvements to HKFRSs – Volume 11	1 January 2026
HKFRS 18, <i>Presentation and disclosure in financial statements</i>	1 January 2027
HKFRS 19, <i>Subsidiaries without public accountability: disclosures</i>	1 January 2027

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Historical Financial Information.

#### **HKFRS 18, *Presentation and disclosure in financial statements***

HKFRS 18 will replace HKAS 1 Presentation of financial statements and aims to improve the transparency and comparability of information about an entity's financial statements. HKFRS 18 is effective for annual reporting periods beginning on or after 1 January 2027 and is to be applied retrospectively.

Among other changes, under HKFRS 18, entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to provide specific disclosures about management-defined performance measures in a single note in the financial statements.

The Group does not plan to early adopt HKFRS 18. HKFRS 18 will impact the presentation of financial statements and is not expected to have significant impact on the financial performance and positions of the Group.

## Notes to the Financial Statements

### 36 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

#### (a) Placing of new shares

On 10 February 2026, the Company successfully allotted and issued a total of 69,256,000 new shares (the “Placing Shares”) to not less than six places who and whose ultimate beneficial owners are third parties independent of and not connected with the Company, connected persons of the Company and any of the directors, supervisors, chief executive or substantial shareholder(s) of the Company or any of its subsidiaries or their respective associates at a placing price of HK\$12.18 per Placing Share. The Placing Shares represented approximately 6.53% of the total number of issued shares as enlarged by the allotment and issue of the Placing Shares. The net proceeds (after deduction of the commissions and estimated expenses) from the placing were approximately HK\$835.2 million. For more details, please refer to the announcement of the Company dated 10 February 2026.

## Definitions

“2024 Allocation”	the change in the use of Proceeds pursuant to the announcement of the Company dated September 23, 2024
“2025 Allocation”	the change in the use of Proceeds pursuant to the resolutions resolved by the Board on March 26, 2025
“2025 Placing Agent”	Citigroup Global Markets Limited, the capital market intermediary (as defined under Rule 1.01 of the Listing Rules) and the overall coordinator (as defined under Rule 1.01 of the Listing Rules) in relation to the Placing
“2025 Placing and Subscription”	placement of the 2025 Placing Shares by the 2025 Placing Agent or their representatives and subscription of the 2025 Subscription Shares by the 2025 Top-up Vendor under the terms and conditions of the 2025 Placing and Subscription Agreement
“2025 Placing and Subscription Agreement”	the placing and subscription agreement entered into between the Company, the 2025 Top-up Vendor and the 2025 Placing Agent on August 19, 2025 (before trading hours)
“2025 Placing Shares”	52,400,000 Shares held by the 2025 Top-up Vendor and to be placed by the 2025 Placing Agent pursuant to the 2025 Placing and Subscription Agreement
“2025 Subscription”	the subscription of the 2025 Subscription Shares by the 2025 Top-up Vendor pursuant to the 2025 Placing and Subscription Agreement
“2025 Subscription Shares”	the 28,820,000 Shares to be issued by the Company and to be subscribed by the 2025 Top-up Vendor pursuant to the 2025 Placing and Subscription Agreement
“2025 Top-up Vendor”	JJW12 Limited, a company incorporated in the British Virgin Islands, wholly owned by Dr. Wu and one of the Controlling Shareholders
“2025 Vendor Placing”	the placing of 52,400,000 existing Shares by the Top-up Vendor to Placees at the Placing Price to be procured by the Placing Agent pursuant to the Placing and Subscription Agreement
“AEs”	adverse events
“AGM”	annual general meeting of the Company
“Ascletis”, “Company”, “the Company” or “We”	Ascletis Pharma Inc. (歌禮製藥有限公司), an exempted company incorporated in the Cayman Islands with limited liability on February 25, 2014
“Ascletis BioScience”	Ascletis BioScience Co., Ltd. (歌禮生物科技(杭州)有限公司), a limited liability company established in the PRC on April 26, 2013 and an indirectly wholly-owned subsidiary of the Company
“Ascletis Pharma (China)”	Ascletis Pharma (China) Co., Limited (歌禮製藥(中國)有限公司), a company incorporated in Hong Kong with limited liability on March 15, 2018 and an indirectly wholly-owned subsidiary of the Company

## Definitions

“Ascletis Pharmaceuticals”	Ascletis Pharmaceuticals Co., Ltd. (歌禮藥業(浙江)有限公司), a limited liability company established in the PRC on September 24, 2014 and an indirectly wholly-owned subsidiary of the Company
“Ascletis Xinnuo Medicine”	Ascletis XinNuo Medicine (Hangzhou) Co., Ltd. (歌禮欣諾醫藥(杭州)有限公司), a limited liability company established in the PRC on July 24, 2018 and an indirectly wholly-owned subsidiary of the Company
“Audit Committee”	the audit committee of the Board
“Board” or “Board of Directors”	the board of directors of the Company
“BMI”	body mass index
“BVI”	the British Virgin Islands
“CG Code”	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
“Chairman”	the chairman of the Board
“China”, “Chinese Mainland” or “the PRC”	the People’s Republic of China, excluding, for the purpose of this report, Hong Kong, Macau Special Administrative Region and Taiwan
“Controlling Shareholders”	has the meaning ascribed thereto under the Listing Rules and unless the context requires otherwise, refers to Dr. Wu, Mrs. Judy Hejingdao Wu, JJW12 Limited, Lakemont Holding LLC and the Lakemont Remainder Trust, as a group, or any member of them
“Director(s)”	the director(s) of the Company
“Dr. Wu”	Dr. Jinzi Jason WU (吳勁梓), our Founder and the spouse of Mrs. Judy Hejingdao Wu, chairman of the Board, chief executive officer, an executive Director of the Company, one of our Controlling Shareholders
“EGM”	the extraordinary general meeting of the Company
“FASN”	fatty acid synthase
“FDA”	U.S. Food and Drug Administration
“FVPL”	fair value through profit or loss
“Gannex Pharma”	Gannex Pharma Co., Ltd. (甘萊製藥有限公司), a limited liability company incorporated under the laws of the PRC on September 3, 2019 and an indirectly wholly-owned subsidiary of the Company
“GCGR”	glucagon receptor
“GI”	gastrointestinal
“GIPR”	gastric inhibitory polypeptide receptor

## Definitions

“Global Offering”	the public offering and the listing of the Shares on the Main Board of the Stock Exchange on August 1, 2018
“GLP-1R”	glucagon-like peptide 1 receptor
“Greater China”	Chinese Mainland, Hong Kong, Macau and Taiwan
“Group”, “our Group” or “the Group”	the Company and its subsidiaries
“HK\$” or “HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“HKFRS”	the Hong Kong Financial Reporting Standards
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“IND(s)”	investigational new drug(s), (an) experimental drug for which a pharmaceutical company obtains permission to ship across jurisdictions (usually to clinical investigators) before a marketing application for the drug has been approved
“ITC”	the United States International Trade Commission
“LDL-C”	low-density lipoprotein cholesterol
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
“Main Board”	the Main Board of the Stock Exchange
“MASH”	metabolic dysfunction-associated steatohepatitis
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules
“New York Stock Exchange”	a stock exchange based in New York City in the United States
“PBC”	primary biliary cholangitis
“PowerTree”	PowerTree Investment (BVI) Ltd., a company incorporated in the BVI with limited liability on January 13, 2011 and wholly owned by the Company
“PRC Pension Scheme”	the central pension scheme operated by the local municipal government
“Proceeds”	proceeds from the Global Offering
“Prospectus”	the prospectus issued by the Company dated July 20, 2018
“R&D”	research and development
“Remuneration Committee”	the remuneration committee of the Board

## Definitions

“Renminbi” or “RMB”	Renminbi Yuan, the lawful currency of the PRC
“Reporting Period”	the one-year period from January 1, 2025 to December 31, 2025
“SAEs”	serious adverse events
“Sagimet”	Sagimet Biosciences Inc., a corporation incorporated in Delaware in December 2006, whose shares are listed on the Nasdaq Stock Market (stock code: SGMT)
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time
“Shanghai Stock Exchange”	a stock exchange based in the city of Shanghai, PRC
“Shareholder(s)”	holder(s) of Shares
“Share(s)”	ordinary shares in the share capital of our Company of US\$0.0001 each
“2019 Share Option Scheme”	the share option scheme adopted by the Company on June 6, 2019
“Shenzhen Stock Exchange”	a stock exchange based in the city of Shenzhen, PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“TEAEs”	treatment-emergent adverse events
“THRβ”	thyroid hormone receptor beta
“treasury shares”	has the meaning ascribed to it under the Listing Rules
“U.S.”	United States of America, its territories, its possessions and all areas subject to its jurisdiction
“U.S. dollar(s)”, “USD” or “US\$”	United States dollars, the lawful currency of the United States of America
“USDC”	United States District Court, Southern District of California
“Viking”	Viking Therapeutics, Inc.
“Written Guidelines”	the Guidelines for Securities Transactions by Directors adopted by the Company
“%”	per cent

*In this annual report, the terms “associate”, “connected person”, “controlling shareholder” and “subsidiary” shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.*