SUNSHINE LAKE PHARMA CO., LTD.

廣東東陽光藥業股份有限公司

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

(Stock Code: 6887)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2026

FINANCIAL HIGHLIGHTS

For the six months ended 30 June 2026, the Group recorded:

- Revenue of RMB 1,075.31 million, representing a decrease of 44.50% as compared with RMB 1,937.67 million for the six months ended 30 June 2025.
- Gross profit of RMB 578.17 million, representing a decrease of 60.60% as compared with RMB 1,467.61 million for the six months ended 30 June 2025.
- Loss before interest, tax, depreciation and amortisation of RMB 227.30 million, representing an decrease of RMB 657.35 million as compared to profit before interest, tax, depreciation and amortisation of RMB 430.05 million for the six months ended 30 June 2025.
- Loss and total comprehensive income attributable to equity shareholders of the Company of RMB 596.42 million, representing an increase in loss of RMB 542.15 million as compared to the loss and total comprehensive income attributable to equity shareholders of the Company of RMB 54.27 million for the six months ended 30 June 2025.
- Both basic and diluted losses per share of RMB 1.09.

INTERIM DIVIDEND

- The Board resolved not to declare the payment of an interim dividend for the six months ended 30 June 2026 (six months ended 30 June 2025: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

I. INDUSTRY REVIEW

In the first half of 2026, under the combined policy tailwinds of an accelerated drug review and approval system, support for Artificial Intelligence ("**AI**")-powered drug development, reform of drug pricing mechanisms, and continued optimisation of medical and commercial insurance mechanisms, the pharmaceutical industry's development focus officially shifted from price competition in a saturated market to competition based on clinical value-orientated innovation value. The three major segments of essential medicines, namely anti-infective, chronic disease and oncology treatments, continued to expand steadily, while domestically produced innovative drugs in China gradually moved towards the forefront of global innovation. AI-powered drug development became deeply integrated into the entire drug Research and Development ("**R&D**") process, entering a critical stage of clinical implementation and commercialisation validation. Driven by global economic recovery and domestic policy support in China, China's pharmaceutical industry as a whole stabilised and recovered in the first half of 2026, with the pace of high-quality industry development continuing to accelerate.

1. Policy Level

(1) Accelerated drug review and approval system, facilitating the commercialisation of innovative drug pipelines

The revised Regulations for Implementation of the Drug Administration Law of the People's Republic of China ("**PRC**"), officially promulgated in January 2026 and taking effect in May, established a clinical value-oriented drug review and approval pathway. It clarified the mechanisms for expediting the marketing registration of breakthrough therapies, drugs subject to special approval and other categories of drugs. This is highly aligned with the focus of Sunshine Lake Pharma Co., Ltd. (the "**Company**") and its subsidiaries (collectively, the "**Group**" or "**we**" or "**our**" or "**us**") on core therapeutic areas and its R&D strategy of independent innovation.

(2) National-level policy documents, providing systematic support for AI-powered drug development

In January 2026, eight government departments jointly issued the Implementation Guidelines for the AI plus Manufacturing Special Initiative (《「人工智能+製造」專項行動實施意見》), which explicitly proposed the development of AI-driven platforms for new drug discovery and virtual screening, promoting the in-depth application of AI technology throughout the new drug R&D process. The launch of the National AI-powered Drug Development Innovation Action Plan marks the establishment of systematic policy support for the application of AI technology in new drug R&D, providing AI-powered drug development companies with support in computing infrastructure and data access.

(3) Implementation of a value-based pricing mechanism for innovative drugs, ensuring reasonable returns on R&D investment

In April 2026, the General Office of the State Council of the PRC issued the Several Opinions on Improving the Drug Pricing Formation Mechanism (Guobanfa [2026] No. 9) (關於健全藥品價格形成機制的若干意見), setting out a market-oriented reform direction and introducing a self-assessment mechanism for newly launched drugs, under which pharmaceutical companies may independently determine reasonable prices. For the first time at the national level, it was explicitly recognised that the prices of high-quality innovative drugs should be commensurate with their high investment and high-risk characteristics, providing institutional support for the realisation of value from the Group's innovative drug pipeline.

(4) Integration of basic medical insurance and commercial health insurance, expanding payment coverage for innovative drugs

In May 2026, the China National Healthcare Security Administration issued the 2026 Adjustment Plan for China's National Reimbursement Drug List for Basic Medical Insurance, Maternity Insurance and Work-Related Injury Insurance and Commercial Health Insurance Reimbursement List for Innovative Drugs (《二零二六年國家基本醫療保險、生育保險和工傷保險藥品目錄及商業健康保險創新藥品目錄調整工作方案》), concurrently promoting coordinated adjustments to the basic medical insurance drug catalog and the commercial health insurance innovative drug catalog, and introducing a new pre-application mechanism for innovative drugs. These measures are expected to effectively shorten the period from approval of innovative drugs to their becoming accessible to patients, while providing diversified payment support for the commercialisation of innovative drugs.

2. Industry Trends

(1) Continued breakthroughs in innovative drug R&D, with AI-powered drug development receiving policy support for standardised development

The domestic innovative drug industry continued to make significant progress in R&D in key cutting-edge therapeutic areas such as oncology, infectious diseases and chronic diseases, which is highly aligned with the Group's core pipeline strategy. Benefiting from favourable policies, including priority review and approval and adjustments to the National Reimbursement Drug List, a number of domestically developed Class I innovative drugs continued to receive marketing approvals throughout the year. The industry's capabilities in original drug R&D continued to strengthen, and the industry as a whole steadily transitioned from a

combination of innovative development and imitation to a new stage of high-quality development characterised by original innovation and globalisation. In April 2026, the China National Medical Products Administration ("**NMPA**") officially issued the implementation opinions on "Artificial Intelligence + Drug Regulation", clarifying the standardised development of AI-powered drug development technologies and promoting the standardised and orderly application of this cutting-edge technology throughout the entire pharmaceutical R&D process.

(2) Significant progress in the global expansion of innovative drugs, with overseas collaboration models continuing to evolve

In the first half of 2026, operating data for China's innovative drug sector recovered significantly, while overseas licensing transactions by pharmaceutical companies gained strong momentum. The number of innovative drug projects expanding overseas increased substantially, and the overall scale of outbound licensing transactions grew rapidly. Collaborative pipelines were concentrated in high-value core therapeutic areas such as oncology and metabolic diseases. Collaboration models across the industry continued to evolve, with Co-Co (Co-development + Co-commercialisation) gradually becoming a mainstream collaboration model. Meanwhile, the scale of pharmaceutical exports continued to expand steadily, with the export mix undergoing continuous optimisation and exports increasingly shifting towards higher value-added pharmaceutical formulations.

(3) Accelerated pharmaceutical industry consolidation, optimising and reshaping the industry landscape

Driven by innovation and guided by policies, consolidation in the pharmaceutical industry accelerated, with high-quality innovative resources continuing to be concentrated in enterprises with strong core R&D capabilities. Leveraging its diversified innovative drug pipeline and advantages in cutting-edge core technologies, the Group is well positioned to benefit from the reshaping of the industry landscape.

Looking ahead, the overall pharmaceutical industry is expected to maintain its recovery and positive momentum. The reform of drug pricing mechanisms, adjustments to the two drug catalogs and optimisation of the drug review and approval system are expected to unlock policy benefits, while accelerated commercialisation of innovative drugs, deeper international expansion and the iterative application of AI-powered drug development technologies will continue to generate new engines of growth. The pharmaceutical industry will steadily advance towards high-quality development while balancing efficiency and compliance.

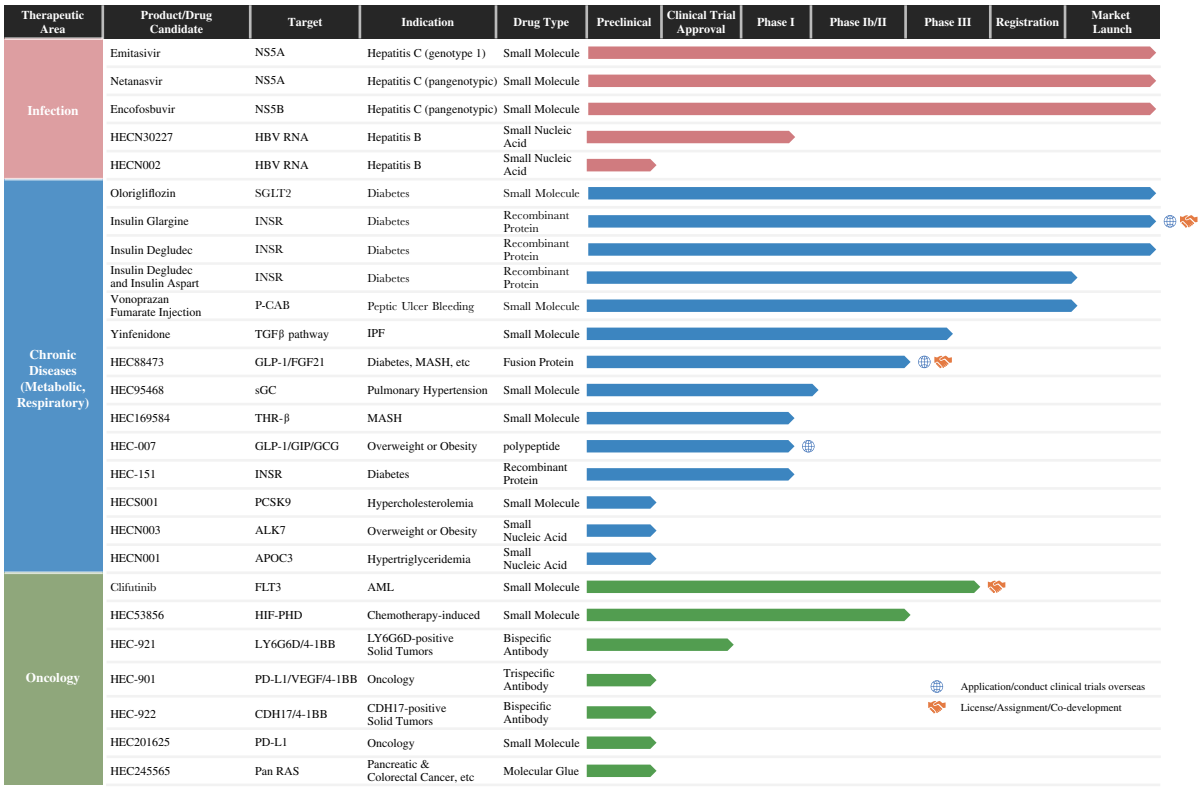
II. COMPANY OVERVIEW

The Company is a vertically integrated pharmaceutical company engaging in the research and development, production and commercialization of pharmaceutical products. With over two decades of experience since our inception in 2003, driven by "innovation" and "internationalization", we have formed comprehensive and integrated in-house research and development capabilities. Our R&D team consists of nearly 1,000 research and development personnels, including scientists with extensive work experience gained in multinational pharmaceutical companies and pharmaceutical talents with rich experience in research and development. We have received many national and provincial awards, including National Key Laboratory, National Model Enterprise of Intellectual Property, Postdoctoral Research Station, and the First Class Award for Science and Technology Progress in Guangdong Province.

We focus on core therapeutic areas such as infectious diseases, chronic diseases and oncology, and adhere to a research and development strategy of independent innovation, establishing a highly competitive pipeline of innovative drugs. The Group has more than 150 approved drugs, 4 innovative drugs launched on the market and 1 new drug filed for registration, nearly 50 Class I innovative drug candidates, over 10 of which are in clinical research stages. In terms of internationalization, we have successfully achieved overseas authorization of an innovative drug candidate HEC88473 in 2024. Insulin Glargine Injection received an approval letter from the U.S. Food and Drug Administration (the "**FDA**") in April 2026, making it the first domestically produced insulin product to be marketed in the United States. Diverse and robust pipeline of innovative drug candidates not only consolidates the Group's leading position in the research and development in China's pharmaceutical industry, but also provides sustained momentum for long-term quality development. Our research and development platforms cover the full cycle of the development of chemical drugs and biologics, with advanced technologies such as AI-driven Drug Design ("**AIDD**"), specific antibodies, small nucleic acid, antibody drug conjugates ("**ADC**"), and proteolysis targeting chimera ("**PROTAC**"). We are committed to applying AI technology across all stages of drug research and development, having established advanced AI-driven models to enhance our innovation capabilities.

Progress in the research and development of core pipeline Products

Building on more than twenty years of profound drug R&D experience and leveraging its comprehensive technical platforms and systems, the Group has established a diversified pipeline of innovative candidates across the fields of infection, chronic diseases, and oncology, providing a core strategic reserve for the Group's sustainable development.



From January 2026 to the date of this announcement, the Group's R&D product pipeline made significant progress.

1. Registration and approval progress

1 innovative drug of the Group was granted first marketing approval in China, the New Drug Application ("**NDA**") for 1 modified new drug was accepted by the NMPA of China, 2 biosimilars were approved for marketing, and Clinical Trial Application for 3 innovative drugs were approved.

China

- In January 2026, Oloriglifloz in Capsules, a sodium glucose cotransporter 2 inhibitor (SGLT-2 inhibitor) and Class I innovative drug developed in-house by the Group, was approved for marketing in China for use as monotherapy or in combination with metformin to improve glycemic control in adults with type 2 diabetes.

- In April 2026, the New Drug Application for Vonoprazan Fumarate and Sodium Chloride Injection, an improved new drug developed in-house by the Group, has been accepted by the NMPA.

- In April 2026, the clinical trial application for HEC-648 Injection, a monoclonal antibody targeting the G protein of Nipah Virus developed in-house by the Group, was approved by the NMPA.

- In July 2026, Insulin Degludec Injection, developed in-house by the Group, was approved for marketing in China.

- In August 2026, the clinical trial application for HEC-921 Injection, a novel LY6G6D/4-1BB-targeting bispecific antibody ("**TCE**") developed in-house by the Group, was approved by the NMPA.

The United States

- In February 2026, the Group's HEC-007 injection, a triple target innovative drug for the treatment of obesity, was approved for clinical trials by the FDA.

- In April 2026, Insulin Glargine Injection developed in-house by the Group was approved for marketing by the FDA, and in July 2026, the first commercial shipment to the United States was successfully completed.

2. Progress in major clinical research

Clifutinib Besylate Tablets

- In June 2026, the Group's Phase III clinical trial in China for the treatment of relapsed or refractory acute myeloid leukemia ("**AML**") with FLT3-ITD mutation is actively enrolling patients.

Yinfenidone Hydrochloride Tablets

- In June 2026, the Group's Phase III clinical trial in China for the treatment of Idiopathic Pulmonary Fibrosis ("**IPF**") is actively enrolling patients.

HEC53856 Tablets

- In April 2026, the Group completed a Phase II clinical trial for the treatment of chemotherapy-induced anemia in patients with non-myeloid malignancies in China.

HECN30227 Injection

- In June 2026, the Group's Phase I clinical trial in China for healthy subjects and subjects with chronic hepatitis B is actively enrolling patients.

HEC-007 Injection

- In June 2026, the Group's Phase I clinical trial in China for healthy subjects and overweight or obese patients is actively enrolling patients.

HEC169584 Capsules

- In June 2026, the Group's Phase I clinical trial in healthy subjects in China is actively enrolling patients.

HEC-151 Injection

- In June 2026, the Group's Phase I clinical trial in healthy subjects in China is actively enrolling patients.

3. Overview of registration and Phase II and III clinical pipelines

Drug Name	Drug Classification	Target	Indication	Stage
Clifutinib Tablets	New chemical drug	FLT3	AML	Phase III clinical
Yinfenidone Tablets	New chemical drug	TGF-β pathway	IPF	Phase III clinical
Vonoprazan Fumarate Injection	Improved new drug	P-CAB	Peptic ulcer bleeding	Registration Application
Insulin Degludec and Insulin Aspart Injection	Biosimilar drug	INSR	Diabetes	Registration Application
Liraglutide Injection	Biosimilar drug	GLP–1	Diabetes	Phase III clinical completed
HEC88473	New biological drug	GLP–1/FGF21	Diabetes, MASH, etc	Phase II clinical completed
HEC53856	New chemical drug	HIF-PHD	Tumor chemotherapy-related anemia	Phase II clinical
HEC95468	New chemical drug	sGC	Pulmonary hypertension	Phase II clinical
HEC–007	New chemical drug	GLP-1/GIP/GCG	Obesity, Type 2 Diabetes	Phase I clinical
HECN30227	New chemical drug	HBV RNA	Hepatitis B	Phase I clinical
HEC–151	New biological drug	INSR	Diabetes	Phase I clinical
HEC169584	New chemical drug	THR-β	MASH	Phase I clinical

4. Patents

In the first half of 2026, the Group applied for a total of 113 invention patents, and total of 43 invention patents have been authorized. As at 30 June 2026, the Group had applied for a total of 2,064 invention patents, including 417 Patent Cooperation Treaty ("**PCT**") applications, 856 domestic invention patents and 791 overseas invention patents. Among them, a total of 1,016 invention patents have been authorized, including 420 domestic invention patents and 596 overseas invention patents.

5. The main research results are publicly published

- At the 2026 Annual Meeting of the American Association for Cancer Research ("**AACR**") held in San Diego, California, the United States, in April 2026, the Group presented the latest preclinical research results of three research pipeline programs in the field of oncology in three poster presentations. The programs showcased included a CDH17/4-1BB bispecific antibody, an oral, highly potent Pan-RAS molecular glue inhibitor, and an oral small molecule PD-L1 inhibitor. These presentations fully demonstrated the Group's diversified technology platforms and continued innovation capabilities in TCE technology, precision targeting and small molecules for cancer immunotherapy.

- In June 2026, the results of two Phase III clinical trials of Oloriglifloxin of the Group were published in the *Chinese Medical Journal*, demonstrating its superior reduction in postprandial blood glucose levels and high safety profiles.

Overview of core pipeline products

1. Leading Domestic Anti-Infection Drug R&D Capabilities

In the field of anti-infective treatment, the Group has further solidified its position by leveraging the platform advantages of the "State Key Laboratory of Anti-Infective Drug Development". With a core focus on antiviral infections, the Group prioritizes addressing acute respiratory infections (Influenza and Respiratory Syncytial Virus) and chronic viral hepatitis.

Hepatitis B

Building on a deep understanding of the "functional cure" for hepatitis B, the Company is concurrently developing a "siRNA/ASO/Immunomodulator" double or triple therapy. This approach aims to comprehensively inhibit Hepatitis B Virus and surface antigen through multi-target synergy, and to initiate a new era of "functional cure" for Hepatitis B via immune reconstruction, bringing renewed hope to patients.

Product Candidate — HECN30227 Injection

HECN30227 Injection is a Class I new drug independently developed by the Group with global intellectual property rights. It is the Group's first siRNA drug developed on its small nucleic acid technology platform and is capable of eliminating hepatitis B surface antigens ("**HBsAg**") derived from both cccDNA and integrated DNA. Preclinical data demonstrate that HECN30227 Injection exhibits pan- genotypic activity, effectively reduces HBsAg levels, and maintains strong efficacy against nucleoside- resistant strains. Its in vitro and in vivo potency surpasses that of clinical competitors. The injection employs the Company's proprietary HEC-GalNova (N-acetylgalactosamine) liver- targeted delivery system, which achieves precise and efficient hepatic delivery while significantly minimizing off-target risks. HECN30227 Injection is currently enrolling patients with chronic hepatitis B for its Phase I clinical trials.

Product Candidate — HECN002 Injection

HEC-N002 Injection is a Class I new drug independently developed by the Group with global intellectual property rights. It is the Group's first unconjugated ASO drug developed on the small nucleic acid technology platform. This drug eliminates HBsAg via a dual mechanism of RNA degradation and host immune activation. Preclinical data show pan-genotypic activity and effective reduction of HBsAg levels, with superior in vitro and in vivo efficacy compared to clinical competitors. HECN002 Injection is currently in preclinical development that support investigational new drug ("**IND**") application.

2. *A Diversified and Mature Research Pipeline in Chronic Diseases to Build a Long-Term Core Competitive Track*

The Group's innovative drug candidates for chronic disease treatment focus on chronic respiratory, metabolic, cardiovascular, and renal diseases. These conditions continue to present significant unmet medical needs, including better drug combinations, more convenient administration methods, and improved efficacy and safety. Consequently, demand for innovative treatment solutions is steadily increasing.

Product Candidate — Yinfenidone Hydrochloride Tablets

Yinfenidone Hydrochloride (HEC585) is a Class I innovative drug independently developed by the Group for the treatment of IPF. It has entered the pivotal Phase III clinical trial stage. It features a broader anti-fibrotic mechanism by synergistically inhibiting multiple pathways, including the suppression of various cellular inflammatory factors, fibroblast proliferation and activation, and collagen synthesis. In vitro efficacy studies show that Yinfenidone inhibits fibroblast proliferation and activation with an IC_{50} 200–500 times lower than pirfenidone. In lung organoid fibrosis models and animal studies, Yinfenidone demonstrated significantly superior efficacy compared to pirfenidone and nintedanib.

The Phase I clinical trials of Yinfenidone have been completed in China and the U.S., which showed that it has a long half- life and allows for once-daily dosing. Yinfenidone received Orphan Drug Designation from the FDA, qualifying it for preferential approval and pricing policies of the US. A Phase II clinical trial of Yinfenidone (with pirfenidone as the positive control) achieved positive interim results, meeting the study endpoints and demonstrating superior efficacy and good safety and tolerability compared to the control group. Based on these Phase II interim data, the Group has submitted and obtained approval from the Center for Drug Evaluation of NMPA ("**CDE**") for Phase III clinical trials. Key Phase II data were presented at the 9th IPF Summit 2025 in August 2025. The key trial results demonstrated that the 24-week forced vital capacity ("**FVC**")[1] of the Yinfenidone 200mg group showed significant improvement compared with the baseline data of the placebo group and the Pirfenidone group, and the decline rate was delayed by 96% compared with the placebo group. We believe Yinfenidone has the potential to become a best-in- class treatment worldwide for IPF.

In addition, preclinical studies have demonstrated that Yinfenidone possesses exceptional anti-hepatic fibrosis potential, with efficacy markedly superior to that of Pirfenidone. In the bleomycin-induced interstitial lung disease ("**ILD**") model, the drug can significantly reduce inflammatory cell infiltration around pulmonary vessels and bronchi- predominantly through macrophages, with a reduction rate of up to 70%, indicating promising therapeutic potential for interstitial lung disease.

Product Candidate — Vonoprazan Fumarate Injection

Vonoprazan Fumarate Injection is a modified new drug, a potassium-competitive acid blocker (P-CAB) independently developed by our Group for the treatment of bleeding peptic ulcers. It reduces gastric acid secretion by inhibiting the H+/K+-ATPase on gastric parietal cells. Compared to the original tablet formulation Vocinti® (Vonoprazan Fumarate Tablets), this product could meet the clinical needs of patients with peptic ulcer bleeding that oral formulations cannot address, including high-risk patients who cannot take oral medications due to severe conditions, and patients who require a rapid increase in gastric pH for quick hemostasis. The results of a multicenter, randomized, double-blind, active-controlled Phase II/III clinical trial evaluating the safety and efficacy of Vonoprazan Fumarate and Sodium Chloride Injection in patients with bleeding peptic ulcers indicate that Vonoprazan Fumarate and Sodium Chloride Injection could effectively reduce the risk of re-bleeding in these patients and is well tolerated. Furthermore, this injection is a ready-to-use large-volume infusion that requires no clinical preparation, effectively reducing risks of bacterial and insoluble particulate contamination, while preventing preparation errors and enhancing medication safety and convenience. We submitted drug application for this product to the NMPA in March 2026. In April 2026, the application was accepted by the NMPA.

Product Candidate — HEC88473 Injection

The Group's independently developed HEC88473 Injection is a novel GLP-1/FGF21 dual-target long-acting fusion protein injection with potential applications in treating multiple metabolic diseases such as type 2 diabetes and metabolic dysfunction-associated steatohepatitis ("**MASH**"). It has completed Phase II clinical trials. In November 2024, the Group entered into an exclusive overseas licensing and commercialization agreement with Apollo Therapeutics, demonstrating HEC88473 Injection's global development and commercialization capabilities. HEC88473 Injection can stably control blood glucose, promote weight loss, improve lipid profiles, and shows promising therapeutic potential for improving MASH and liver fibrosis, offering broad metabolic benefits.

Product Candidate — HEC–007 Injection

HEC-007 Injection is a new fatty acid side-chain modified GLP-1/GCG/GIP triple-target peptide drug developed independently by the Group, intended for treating overweight or obesity and related metabolic diseases. In preclinical studies, HEC-007 Injection has demonstrated superior efficacy and higher safety compared to similar drugs, with the potential to achieve breakthroughs in both weight loss and glycemic control. The Group submitted an application for clinical trial of IND application for HEC-007 Injection in China in January 2025 and received clinical trial approval in April 2025, and are currently conducting Phase I clinical studies for healthy subjects and overweight/obese patients. We also obtained the clinical trial approval from the FDA in February 2026. Simultaneously, an oral dosage form is being developed based on a gastrointestinal permeation enhancement +special formulation design strategy, balancing drug absorption and tissue safety. Preclinical studies indicate that the efficacy of oral HEC-007 tablets in obese animal models is comparable to that of the injectable group, demonstrating better dose-dependency. This differentiated oral formulation, while ensuring therapeutic efficacy, will provide a new treatment option for patients.

Product Candidate — HEC169584 Capsules

HEC169584 is the Group's first Class I innovative drug independently developed by the AIDD laboratory and is a THR- β agonist for treating MASH. Using the HEC GEN model — a molecular fragment generation model based on sparse graph attention neural networks — the Group identified small molecule HEC169584. Preclinical results show HEC169584 has superior in vitro activity against THR- β cells compared to the positive control Resmetirom (the first FDA-approved drug in 2024 for MASH treatment). It exhibits strong liver targeting and a high liver-to-blood ratio, reducing effects on the thyroid axis, heart, and other tissues. In a MASH mouse model with liver fibrosis, it improves liver function, blood lipids, hepatic lipids, liver inflammation, NAFLD activity score, and fibrosis. As of the date of this announcement, this candidate compound is currently undergoing Phase I clinical trials.

Product Candidate — HEC–151 Injection

HEC-151 Injection is an ultra-long-acting insulin molecule independently developed by the Group. Through site-specific amino acid mutations in human insulin, combined with chemical modification using a novel fatty acid side chain, the molecule achieves a long-acting profile that supports once-weekly dosing. Preclinical studies indicate that, compared to "Icodec" insulin, HEC-151 Injection exhibits superior PK/PD characteristics and achieves stable and superior glucose control at lower dosing. The product is currently undergoing Phase I clinical studies.

Product Candidate — HECN003 Injection

HECN003 Injection is the first small nucleic acid drug targeting adipose tissue and down-regulating the ALK7 target, built upon the Group's independently developed adipose-targeted delivery platform. The product can efficiently inhibit the expression of ALK7 protein in adipose tissue, alleviate inflammatory responses induced by adipose dysfunction, and accelerate lipid catabolism, thereby improving the symptoms of metabolic syndrome. Preclinical studies indicate that following a single administration in cynomolgus monkeys, the maximum inhibitory activity exceeded 90%, with an efficacy duration of up to three months or longer. In vivo toxicological studies in rodents and cynomolgus monkeys confirmed that the compound demonstrated excellent overall tolerance and a favorable safety profile. Concurrently, HECN003 possesses the advantage of a simplified molecular structure, which can reduce the difficulty of chemistry, manufacturing, and control ("**CMC**") process development. As at the date of this announcement, the candidate drug is undergoing preclinical studies.

Product Candidate — HECS001

HECS001 is an oral small molecule PCSK9 inhibitor, which is a Class I new drug independently developed by the Group with global intellectual property rights. By targeting the PCSK9 protein to inhibit its degradation of LDLR, the product accelerates the decompose of LDL-C, thereby reducing LDL-C concentrations in the blood for the treatment of patients with hypercholesterolemia and mixed dyslipidemia. Currently, no PCSK9 small molecule inhibitor has been approved for marketing globally. Preclinical study data of HECS001 indicate a significant LDL-C lowering effect and supports once-weekly oral dosing. In terms of both efficacy and drug compliance, it demonstrates best-in-class potential. As at the date of this announcement, the candidate drug is undergoing preclinical studies.

Product Candidate — HECN001 Injection

HECN001 Injection is a Class I new drug independently developed by the Group with global intellectual property rights. It is also the Group's first siRNA drug in the cardiovascular therapeutic field developed based on its small nucleic acid technology platform, which achieves liver-targeted APOC3 and reduces triglycerides for the treatment of diseases such as hypertriglyceridemia. Preclinical data indicate that the in vivo and in vitro efficacy and safety profile of HECN001 Injection are superior to those of its clinical competitors. Furthermore, HECN001 Injection features a simplified structure and low difficulty in CMC development. As at the date of this announcement, the Group's HECN001 Injection is undergoing preclinical studies.

3. Deepening the Tumor Pipeline with Multiple Therapeutic Technologies

The Group adheres to an R&D strategy centered on clinical value, focusing on unmet clinical needs in oncology. It has developed a trinity of innovative tumor therapies: "precision targeted therapy, breakthrough in drug resistance mechanisms, and optimization of treatment safety". Leveraging cutting-edge platforms — including bispecific antibodies, ADC, molecular glue degraders, and CAR-T cell therapies — and employing multi- mechanism collaborative innovation, the Group has systematically built a comprehensive candidate product matrix spanning small molecules, biologics, and cell therapies, establishing a differentiated competitive advantage.

Product Candidate — Clifutinib Besylate Tablets

Clifutinib Besylate Tablets are a Class I innovative drug independently developed by the Group. It is a second-generation highly selective FLT3 inhibitor for treating patients with relapsed/refractory AML harboring FLT3-ITD mutations. This candidate boasts notable clinical efficacy and a low risk of cardiotoxicity. Phase I clinical results were presented at the 2022 European Hematology Association Annual Meeting and the 2023 American Society of Hematology Annual Meeting. According to a Frost & Sullivan report, Clifutinib is the first highly selective FLT3 inhibitor independently developed in China to enter Phase III clinical trials. On 25 November 2024, the Group signed an exclusive commercialization cooperation agreement with YiChang HEC ChangJiang Pharmaceutical Co., Ltd. and Shenyang Sansheng Pharmaceutical Co., Ltd. We are accelerating the Phase III clinical trial of Clifutinib. With the rapid expansion of China's AML drug market, Clifutinib Besylate holds significant market potential.

Product Candidate — HEC53856 Tablets

HEC53856 is a Class I innovative HIF-PHD inhibitor independently developed by the Group, indicated for chemotherapy-induced anemia in patients with renal anemia and non-myeloid malignancies. Completed clinical and non- clinical trial data indicate that, based on non-head-to-head comparisons, HEC53856 exhibits superior safety to Roxadustat, a HIF-PHD-targeting drug for renal anemia. In healthy subjects, HEC53856 showed no adverse reactions associated with increased heart rate and a low risk of thrombosis. Additionally, HEC53856 offers cholesterol-lowering benefits. Its exposure is unaffected by food intake or renal impairment, making it a flexible and suitable treatment option for patients with renal insufficiency. As of the date of this announcement, the Group has currently completed Phase II clinical trials of HEC53856 for chemotherapy-related anemia. Both efficacy and safety parameters have met expectations.

Product Candidate — HEC-921 Injection

HEC-921 Injection is a first-in-class bispecific antibody independently developed by the Group that targets G6D (LY6G6D), a member of the lymphocyte antigen 6 family, and tumor necrosis factor receptor superfamily member 9 (4-1BB). It is intended for the treatment of LY6G6D-positive solid tumors. Through the screening of specific 4-1BB epitopes and the engineering design of the bispecific antibody, we have enhanced tumor-killing activity while reducing toxic side effects. Preclinical study results indicate that HEC-921 is highly effective, demonstrating superior tumor-killing activity in multiple colorectal tumor models, with a favorable safety profile and no evidence of 4-1BB-related hepatotoxicity. In August 2026, the clinical trial application for the HEC-921 injection was approved by the NMPA. Research findings on this drug candidate were presented as a poster at the 2025 AACR Annual Meeting, where they garnered widespread attention.

Product Candidate — HEC-901

HEC-901 is a PD-L1/VEGF/4-1BB trispecific antibody independently developed by the Group, featuring an innovative "road paving + brake release + accelerator" triple-synergistic antitumor mechanism, and is primarily intended for use in the field of immunotherapy for solid tumors. By inhibiting VEGF to improve the abnormal tumor vascular microenvironment, blocking PD-L1 to relieve tumor immune suppression, and targeting the 4-1BB pathway to activate immune cells, HEC-901 comprehensively remodels the tumor immune microenvironment and potently activates tumor-infiltrating immune cells. Its optimized molecular structure is designed to fully leverage the synergistic antitumor effects of the three targets while effectively mitigating safety risks such as hepatotoxicity. Preclinical research data have demonstrated that HEC-901 has excellent antitumor efficacy and a favorable safety profile, with the potential to effectively manage the risk of hepatotoxicity and become a backbone therapy in the field of cancer immunotherapy. As of the date of this announcement, the product has completed efficacy validation in multiple animal models and is undergoing formal preclinical studies.

Product Candidate — HEC–922

HEC–922 is a bispecific antibody independently developed by the Group, targeting both calcium-dependent adherens junction protein 17 (CDH17) and 4–1BB. It is primarily intended for CDH17-positive tumour patients, with a focus on gastrointestinal malignancies. By optimising the affinity differential between CDH17 and 4-1BB antibodies and refining the bispecific antibody structure, we ensured that the HEC-922 molecule can bind to 4-1BB and activates T cells only upon specifically binding to CDH17. This approach circumvents this hepatotoxicity associated with non-specific activation observed in clinical applications of 4-1BB monoclonal antibodies. As of the date of this announcement, the molecule's significant pharmacological efficacy and capacity for immune cell reconstitution and activation have been validated across various animal models, demonstrating sustained antitumour effects even at low doses (0.3 mg/kg). Additionally, this bispecific antibody is a nanobody, featuring a simple structure that facilitates production; its low molecular weight enhances tumour infiltration, thereby improving therapeutic efficacy. The drug candidate was featured in a poster presentation at the 2026 AACR Annual Meeting, held in San Diego, California, the United States, in April 2026, showcasing the latest preclinical research results of HEC-922.

Product Candidate — HEC201625

HEC201625 is a highly active, highly specific oral small molecule PD-L1 inhibitor independently developed by the Group. It binds specifically to PD-L1 on tumor cell surfaces, inducing dimerization and internalization, thereby effectively blocking PD-L1 interaction with PD-1 on immune T cells. This activates T cell recognition and killing of tumor cells. Preclinical data demonstrate that HEC201625 exhibits comparable or superior antitumor activity to PD-L1 antibodies across multiple humanized immune-reconstituted tumor models, including models resistant to PD-L1 monoclonal antibodies. It shows a high safety margin and favorable druggability. Combined use with chemotherapy, VEGF monoclonal antibodies, VEGFR inhibitor or KRAS G12C inhibitors yields synergistic effects. As of the date of this announcement, the non-clinical evaluations required for the IND application have been completed. Although multiple antibodies are approved globally, unmet clinical needs remain in the small molecule segment. HEC201625 is poised to develop into an all-oral tumor immunotherapy combination regimen, offering new options and treatment strategies for clinical tumor immunotherapy. The product was featured in a poster presentation at the 2026 AACR Annual Meeting, held in San Diego, California, the United States, in April 2026, showcasing the latest preclinical research results of HEC201625.

AI and R&D

The Group is committed to applying AI technology to all stages of drug development and has established a number of advanced AI-driven models to improve R&D efficiency and innovation capabilities. HEC169584 is an investigational THR-β agonist for the treatment of MASH, the first new small molecule drug developed by our AIDD laboratory, and has entered Phase I clinical research. We efficiently support drug discovery by effectively integrating all aspects of the drug development process to achieve seamless operations.

1. Core Highlights of AI Powered R&D

The Group has established a HEC drug intelligent discovery platform covering the entire drug development cycle. With six self-developed models as the core, the platform integrates large models and special tools in vertical fields to build a full-process intelligent drug development system from target prediction to AI protein structure prediction and molecular simulation, which systematically improves R&D efficiency and provides a core driving force for innovative drug research and development.

(1) In terms of dedicated models, the Group, in collaboration with DP Technology, jointly released the world's first pharmacokinetic (PK) prediction model based on the coupling of pre-training and neural ordinary differential equations. By deeply integrating mechanistic modeling with deep learning, this model establishes a closed-loop research paradigm of "experimental data — mechanistic model — intelligent prediction" for innovative drug development. It is expected to accelerate the pharmaceutical industry's transformation from "trial-and-error development" to a "precision design" model.

(2) In terms of large models, the Group has developed a full-process formulation model covering the entire workflow from dosage form design to quality prediction. Leveraging an innovative R&D system, the model delivers three core functions: intelligent prescription design, process risk early warning, and bioequivalence prediction. This reflects the Group's cutting-edge exploration in AI-driven pharmaceutical R&D empowered by large language models.

At present, relying on the HEC drug intelligent discovery platform, the number of synthetic compounds has been greatly reduced, and the Pre-clinical Candidate Compound (PCC) screening time has been reduced from 2-3 years to 1.5 years, steadily promoting the Group's strategic goal of AI in biomedical research and development.

2. Achievements of AI research and development

Molecular Design Module

(1) HEC-GEN Drug Molecule Generation Model

HEC-GEN constructs a protein — molecule composite input matrix based on protein surface parameterization and small molecule atom/bond attributes encoded through molecular graphs. It employs a variant graph neural network combined with a sparse attention mechanism to dynamically learn target — molecule interaction features, and optimizes molecular binding affinity through autoregressive atom-by-atom generation. The Group has simultaneously implements druggability constraints to ensure the generated molecules exhibit both target specificity and favourable drug-like properties. This model has already been applied to the Thyroid Hormone Beta Receptor Agonist Development Project HEC169584. Using the core pharmacophores of known active compounds MGL-3196 and VK2809 as inputs, along with protein structural features, a library of candidate compounds was generated in batches. Following screening through a multi-dimensional evaluation system, lead compounds with significant advantages were ultimately identified.

(2) HEC-3DQSAR Drug Molecule Design Model

HEC-3DQSAR integrates Open3DQSAR, Open3DALIGN, and other software to enable a fully automated workflow covering molecular data preprocessing, molecular alignment, molecular interaction field calculation, and model construction. It can automatically process data, generate high-quality QSAR models, and present modeling results through graphical and data reports. By correlating 3D molecular structural features with activity data, the platform enables rapid analysis of compound structure — activity relationships, guiding lead compound optimization and improving drug design efficiency.

Pharmacokinetics Module

(1) HEC-PK Pharmacokinetic Time-Curve Prediction Model

HEC-PK is an AI-driven physiological pharmacokinetic prediction model designed to address the high cost of traditional modeling parameters and the reliance on animal testing. It integrates compound structures with in vivo pharmacokinetic data to accurately predict time — concentration curves and key PK parameters. The model establishes a data-driven closed loop for drug design optimization — ultimately helping to shorten the clinical translation

cycle. Built upon the Group internally developed small molecule compounds over the past decade, the model incorporates real-world data including molecular structures, rat PK parameters, and time — concentration profiles. A standardized rat pharmacokinetics dataset has been constructed to ensure data consistency and training reliability.

(2) HEC-CYPs Drug Interaction Prediction Model

The Group's R&D team leverages chemoinformatics and artificial intelligence technologies to rapidly and accurately assess CYPs-related drug interaction risks of candidate compounds. The model helps mitigate risks such as excessive drug concentration, increased side effects, accelerated metabolism, or treatment failure caused by the inhibition or induction of CYPs metabolic enzyme activity. The HEC-CYPs inhibition model adopts a pre-training and fine-tuning strategy — using a language model framework at the protein level and the 3D pre-training framework Uni-Mol at the small molecule level. For the induction model, a novel consensus learning strategy is applied, combining mechanistic and phenotypic data in a deep learning framework.

(3) HEC-Transporters Drug Permeability/Transporter Interaction Prediction Model

Our R&D team uses machine learning to model proprietary data, enabling rapid and accurate prediction of interactions between drugs, biological membranes, and transporters, thus facilitating early optimization of pharmacokinetic properties. The HEC-Transporters model employs an innovative multi-task learning strategy to jointly model membrane permeability and transporter functions at both the data and model levels. A unified message-passing network is trained to capture shared structural features of molecule-membrane interactions, while three independent feedforward neural networks enhance performance on specific proprietary tasks.

(4) Vertical Large Model — The World's First Domain-Specific Natural Language Model for Pharmaceutical Formulations

The Group's R&D team has launched the world's first domain-specific natural language model for pharmaceutical formulations via a system incorporating processes from "multi-source heterogeneous data standardization through to reinforcement learning with expert feedback". This model delivers three core functions: intelligent prescription design, process risk warning, and bioequivalence prediction. Its intelligent knowledge base incorporates the Group's critical experimental data,

including over 210,000 formulation records, more than 12,000 pharmaceutics publications, over 2,000 core process patents, and pharmacopeias from China, the United States, Europe, and Japan. Using advanced retrieval-augmented generation technology, it reduces hallucinations common in large language models. This model enables intelligent integration across the entire chain from prescription design to production quality control, bridging technical gaps such as the cross-scale collaborative design of formulation components and process parameters, and provides an interactive, interpretable next-generation intelligent infrastructure for formulation R&D.

3. Future Plans and Strategies

Going forward, with our established strategic development plan to deeply empower the entire drug research and development chain with AI technology, and leveraging our existing technological foundation, the Group will continue to strengthen the development and enhancement of the platform's core capabilities. Our goal is to strategically elevate the "HEC Drug Intelligent Discovery Platform" from an efficient auxiliary R&D tool into the core engine driving new drug discovery and development, establishing the Group's "new quality productivity" in the era of artificial intelligence. Our plan will focus on deepening, integrating, and innovating around the platform's three key functional modules. By advancing drug molecule design capabilities, we aim to expand the boundaries of innovative molecules. We will construct a comprehensive pharmacokinetic evaluation matrix to proactively assess druggability risks. Finally, by creating a "pharmaceutical research large model" as the core engine, we will realize full-process intelligence across R&D.

Strategic Cooperation

In January 2026, the Group and Shenzhen XtalPi Technology Co., Ltd. (深圳晶泰科技有限公司) ("**Shenzhen XtalPi**") entered into a strategic cooperation agreement to establish a joint venture for the co-development of an AI-driven drug R&D platform. The collaboration will focus in (1) the establishment of a joint laboratory to co-develop innovative drug pipelines; (2) the joint development and promotion of large-scale models; (3) the creation of a "Model as a Service" (MaaS) business model. The partnership between the Group and Shenzhen XtalPi not only leverages the complementary strengths of the two companies but also represents a significant milestone in the intelligent transformation of China's pharmaceutical industry. By combining the Group's expertise in pharmaceutical R&D with Shenzhen XtalPi's intelligent capabilities, the collaboration aims to usher in a new era of pharmaceutical R&D.

In May 2026, the Group and JD Health officially signed a memorandum of understanding to deepen their cooperation. Leveraging their respective strengths and with a focus on the high-quality development of the pharmaceutical and healthcare industry as a whole, the parties reached a consensus on comprehensive and in-depth cooperation. The signing marked a milestone in the complementary strengths and strategic collaboration between the two parties, as well as a key step for the Group in accelerating the development of its digital healthcare ecosystem and deepening its presence in the digital and intelligent healthcare sector, injecting strong momentum into integrated innovation across the industry.

In June 2026, the Group officially entered into an agreement with Accutar, a global leading AI-powered drug development company, to establish a NewCo company to jointly incubate an innovative drug pipeline based on RIPTAC (Regulated Induced Proximity Targeting Chimera) technology. The lead indication for the pipeline is metastatic castration-resistant prostate cancer (mCRPC), a disease area with significant unmet clinical needs globally, where there remains a lack of effective medicines and an urgent need to improve the treatment experience of patients. This collaboration represents a key strategic move by the Group in its global development of leading targets and technology platforms, marking the Group's deep entry into a core segment of next-generation precision medicine globally. Meanwhile, the Group will be entitled, through the NewCo company, to all subsequent global development rights and will take the lead in the later-stage development and commercialisation of the collaborative project.

III. SALES REVIEW

In the PRC market, we have a nationwide product sales and distribution network. Our sales team has 1,869 sales professionals and our sales coverage spans 32 provinces, municipalities and autonomous regions across China, and nearly 300 prefecture-level cities in China. Our sales network covers over 3,100 Class III hospitals, over 9,600 Class II hospitals and over 89,000 Class I hospitals, numerous large-scale national or regional pharmacy chains and other medical institutions, allowing us to maximize our reach of the market in China. Leveraging our exceptional commercialization capabilities and extensive terminal market coverage, we continue to consolidate our leading position in China's domestic pharmaceutical industry.

In terms of the anti-viral pediatric business pipeline, the Group's oseltamivir phosphate product achieved a revenue of RMB 501.05 million by leveraging its strong brand value and extensive market penetration, and maintained its leading position in the domestic anti-influenza market. The Group's Kewei Granules invention patent "Oseltamivir Phosphate Granules and Preparation Method" won the 25th China Patent Gold Award, with its technological capabilities receiving authoritative national recognition. The Group continues to deepen its brand building efforts through precise marketing strategies and diversified academic promotion activities, continuously

consolidating the market share of its core product, Kewei. At the same time, the Group strategically developed a synergistic product portfolio. New products such as Pediatric Paracetamol and Phenylephrine Granules, Pediatric Faropenem Granules and Children's Fever Reducing Patch were added to fully meet the medication needs of children and further strengthen the brand influence in the field of influenza treatment.

In terms of the chronic disease business pipeline, the Group has independently developed six insulin products, including Recombinant Human Insulin Injection, Insulin Glargine Injection, Insulin Aspart Injection, Insulin Aspart 30 Injection, Mixed Protamine Human Insulin Injection (30R), and Insulin Degludec Injection, all of which have been approved for launching, establishing a comprehensive insulin product portfolio covering second- to fourth-generation insulin products and three major clinical application scenarios, namely basal, mealtime and premixed insulin. During the first half of 2026, the insulin series products achieved revenue of RMB 125.13 million, demonstrating steady business growth.

In terms of the new drug business pipeline, the Group's commercialized Class I innovative drug for the treatment of genotype-specific chronic hepatitis C, Emitasvir Phosphate Capsules, achieved a revenue of RMB 29.37 million. The Group's invention patent "Bridged ring compounds as hepatitis C virus inhibitors and preparation method thereof" won the Second Hubei Patent Gold Award. In addition, the Group's Class I innovative drugs for treating the Pan-genotypic chronic Hepatitis C, Encofosbuvir Tablets and Netanasvir Phosphate Capsules were officially approved for launching in February 2025 and March 2025, respectively. The approval for launching of the Pan-genotypic chronic Hepatitis C treatment portfolios will further consolidate the Group's competitive edge in the field of Hepatitis C treatment. The Group has established a dedicated team for specialty medicine. Moving forward, we will further strengthen the academic promotion and market coverage for Hepatitis C and other innovative drugs. These efforts are pivotal to the sales ramp-up and the expansion of market share for our products. In January 2026, the Group's self-developed sodium-glucose cotransporter 2 inhibitor ("**SGLT-2 inhibitor**"), the Class I innovative drug Ologliptin Capsules, was approved for marketing, further enriching the Group's product portfolio in the diabetes treatment field. Leveraging its well-established production system and marketing network, the Group will accelerate the commercialisation of this product while continuing to explore its clinical applications in areas such as diabetic complications, thereby further expanding its indications and providing more comprehensive treatment solutions for patients with diabetes.

Centralized procurement and new retail lines have become the Company's core strategic business and stable source of cash flow. The centralized procurement business as a whole shows characteristics such as low sales expense ratio and steady increase in revenue. During the first half of 2026, the Group's selected and centrally procured products showed steady business performance as a whole.

Sales, Marketing and Distribution

In the domestic market, our approach to generating demand for our products is based on two central strategies: promotional activities and strengthening and optimizing our distribution network. On one hand, we promote our drugs primarily through in-house sales and marketing team, which interacts with healthcare professionals through educational promotion activities, enhancing healthcare professionals' knowledge about the relevant therapeutic areas, as well as their understanding of the usage, clinical efficacy and other features of our products. On the other hand, we sell our products primarily to Good Supply Practice ("**GSP**") certified third-party offline distributors, which distribute our products to hospitals, other medical institutions and pharmacies in the PRC. Our GSP-certified third party distributors are located throughout the PRC, which enhances our market penetration and expands our coverage of hospitals, pharmacies and other medical institutions throughout the PRC.

In overseas markets, we have extensive overseas experience in terms of research and development, commercialization and operation and have established a global sales network across major international markets. Our overseas sales network covers eight countries and regions including the United States, Germany and the United Kingdom. We plan to implement the following strategies to expand our overseas market. Firstly, we will boost international sales of our products in China, in particular, our drugs with EU and U.S. approvals. We can increase the overseas sales performance of our existing products by leveraging our existing drug production, quality management capabilities and supply chain systems that meet international standards. Secondly, we plan to build up our international capabilities in research and development, product registration, clinical trials, and commercialization with a focus on advancing clinical trials of drugs under development with clinical value and competitive advantages in the overseas markets. Thirdly, we will continue to strengthen technical exchanges and strategic collaboration with world-leading multinational pharmaceutical companies to enhance our position in the international pharmaceutical market.

In terms of the international product portfolio, the Group's self-developed Insulin Glargine Injection (trade name: Langlara) has commenced commercial shipments to the U.S. market. The initial shipment is planned to comprise a total of 1.152 million units, which will be shipped in batches in an orderly manner, with the shipments expected to be completed in mid to late August 2026. The commencement of commercial shipments of the insulin product to the U.S. market marks a significant milestone breakthrough in the Group's internationalisation and overseas commercialisation strategy. Previously, the Company entered into an agreement with its U.S. partner for product orders of not less than 18 million units, and this shipment represents the first batch of commercial deliveries under such cooperation framework. The successful entry of Insulin Glargine Injection into the U.S. market represents an

important milestone in the expansion of domestically developed insulin biosimilars into major global pharmaceutical markets, marking the transition of the Company's internationalisation strategy from exporting products and transferring technologies to a new stage of large-scale commercialisation.

In addition, in terms of the international product portfolio, the Group is simultaneously advancing the overseas registration and marketing of several insulin products. Among them, Insulin Glargine Injection has been approved for marketing in the United Arab Emirates, Bahrain, Algeria, Mali and Niger; Insulin Aspart Injection has been approved for marketing in the United Arab Emirates, Bahrain, Algeria and Niger, while R&D activities for the U.S. market are progressing in an orderly manner; Insulin Aspart 30 Injection has been approved for marketing in the United Arab Emirates and Bahrain; and the Group plans to submit applications for biosimilar clinical trials for Insulin Degludec Injection in the United States and Europe, further enhancing its product pipeline for overseas markets. Currently, the Group's insulin products have been commercialised in a number of overseas markets, including the Middle East and Southeast Asia, and the Group also plans to further advance its commercialisation efforts in regions including North Africa, West Africa and South America this year.

IV. PRODUCTION REVIEW

We have an advanced production and supply chain system in the PRC, with production bases fully compliant with international Good Manufacturing Practice ("**GMP**") standards. We currently have two production bases in Songshan Lake, Dongguan, Guangdong province, the PRC, and Yidu, Hubei province, the PRC, occupying a total area of more than 1,300 mu. These production bases cover the entire production chain of formulations. Our Songshan Lake production base is an advanced factory in China producing solid chemical formulation and biologics. It has obtained GMP certifications from the United States, the European Union and China, including passing EU GMP audit conducted by National Office for Health and Social Affairs of Germany in November 2023, GMP inspection by the U.S. FDA in March 2024, and a GMP compliance check by the Guangdong Provincial Drug Administration in January 2025. Its annual production capacity of chemical drugs reaches 1.8 billion tablets/capsules. A large-scale biologics facility that complies with international GMP standards is expected be completed in 2026, equipped with production lines for cell, E coli fermentation and yeast fermentation as planned, which will provide solid support for the commercialization of our biologics under development.

Our Yidu production base has obtained Chinese GMP certification, and it produces a wide range of insulin products, solid dosage forms and freeze-dried powder injections. As of the date of this announcement, our Yidu production base was the largest production base of oseltamivir phosphate formulation in the PRC and can also produce a wide range of insulin products ranging from the second to fourth generation, with an annual production capacity of over 15 million injections. As of the date of this announcement, the annual theoretical production capacity of the Yidu chemical solid formulation production facility had passed 3.5 billion tablets/capsules, 1.6 billion granule packets and 4.5 million vials of freeze-dried powder injections.

We provide a reliable supply of Kewei (oseltamivir phosphate) for the Chinese national drug reserve. Over the years, we have demonstrated strong and high-standard production capabilities in response to the influenza in China. Meanwhile, we have advanced facilities and high production standards that comply with stringent quality management systems such as GMP. Our team are experienced and able to swiftly align production plans to ensure the continuity and stability supply of oseltamivir phosphate, such that we can provide reliable supply for the national drug reserve.

We have managed to create a virtuous circle in respect of our business model through our integrated capabilities in research and development, production and commercialization. Our strong research and development and production capabilities have facilitated the successful commercialization of our products. The strong operating cash flow generated by the sales of our products not only supports our daily operation, but also allows us to continue to invest in our research and development, production and marketing. Through this virtuous circle, we are able to continuously advance our innovative research and development capabilities, which is essential for us to further strengthen our product portfolio and expand our market shares, eventually leading to our sustainable business growth and maintaining long-term competitive advantage.

V. PERFORMANCE SUMMARY

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended 30 June 2026 — unaudited
(Expressed in Renminbi)

		Six months ended 30 June	
		2026	2025
	Note	***RMB'000***	*RMB'000*
Revenue	*3*	**1,075,308**	1,937,667
Cost of sales		**(497,137)**	(470,055)
Gross profit		**578,171**	1,467,612
Other (loss)/income	*5(a)*	**(13,821)**	34,831
Distribution costs		**(491,433)**	(715,622)
Administrative expenses		**(302,826)**	(309,060)
Research and development cost		**(279,876)**	(348,216)
Reversals of impairment loss on trade and other receivables		**47,222**	80,350
(Loss)/profit from operations		**(462,563)**	209,895
Finance costs	*5(b)*	**(105,273)**	(114,291)
Share of (loss)/profit of associates		**(1,036)**	49
(Loss)/profit before taxation	*5*	**(568,872)**	95,653
Income tax	*6*	**(35,126)**	(81,001)
(Loss)/profit for the period		**(603,998)**	14,652
Attributable to:			
Equity shareholders of the Company		**(603,718)**	(46,370)
Non-controlling interests		**(280)**	61,022
(Loss)/profit for the period		**(603,998)**	14,652
Loss per share			
Basic and diluted *(in RMB)*	*7*	**(1.09)**	(0.11)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME *(Continued)*
for the six months ended 30 June 2026 — unaudited
(Expressed in Renminbi)

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
(Loss)/profit for the period	**(603,998)**	14,652
Other comprehensive income for the period (after tax)		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of overseas subsidiaries	**7,311**	(8,236)
	7,311	(8,236)
Total comprehensive income for the period	**(596,687)**	6,416
Attributable to:		
Equity shareholders of the Company	**(596,422)**	(54,266)
Non-controlling interests	**(265)**	60,682
Total comprehensive income for the period	**(596,687)**	6,416

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2026 — unaudited
(Expressed in Renminbi)

	Note	**At 30 June 2026** ***RMB'000***	At 31 December 2025 *RMB'000* (Audited)
Non-current assets			
Fixed assets	*8*		
— Property, plant and equipment		**3,772,606**	3,845,685
— Right-of-use assets			
— Ownership interests in leasehold land held for own use		**336,288**	340,820
— Other properties leased for own use		**101,439**	123,265
		4,210,333	4,309,770
Intangible assets	*9*	**1,435,044**	1,483,017
Interests in associates		**48,980**	26,014
Prepayments	*11*	**1,221,947**	1,245,270
Deferred tax assets		**342,545**	277,999
Total non-current assets		**7,258,849**	7,342,070
Current assets			
Inventories	*12*	**893,387**	783,491
Trade and other receivables	*13*	**1,494,135**	1,892,400
Prepayments	*11*	**461,026**	446,651
Financial assets measured at FVPL	*10*	**10,136**	15,827
Restricted cash	*14*	**75,617**	25,504
Cash and cash equivalents	*14*	**1,479,038**	1,486,796
Total current assets		**4,413,339**	4,650,669
Current liabilities			
Trade and other payables	*15*	**2,124,663**	2,596,774
Contract liabilities		**162,366**	152,216
Bank loans and other borrowings	*16*	**3,459,296**	3,197,746
Lease liabilities		**44,995**	47,174
Current taxation		**2,587**	43,940
Total current liabilities		**5,793,907**	6,037,850
Net current liabilities		**(1,380,568)**	(1,387,181)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*
at 30 June 2026 — unaudited
(Expressed in Renminbi)

	Note	**At 30 June 2026** ***RMB'000***	At 31 December 2025 *RMB'000* (Audited)
Total assets less current liabilities		**5,878,281**	5,954,889
Non-current liabilities			
Bank loans and other borrowings	*16*	**1,763,612**	1,368,991
Deferred income		**197,080**	181,983
Lease liabilities		**45,167**	65,940
Deferred tax liabilities		**1,341**	–
Total non-current liabilities		**2,007,200**	1,616,914
Net assets		**3,871,081**	4,337,975
Capital and reserves	*18*		
Share capital		**576,656**	576,656
Reserves		**3,286,863**	3,767,879
Total equity attributable to equity shareholders of the Company		**3,863,519**	4,344,535
Non-controlling interests		**7,562**	(6,560)
Total equity		**3,871,081**	4,337,975

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2026 — unaudited

(Expressed in Renminbi)

		Attributable to equity shareholders of the Company										
	Note	Paid-in capital/share capital *RMB'000*	Capital reserve *RMB'000*	Merger reserve *RMB'000*	Treasury stock *RMB'000*	Shared-based payment reserve *RMB'000*	Exchange reserve *RMB'000*	Statutory reserve *RMB'000*	Accumulated loss *RMB'000*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
Balance at 1 January 2025		463,943	3,621,682	(3,722,790)	(22,956)	331,175	5,585	226,198	(558,688)	344,149	4,123,351	4,467,500
Changes in equity for the six months ended 30 June 2025:												
(Loss)/profit for the period		–	–	–	–	–	–	–	(46,370)	(46,370)	61,022	14,652
Exchanges differences on translation of financial statements of overseas subsidiaries		–	–	–	–	–	(7,896)	–	–	(7,896)	(340)	(8,236)
Total comprehensive income for the period		–	–	–	–	–	(7,896)	–	(46,370)	(54,266)	60,682	6,416
Equity-settled share-based payments	*17*	–	–	–	–	107,761	–	–	–	107,761	21,910	129,671
Acquisition of non-controlling interests		–	(6,461)	–	–	–	–	–	–	(6,461)	6,461	–
Balance at 30 June 2025 and 1 July 2025		463,943	3,615,221	(3,722,790)	(22,956)	438,936	(2,311)	226,198	(605,058)	391,183	4,212,404	4,603,587
Changes in equity for the six months ended 31 December 2025:												
Profit/(loss) for the period		–	–	–	–	–	–	–	318,812	318,812	(63,430)	255,382
Exchanges differences on translation of financial statements of overseas subsidiaries		–	–	–	–	–	533	–	–	533	36	569
Total comprehensive income for the period		–	–	–	–	–	533	–	318,812	319,345	(63,394)	255,951
Acquisition of non-controlling interests through privatisation		112,713	3,995,907	–	–	–	–	–	–	4,108,620	(4,155,570)	(46,950)
Special dividend		–	–	–	–	–	–	–	(584,431)	(584,431)	–	(584,431)
Share repurchase		–	(18,702)	–	(476)	–	–	–	–	(19,178)	–	(19,178)
Equity-settled share-based payments	*17*	–	–	–	–	128,996	–	–	–	128,996	–	128,996
Balance at 31 December 2025		576,656	7,592,426	(3,722,790)	(23,432)	567,932	(1,778)	226,198	(870,677)	4,344,535	(6,560)	4,337,975

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY *(Continued)*

for the six months ended 30 June 2026 — unaudited

(Expressed in Renminbi)

		Attributable to equity shareholders of the Company										
	Note	Share capital *RMB'000*	Capital reserve *RMB'000*	Merger reserve *RMB'000*	Treasury stock *RMB'000*	Shared-based payment reserve *RMB'000*	Exchange reserve *RMB'000*	Statutory reserve *RMB'000*	Accumulated loss *RMB'000*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
Balance at 1 January 2026		**576,656**	**7,592,426**	**(3,722,790)**	**(23,432)**	**567,932**	**(1,778)**	**226,198**	**(870,677)**	**4,344,535**	**(6,560)**	**4,337,975**
Changes in equity for the six months ended 30 June 2026:												
Loss for the period		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(603,718)**	**(603,718)**	**(280)**	**(603,998)**
Exchange differences on translation of financial statements of overseas subsidiaries		**–**	**–**	**–**	**–**	**–**	**7,296**	**–**	**–**	**7,296**	**15**	**7,311**
Total comprehensive income for the period		**–**	**–**	**–**	**–**	**–**	**7,296**	**–**	**(603,718)**	**(596,422)**	**(265)**	**(596,687)**
Share repurchase	*18(d)*	**–**	**(7,740)**	**–**	**(201)**	**–**	**–**	**–**	**–**	**(7,941)**	**–**	**(7,941)**
Equity-settled share-based payments	*17*	**–**	**–**	**–**	**–**	**129,334**	**–**	**–**	**–**	**129,334**	**–**	**129,334**
Acquisition of a subsidiary	*18(c)*	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**8,400**	**8,400**
Injection of capital in a subsidiary		**–**	**(5,987)**	**–**	**–**	**–**	**–**	**–**	**–**	**(5,987)**	**5,987**	**–**
Balance at 30 June 2026		**576,656**	**7,578,699**	**(3,722,790)**	**(23,633)**	**697,266**	**5,518**	**226,198**	**(1,474,395)**	**3,863,519**	**7,562**	**3,871,081**

1 BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Stock Exchange**"), including compliance with International Accounting Standard ("**IAS**") 34 *Interim Financial Reporting* as issued by the International Accounting Standard Board ("**IASB**"). It was authorised for issue on 31 August 2026.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2025 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2026 annual financial statements. Details of any changes in accounting policies are set out in Note 2.

The preparation of an interim financial report in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year-to-date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Company and its subsidiaries (together the "**Group**") since the 2025 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with IFRS Accounting Standards.

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410 *Review of interim financial information performed by the independent auditor of the entity* as issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

2 CHANGES IN ACCOUNTING POLICIES

The Group has adopted *Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)* from 1 January 2026. The amendments clarify when a financial asset or a financial liability is recognised and derecognised. They also introduce an exception that permits an entity to derecognise a financial liability before the settlement date when the financial liability is settled with cash, using an electronic payment system that meets specific criteria.

Adopting the amendments resulted in a change in the accounting policy for the derecognition of trade payables settled with cash using qualifying electronic payment systems, for which the Group has elected to apply the exception. Previously, the Group derecognised trade payables settled with cash using an electronic payment system on the settlement date. Under the new policy, derecognition of these trade payables occurs on the date when the Group's ability to withdraw, stop or cancel the payment instruction is surrendered and the other eligibility criteria are met. As a result, the Group derecognises certain trade payables and cash earlier.

The amendments apply retrospectively; however, the Group was not required to restate prior periods to reflect their application under the transitional provisions. In addition, the change in accounting policy did not have a material effect on the Group's interim financial statements for the periods presented.

The change in accounting policy will also be reflected in the Group's consolidated financial statements as at and for the year ending 31 December 2026.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3 REVENUE AND SEGMENT REPORTING

(a) Disaggregation of revenue

The principal activities of the Group are research and development, manufacturing and sales of pharmaceuticals.

Revenue represents the sales value of goods supplied to customers. Revenue is after deduction of any trade discounts. Disaggregation of revenue from contracts with customers by major products is as follows:

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
Revenue from contracts with customers within the scope of IFRS 15		
Sales of anti-infective drugs	**582,364**	1,411,631
Sales of chronic disease treatment drugs	**463,681**	473,020
Others	**29,263**	53,016
	1,075,308	1,937,667

(b) Segment reporting

(i) Segment information

The Group manages its businesses as a whole by the most senior executive management for the purposes of resource allocation and performance assessment. The Group's chief operating decision maker is the chief executive officer of the Group who reviews the Group's consolidated results of operations in assessing performance of and making decisions about allocations to this segment.

Accordingly, no reportable segment information is presented.

(ii) Geographic information

The following table sets out information about the geographical location of the Group's revenue from external customers. The geographical location of customers is based on the location at which the customers are registered.

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
The PRC	**1,044,210**	1,911,515
Overseas	**31,098**	26,152
	1,075,308	1,937,667

4 SEASONALITY OF OPERATIONS

The Group's key product, Kewei, is a type of anti-viral drugs for the treatment and prevention of influenza. The Group experiences a higher sale in first and fourth quarter of a year.

For the twelve months ended 30 June 2026, the Group reported revenue of RMB 3,952,706,000 (twelve months ended 30 June 2025: RMB 3,374,638,000), and gross profit of RMB 2,783,730,000 (twelve months ended 30 June 2025: RMB 2,464,183,000).

5 (LOSS)/PROFIT BEFORE TAXATION

(Loss)/profit before taxation is arrived at after charging/(crediting):

(a) Other (loss)/income

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
Government grants	**14,580**	12,556
Interest income from bank deposits and investment	**16,094**	17,525
Net loss on disposal of property, plant and equipment	**(286)**	(7,544)
Fair value change on financial assets measured at FVPL *(Note 10)*	**136**	10,776
Impairment loss on intangible assets	**(39,658)**	–
Net foreign exchange (loss)/gain	**(4,801)**	4,517
Others	**114**	(2,999)
	(13,821)	34,831

(b) Finance costs

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
Interest on bank loan and other borrowing costs	**108,827**	122,004
Interest on lease liabilities	**2,356**	2,710
	111,183	124,714
Less: interest expense capitalised into construction in progress	**(5,910)**	(10,423)
	105,273	114,291

6 INCOME TAX

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
Current tax		
Provision for CIT for the period	**99,682**	60,811
Under-provision for CIT in respect of prior periods	**–**	51
	99,682	60,862
Deferred tax		
Origination and reversal of temporary differences	**(64,556)**	20,139
Total income tax expense	**35,126**	81,001

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.

7 LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to equity shareholders of the Company of RMB 603,718,000 (six months ended 30 June 2025: losses of RMB 46,370,000) and the weighted average number of 553,083,000 ordinary shares (six months ended 30 June 2025: 440,987,000 ordinary shares) in issue during the six months ended 30 June 2026.

(b) Diluted loss per share

For the six months ended 30 June 2026 and 2025, the restricted shares of the Company under the 2023 Restricted Share Scheme (Note 17) were not included in the calculation of diluted loss per share because their inclusion would have been anti-dilutive. The Company does not have other potential ordinary shares and therefore diluted loss per share were the same as the basic loss per share.

8 FIXED ASSETS

	Property, plant and equipment						Right-of-use assets		
	Plant and buildings *RMB'000*	Machinery *RMB'000*	Office equipment and others *RMB'000*	Motor vehicles *RMB'000*	Construction in progress *RMB'000*	Sub-total *RMB'000*	Ownership interests in leasehold land held for own use *RMB'000*	Other properties leased for own use *RMB'000*	Total *RMB'000*
Cost:									
At 1 January 2025	1,849,074	1,597,859	953,475	8,112	827,172	5,235,692	413,255	243,937	5,892,884
Additions	4,711	5,267	8,559	279	197,854	216,670	7,236	17,185	241,091
Transfer from construction in progress	285,442	73,563	50,350	–	(409,355)	–	–	–	–
Reclassification	(3,944)	1,504	2,440	–	–	–	–	–	–
Disposals	–	(19,501)	(18,832)	–	–	(38,333)	–	(2,862)	(41,195)
At 31 December 2025	2,135,283	1,658,692	995,992	8,391	615,671	5,414,029	420,491	258,260	6,092,780
Additions	376	4,325	3,167	230	55,208	63,306	–	2,933	66,239
Transfer from construction in progress	67	187,824	8,260	–	(196,151)	–	–	–	–
Disposals	–	(2,348)	(4,087)	(623)	–	(7,058)	–	(1,080)	(8,138)
At 30 June 2026	2,135,726	1,848,493	1,003,332	7,998	474,728	5,470,277	420,491	260,113	6,150,881
Accumulated depreciation and amortisation:									
At 1 January 2025	(325,455)	(562,940)	(448,246)	(2,488)	–	(1,339,129)	(70,729)	(92,036)	(1,501,894)
Charge for the year	(58,495)	(107,717)	(95,125)	(758)	–	(262,095)	(8,942)	(44,998)	(316,035)
Written-back on disposals	–	18,815	14,065	–	–	32,880	–	2,039	34,919
At 31 December 2025	(383,950)	(651,842)	(529,306)	(3,246)	–	(1,568,344)	(79,671)	(134,995)	(1,783,010)
Charge for the period	(33,725)	(55,051)	(46,093)	(377)	–	(135,246)	(4,532)	(24,726)	(164,504)
Written-back on disposals	–	1,796	3,585	538	–	5,919	–	1,047	6,966
At 30 June 2026	(417,675)	(705,097)	(571,814)	(3,085)	–	(1,697,671)	(84,203)	(158,674)	(1,940,548)
Carrying amount:									
At 30 June 2026	1,718,051	1,143,396	431,518	4,913	474,728	3,772,606	336,288	101,439	4,210,333
At 31 December 2025	1,751,333	1,006,850	466,686	5,145	615,671	3,845,685	340,820	123,265	4,309,770

9 INTANGIBLE ASSETS

	Hepatitis C Drugs		Insulin		Other Drugs		Other	
	Patent *RMB'000*	Capitalised development costs *RMB'000*	Insulin intellectual property rights *RMB'000*	Capitalised development costs *RMB'000*	Generic drug and other drug intellectual property rights *RMB'000*	Capitalised development costs *RMB'000*	Other intangible asset *RMB'000*	Total *RMB'000*
Cost:								
At 1 January 2025	431,644	330,593	356,930	135,224	1,334,962	434,557	–	3,023,910
Addition through internal development	–	–	–	24,393	–	97,154	–	121,547
Addition through purchase	–	–	–	–	–	–	4,280	4,280
Transfer from development costs to patents	156,081	(156,081)	–	–	–	–	–	–
At 31 December 2025	587,725	174,512	356,930	159,617	1,334,962	531,711	4,280	3,149,737
Addition through internal development	–	–	–	942	189,337	61,921	–	252,200
Transfer from development costs to patents	–	–	–	–	–	(189,337)	–	(189,337)
Addition through acquisition	–	–	–	–	–	–	5,365	5,365
At 30 June 2026	587,725	174,512	356,930	160,559	1,524,299	404,295	9,645	3,217,965
Accumulated amortisation:								
At 1 January 2025	(206,003)	–	(91,677)	–	(413,303)	–	–	(710,983)
Charged for the year	(26,840)	–	(35,693)	–	(85,717)	–	(221)	(148,471)
At 31 December 2025	(232,843)	–	(127,370)	–	(499,020)	–	(221)	(859,454)
Charge for the period	(14,631)	–	(17,847)	–	(43,954)	–	(111)	(76,543)
At 30 June 2026	(247,474)	–	(145,217)	–	(542,974)	–	(332)	(935,997)
Accumulated impairment losses:								
At 1 January 2025	(160,152)	(174,512)	–	–	(404,807)	–	–	(739,471)
Recognised in the year	–	–	–	–	(67,795)	–	–	(67,795)
At 31 December 2025	(160,152)	(174,512)	–	–	(472,602)	–	–	(807,266)
Recognised in the period	–	–	–	–	(39,658)	–	–	(39,658)
At 30 June 2026	(160,152)	(174,512)	–	–	(512,260)	–	–	(846,924)
Net book value:								
At 30 June 2026	180,099	–	211,713	160,559	469,065	404,295	9,313	1,435,044
At 31 December 2025	194,730	–	229,560	159,617	363,340	531,711	4,059	1,483,017

(i) As at 30 June 2026, the capitalised development costs were under development and not yet ready for use.

(ii) Impairment review on the intangible assets of the Group has been conducted by the management as at 30 June 2026. RMB 39,658,000 of impairment was recognised for the six months ended 30 June 2026 (six months ended 30 June 2025: nil) based on the impairment evaluation result, which was recognised as impairment loss in the "other income" in the consolidated statement of profit or loss and other comprehensive income.

10 FINANCIAL ASSETS MEASURED AT FVPL

	At 30 June 2026	At 31 December 2025
	RMB'000	*RMB'000*
Current asset		
— Investment in a partnership	**10,136**	10,000
— Investment in a private fund	**–**	5,827
	10,136	15,827

11 PREPAYMENTS

	At 30 June 2026	At 31 December 2025
	RMB'000	*RMB'000*
Non-current		
Prepayments for intangible assets	**6,031**	6,501
Prepayments for property, plant and equipment	**1,215,916**	1,238,769
	1,221,947	1,245,270
Current		
Prepayments for materials	**35,555**	29,486
Prepayments for services	**425,471**	417,165
	461,026	446,651
	1,682,973	1,691,921

12 INVENTORIES

	At 30 June 2026	At 31 December 2025
	RMB'000	*RMB'000*
Raw materials	**420,939**	483,437
Work in progress	**173,280**	123,173
Finished goods	**291,796**	171,900
Goods in transit	**7,372**	4,981
	893,387	783,491

The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
Carrying amount of inventories sold	**507,248**	350,046
(Reversal of write-down)/write-down of inventories	**(19,347)**	8,628
Cost of inventories sold	**487,901**	358,674

13 TRADE AND OTHER RECEIVABLES

As of the end of the reporting period, the aging analysis of trade debtors and bills receivable (which are included in trade and other receivables), based on the invoice date and net of allowance for doubtful debts, is as follows:

	At 30 June 2026	At 31 December 2025
	RMB'000	*RMB'000*
Within 3 months	**682,799**	1,368,046
More than 3 months but within one year	**609,877**	337,481
More than 1 year	**54,329**	27,881
Trade and bills receivable, net of allowance for doubtful debts	**1,347,005**	1,733,408
Other receivables, net of allowance for doubtful debts	**48,093**	74,873
Prepaid tax and deductible value-added tax	**99,037**	84,119
	1,494,135	1,892,400

14 CASH AND CASH EQUIVALENTS

	At 30 June 2026 *RMB'000*	At 31 December 2025 *RMB'000*
Cash at bank	**1,554,655**	1,512,300
Less: restricted cash *(i)*	**(75,617)**	(25,504)
Cash and cash equivalents in the cash flow statement	**1,479,038**	1,486,796

(i) As at 30 June 2026, restricted cash mainly represented as follows: (1) pledges to banks for issuance of bills payable, letters of credit and loans; (2) restricted accounts opened and held for the purpose of credit business and receiving investment funds; (3) funds borrowed for limited purposes of use.

15 TRADE AND OTHER PAYABLES

	At 30 June 2026 *RMB'000*	At 31 December 2025 *RMB'000*
Trade payables		
— Related parties	**116,621**	110,480
— Third parties	**987,236**	795,795
Bill payable	**144,958**	126,048
VAT and other taxes payable	**11,712**	142,545
Accrued payroll and benefits	**120,804**	303,839
Accrued expenses	**382,269**	762,642
Accrued royalty fee	**–**	117,149
Receipts in advance	**145,967**	–
Other payables for purchasing fixed assets	**85,974**	118,765
Other payables	**129,122**	119,511
	2,124,663	2,596,774

As of the end of the reporting period, the aging analysis of trade creditors and bills payable (which are included in trade and other payables), based on the invoice date, is as follows:

	At 30 June 2026	At 31 December 2025
	RMB'000	*RMB'000*
Within 1 month	**120,908**	364,029
1 to 3 months	**365,858**	126,019
Over 3 months but within 1 year	**595,164**	293,611
Over 1 year	**166,885**	248,664
	1,248,815	1,032,323

16 BANK LOANS AND OTHER BORROWINGS

	At 30 June 2026	At 31 December 2025
	RMB'000	*RMB'000*
Non-current		
Bank loans	**1,484,608**	1,277,541
Obligations arising from sale and leaseback transactions	**279,004**	91,450
	1,763,612	1,368,991
Current		
Bank loans	**3,074,513**	2,784,668
Obligations arising from sale and leaseback transactions	**384,783**	413,078
	3,459,296	3,197,746
	5,222,908	4,566,737

(a) Bank loans

The analysis of the repayment schedule of bank loans is as follows:

	At 30 June 2026	At 31 December 2025
	RMB'000	*RMB'000*
Within 1 year or on demand	**3,074,513**	2,784,668
After 1 year but within 2 years	**729,902**	522,016
After 2 years but within 5 years	**640,156**	691,525
After 5 years	**114,550**	64,000
	1,484,608	1,277,541
Total	**4,559,121**	4,062,209

At 30 June 2026, the bank loans were secured as follows:

	At 30 June 2026	At 31 December 2025
	RMB'000	*RMB'000*
Unsecured	**575,412**	1,267,327
Secured	**3,983,709**	2,794,882
Total	**4,559,121**	4,062,209

(i) The Group's bank loans were secured as follows:

	At 30 June 2026	At 31 December 2025
	RMB'000	*RMB'000*
— Ownership interests in leasehold land held for own use	**122,941**	312,621
— Construction in progress	**201,373**	477,354
— Plant and buildings	**1,219,300**	1,037,440
— Bills receivable *(ii)*	**38,288**	108,105
— Restricted cash	**20,093**	9,600
	1,601,995	1,945,120

Apart from the above secured assets, the bank loans of RMB 3,717,449,000 (31 December 2025: RMB 2,507,984,000), was additionally guaranteed by Shenzhen HEC Industrial Development Co., Ltd. ("**Shenzhen HEC Industrial**"), Mr. Zhang Yushuai (the "**ultimate controlling party**"), Mrs. Guo Meilan and the companies owned by the ultimate controlling party of the Group.

(ii) As at 30 June 2026, the bank loans of RMB 567,398,000 (31 December 2025: RMB 436,415,000) represented the bills discounted with recourse which were repayable within one year.

(b) Obligations arising from sale and leaseback transactions

Obligations arising from sale and leaseback transactions were repayable as below:

	At 30 June 2026	At 31 December 2025
	RMB'000	*RMB'000*
Within 1 year	**407,764**	430,446
After 1 year but within 2 years	**183,654**	78,205
After 2 years but within 3 years	**107,956**	15,237
Total undiscounted obligations arising from sale and leaseback transactions	**699,374**	523,888
Less: total future interest expenses	**(35,587)**	(19,360)
Total	**663,787**	504,528

All obligations arising from sale and leaseback transactions were secured by plant and buildings and machinery, and were guaranteed by Shenzhen HEC Industrial, Mr. Zhang Yushuai, Ms. Guo Meilan and the companies owned by the ultimate controlling party of the Group as of 30 June 2026 and 31 December 2025.

17 EQUITY-SETTLED SHARE-BASED PAYMENTS

The Company adopted a restricted share scheme in June 2023 (the "**2023 Restricted Share Scheme**") for the purpose of attracting and retaining the employees. Under the 2023 Restricted Share Scheme, a total of 22,924,768 shares of 22,955,784 restricted shares of the Company may be granted to the selected employees serving in the Group at a subscription price, of RMB 0.7738 per share. The weighted average grant date fair value of restricted shares per share was RMB 57.71. These restricted shares will vest after the 5th anniversary of the grant date, on the condition that the employees remain in service and have fulfilled certain performance requirements. If employees leave the Group before the vesting date or fail to fulfil the performance requirements, the restricted shares will be forfeited. The forfeited shares will be repurchased by a shareholder designated by the Group at the original subscription price and with an additional 3% per annum interest, and if applicable, and could be reallocated in the subsequent grants at the discretion of the Company.

As at 30 June 2026, 22,924,768 restricted shares of the Company under the 2023 Restricted Share Scheme were granted to the selected employees serving in the Group. The fair value of restricted shares of Sunshine Lake Pharma at the grant date was determined by using the asset-based valuation method.

During the six months ended 30 June 2026, total compensation expenses calculated based on the grant date fair value and the estimated forfeiture rate recognised in the consolidated statement of profit or loss for aforementioned restricted shares granted to the Group's employees were RMB 129,334,000 (six months ended 30 June 2025: RMB 129,671,000). No restricted shares were forfeited or vested during the six months ended 30 June 2026 and 2025.

18 CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends

(i) No dividend for the six months ended 30 June 2026 and 2025 were proposed.

(ii) No final dividends in respect of the previous financial year approved during the six months ended 30 June 2026 and 2025.

(b) Share capital

Ordinary shares, issued and fully paid

	At 30 June 2026		At 31 December 2025	
	No. of shares	***RMB'000***	*No. of shares*	*RMB'000*
Ordinary shares, issued and fully paid:				
As at 30 June/31 December	**576,656,047**	**576,656**	576,656,047	576,656

(c) Acquisition of a subsidiary

In January 2026, the Company acquired a subsidiary, Hubei Jiuzhou Tong Pharmaceutical Technology Co., Ltd., from a third party with consideration of RMB 15.6 million, which constituted 65% of the net assets of the subsidiary. As at 30 June 2026, all consideration was paid.

	At the date of acquisition *RMB'000*
Cash and cash equivalents	17
Property and equipment	23
Deferred tax assets	33
Trade and other receivables	20,073
Trade and other payables	(170)
Intangible assets	5,365
Deferred tax liabilities	(1,341)
Total identifiable net assets acquired	24,000
Non-controlling interest	8,400
Cash consideration	15,600
Cash consideration paid in current period	(15,600)
Less: Cash and cash balances acquired	17
Net cash outflow arising on acquisition of a subsidiary	(15,583)

(d) Treasury stock

During the period ended 30 June 2026, the Company repurchased 201,600 Shares in total (six months ended 30 June 2025: nil), on the Stock Exchange for an aggregate price of approximately HK$8,876,000 (equivalent approximately to RMB 7,941,000) with highest price paid per share of HK$45.04 and lowest price paid per share of HK$41.08.

19 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(a) 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 IFRS 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 Group has a team headed by the finance manager performing valuations for the financial instruments. The team reports directly to the chief financial officer and the audit committee. A valuation report with analysis of changes in fair value measurement is prepared by the team at each interim and annual reporting date, and is reviewed and approved by the chief financial officer. Discussion of the valuation process and results with the chief financial officer and the audit committee is held twice a year, to coincide with the reporting dates.

	Fair value at 30 June 2026	**Fair value measurements as at 30 June 2026 categorised into**		
		Level 1	**Level 2**	**Level 3**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***
Recurring fair value measurement				
Financial assets measured at FVPL				
— Investment in a partnership	**10,136**	**–**	**–**	**10,136**

	Fair value at 31 December 2025	Fair value measurements as at 31 December 2025 categorised into		
		Level 1	Level 2	Level 3
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Recurring fair value measurement				
Financial assets measured at FVPL				
— Investment in a partnership	10,000	–	–	10,000
— Investment in a private fund	5,827	–	–	5,827

During the six months ended 30 June 2026 and 2025, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

(b) Fair values of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost were not materially different from their fair values as at 30 June 2026.

20 ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

IFRS 18 *Presentation and Disclosure in Financial Statements* will replace IAS 1 *Presentation of Financial Statements* and applies for annual reporting periods beginning on or after 1 January 2027. The Group has not early adopted the new accounting standard in preparing these interim financial statements; however, earlier application is permitted.

IFRS 18 requires a more structured statement of profit or loss and greater disaggregation of information. The Group is in the process of assessing the estimated impact that the initial application of IFRS 18 will have on its consolidated financial statements.

The expected impacts in the period of initial application are described below. The actual impacts of adopting the accounting standard on 1 January 2027 may change because the Group has not finalised the assessment and implementation of changes to processes and controls; and the new accounting policies are subject to change until the Group presents its first consolidated financial statements that include the date of initial application.

(a) Structure of the statement of profit or loss

IFRS 18 requires entities to classify all income and expenses into five categories in the statement of profit or loss — namely operating, investing, financing, income tax and discontinued operations Classification of income and expenses depends on the main business activities of an entity. The Group has determined that it does not have a specified main business activity of investing in assets and/or providing financing to customers.

Neither net profit nor net assets will change as a result of the Group's adoption of IFRS 18. However, the Group will be required to present two newly defined subtotals, which are 'operating profit' and 'profit or loss before financing and income taxes'. The operating profit subtotal differs from the current operating profit subtotal presented by the Group. Based on the information currently available, the Group expects significant changes to the current structure of the statement of profit or loss to result from the following.

- Share of profit (loss) of equity-accounted investees is currently presented below net finance costs and above profit before tax. Income and expenses from equity-accounted investments are always classified in the investing category under IFRS 18. Accordingly, the Group's share of profit of equity-accounted investees will be classified and presented in the investing category.

- Interest income and expenses are generally included in finance income and finance costs under the Group's current accounting policy and are presented in the 'net finance costs' subtotal. IFRS 18 provides specific guidance on the income and expenses classified in the investing and financing categories.

  — Interest income on certain financial assets held by the Group (e.g. interest income on corporate debt securities and on cash and cash equivalents) will be classified and presented in the investing category.

  — Interest expense on certain liabilities will continue to be classified and presented in the financing category (e.g. interest expense on financial liabilities not measured at FVTPL and unwind of discount on site restoration provision).

- Net foreign exchange losses are currently included in finance costs and presented in net finance costs. Under IFRS 18, foreign exchange differences are required to be presented in the same category as the income and expenses from the items that gave rise to the differences. The Group has determined that it has foreign exchange differences to be classified in the operating, investing and financing categories. For example, foreign exchange differences on trade payables will be classified in the operating category. Gains and losses on certain designated cash flow hedging instruments are currently included in finance costs and presented in net finance costs. Under IFRS 18, gains and losses on designated hedging instruments are required to be classified in the same category as the income and expenses affected by the hedged risks. The Group has determined that gains or losses on these hedging instruments will be classified in the operating and financing categories.

Under IFRS 18, operating expenses are classified and presented by nature, function or using a mixed presentation. The Group has determined that classification and presentation on a mixed basis will provide the most useful structured summary of operating expenses.

(b) Principles of aggregation and disaggregation

IFRS 18 provides enhanced principles on how to group information in the financial statements (i.e. the primary financial statements and the notes). It also introduces guidance on labelling and describing items presented in the primary financial statements or disclosed in the notes.

The Group is assessing the grouping of items on the basis of similar and dissimilar characteristics. Based on this assessment, it will present line items in the primary financial statements that provide useful structured summaries and disclose additional material information in the notes.

The Group is also assessing line items currently labelled as 'other' and will use more informative labels.

(c) Consequential amendments

IFRS 18 introduces consequential amendments to IAS 7, which require entities to use the newly defined operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method. The Group currently uses 'profit or loss' as the starting point of the reconciliation to cash flows from operating activities. Certain adjusting items included in the reconciliation will change as a result of the new starting point. For example, the Group's share of profit (loss) of equity-accounted investees will no longer be an adjusting item, as this amount will not be included in the operating profit starting point. Cash distributions from these investees will be included in cash flows from investing activities.

The consequential amendments also provide specific guidance on the classification of interest and dividend cash flows. The Group will classify cash flows from interest paid as financing activities rather than operating activities under this guidance. Cash flows from interest and dividends received and from dividends paid will continue to be classified as investing activities and financing activities, respectively.

VI. OPERATION RESULTS AND ANALYSIS

1. Revenue

For the six months ended 30 June 2026 (the "**Reporting Period**"), the Group's revenue was RMB 1,075.31 million, representing a decrease of 44.50% as compared to the revenue of RMB 1,937.67 million for the six months ended 30 June 2025 (the "**Corresponding Period Last Year**"), which was primarily attributable to the easing of the influenza epidemic in the first half of 2026, which resulted in a significant year-on-year decrease in the sales volume of Kewei, the Group's core product and a primary drug for influenza treatment. The Group adopts a diversified market strategy to continuously enhance the competitiveness and commercial value of its core products through sustained academic promotion activities and optimized channel development. By increasing investments in advertising, marketing campaigns, and patient education programs, we continued to elevate brand awareness of our key products. By strengthening strategic collaborations with globally renowned enterprises, we accelerated the development and commercialization of innovative drugs and biologics in international markets.

2. Cost of Sales

The Group's cost of sales consists of (1) cost of raw materials, primarily including cost of raw materials, ancillary materials and packaging materials; (2) labour cost, primarily including salaries and benefits of our staff directly involved in manufacturing of our products; (3) manufacturing cost, primarily including depreciation of machinery, equipment and plant and cost of labour protection materials, fuel, machine oil and maintenance; and (4) patent fee paid to third parties in relation to patents and licences. For the Reporting Period, the cost of sales of the Group amounted to RMB 497.14 million, representing an increase of RMB 27.08 million as compared to RMB 470.06 million for the Corresponding Period Last Year, primarily due to adjustments to the Company's product portfolios during the Reporting Period. During the Reporting Period, sales volume of Kewei, the Company's core product, decreased year-on-year. However, as the Company actively promoted a diversified product portfolio, leading to the sales volume of other products which carried relatively higher costs of sales to increase year-on-year, resulting in the overall cost of sales to increase year-on-year.

3. Gross Profit

For the Reporting Period, gross profit of the Group was RMB 578.17 million, representing a decrease of 60.60% as compared to RMB 1,467.61 million for the Corresponding Period Last Year, which was mainly due to the decrease in the sales volume of Oseltamivir products during the Reporting Period.

4. Other Loss/income

Other (loss)/income of the Group mainly included (1) interest income; (2) government subsidies; (3) net foreign exchange; (4) net profit or loss of disposal of fixed assets; and (5) impairment losses on intangible assets. For the Reporting Period, other loss of the Group amounted to RMB 13.82 million, representing a decrease of RMB 48.65 million as compared to other income of RMB 34.83 million for the Corresponding Period, which was mainly due to an increase in asset impairment losses of certain products.

5. Expenses Analysis

For the Reporting Period, the Group's expenses amounted to RMB 1,132.19 million in total, representing a decrease of RMB 274.65 million as compared to RMB 1,406.84 million for the Corresponding Period Last Year. The main components of the Group's expenses are as follows:

	For the six months ended 30 June		**Change as compared with the Corresponding Period Last Year**
	2026	2025	
	RMB'000	*RMB'000*	*(%)*
Distribution costs	**491,433**	715,622	-31.33%
Administrative expenses	**302,826**	309,060	-2.02%
Research and development cost	**279,876**	348,216	-19.63%
Reversal of impairment losses on trade and other receivables	**(47,222)**	(80,350)	-41.23%
Finance costs	**105,273**	114,291	-7.89%
Total	**1,132,186**	1,406,839	-19.52%

Distribution costs mainly consist of (1) marketing expenses relating to conducting academic promotion activities and other marketing activities; (2) travelling expenses for marketing purposes; (3) labour cost; and (4) other expenses. The decrease in distribution costs was mainly due to the decrease in the sales volume of Oseltamivir products during the Reporting Period by the Group.

Administrative expenses mainly consist of (1) salary and welfare benefits for the management and administrative personnel; (2) depreciation and amortisation costs relating to our office facilities and land use rights; and (3) taxes and surcharges and other miscellaneous expenses.

For the Reporting Period, the Group's investment in the research and development cost amounted to RMB 279.88 million in total and a decrease of 19.63% as compared to the Corresponding Period Last Year, which was mainly because certain drugs of the Group have entered the late stage of Phase II clinical trials or have entered Phase III clinical trials and commenced capitalization. Meanwhile, as new projects are still in the early stage of commencement, expenses during the Reporting Period remained relatively low.

Finance costs mainly include interests on bank loans.

6. Loss/profit Before Taxation

For the Reporting Period, the Group's loss before taxation amounted to RMB 568.87 million in total, representing a decrease of RMB 664.52 million as compared to the profit before taxation of RMB 95.65 million for the Corresponding Period Last Year, which was mainly because sales of the Group's core product Kewei recorded a year-on-year decrease during the Reporting Period.

7. Loss/profit for the Period

For the Reporting Period, the Group recorded a loss of RMB 604.00 million, representing a decrease of RMB 618.65 million as compared to the profit of RMB 14.65 million for the Corresponding Period Last Year, which was mainly because sales of the Group's core product Kewei recorded a year- on-year decrease during the Reporting Period.

8. Loss/profit and Total Comprehensive Income Attributable to Equity Shareholders of the Company

For the Reporting Period, loss and total comprehensive income attributable to equity shareholders of the Company was RMB 596.42 million, representing the loss increased by RMB 542.15 million as compared to loss and total comprehensive income attributable to equity shareholders of the Company of RMB 54.27 million for the Corresponding Period Last Year, which was mainly because sales of the Group's Oseltamivir products recorded a year-on-year decrease during the Reporting Period.

VII. FINANCIAL POSITION

1. Overview

As of 30 June 2026, the Group's total assets amounted to RMB 11,672.19 million, with total liabilities of RMB 7,801.11 million and shareholders' equity of RMB 3,871.08 million.

For the six months ended 30 June 2026, the Group's capital is mainly derived from product sales and is used in production workshop construction, distribution and administrative management etc. The management has clear goals and records in budget, financial and operating performance, and actively monitors them and regularly evaluates internal control measures.

2. Net Current Assets

The following table sets forth our current assets, current liabilities and net current assets for the dates indicated.

	As at 30 June 2026	As at 31 December 2025
	RMB'000	*RMB'000*
Current assets		
Inventories	**893,387**	783,491
Trade and other receivables	**1,494,135**	1,892,400
Prepayments	**461,026**	446,651
Financial assets measured at FVPL	**10,136**	15,827
Restricted cash	**75,617**	25,504
Cash and cash equivalents	**1,479,038**	1,486,796
Total current assets	**4,413,339**	4,650,669
Current liabilities		
Trade and other payables	**2,124,663**	2,596,774
Contract liabilities	**162,366**	152,216
Bank loans and other borrowings	**3,459,296**	3,197,746
Lease liabilities	**44,995**	47,174
Current taxation	**2,587**	43,940
Total current liabilities	**5,793,907**	6,037,850
Net current (liabilities)/assets	**(1,380,568)**	(1,387,181)

As at 30 June 2026, the Group recorded the total current assets of RMB 4,413.34 million, as compared to the total current assets of RMB 4,650.67 million as at 31 December 2025. As at 30 June 2026, the net current liabilities of the Group decreased by RMB 6.61 million as compared to the net current liabilities of the Group as at 31 December 2025 due to the combined effect of the decrease in current assets by RMB 237.33 million mainly resulting from the decrease in sales volume of the Company's Oseltamivir products during the Reporting Period, and the decrease in total current liabilities by RMB 243.94 million.

3. Gearing Ratio and Quick Ratio

Gearing ratio represents the total interest-bearing loans as at a record date divided by total equity as at the same record date. Quick ratio represents current assets (excluding inventories) as at a record date divided by current liabilities as at the same record date.

The Group's gearing ratio increased from 105% as at 31 December 2025 to 135% as at 30 June 2026 and quick ratio decreased from 0.64 times as at 31 December 2025 to 0.61 times as at 30 June 2026.

4. Bank Loans and Other Borrowings

As at 30 June 2026, the Group's balance of its bank loans and other borrowings amounted to RMB 5,222.91 million, which included bank loans of RMB 4,559.12 million and obligations arising from sale and leaseback transactions of RMB 663.79 million, representing an increase of RMB 656.17 million as compared to RMB 4,566.74 million as at 31 December 2025. The Group's bank loans were denominated in RMB for the six months ended 30 June 2026.

5. Capital Structure

As at 30 June 2026, the Group's total equity attributable to equity shareholders of the Company amounted to RMB 3,863.52 million, representing a decrease of RMB 481.02 million as compared to RMB 4,344.54 million as at 31 December 2025.

6. Capital Expenditure

In order to meet the production demand for our products, the Group constructed plants and buildings, machines and equipment and acquired relevant interests of drugs in progress for the six months ended 30 June 2026 with an aggregate capital expenditure of RMB 108.48 million, representing a decrease of RMB 665.10 million as compared to RMB 773.58 million for the Corresponding Period Last Year.

7. Contingent Liabilities

For the six months ended 30 June 2026, The Group had no significant contingent liabilities, litigation or arbitration of material importance.

8. Pledge of Assets

For the six months ended 30 June 2026, the Group's land use rights amounting to RMB 122.94 million, construction in progress amounting to RMB 201.37 million, fixed assets amounting to RMB 1,219.30 million, bills receivable amounting to RMB 38.29 million and restricted cash amounting to RMB 20.09 million were pledged to banks for bank loans and other borrowings and issuing bills payables.

9. Foreign Exchange and Exchange Rate Risk

The Group's business mainly operates in the PRC. Almost all of the income and expenditure of the Group were denominated in RMB. Other than certain bank loans and bank deposits denominated in foreign currencies, the Group does not have any other material direct exposure to foreign exchange fluctuations.

10. Employee and Remuneration Policies

As at 30 June 2026, the Group has a total of 6,299 employees. The staff costs, including directors' emoluments but excluding any contributions to pension scheme, were approximately RMB 543.30 million for the Reporting Period. The objective of the Group's remuneration policy is to motivate and retain talented employees to achieve the Group's long-term corporate goals and objectives. The Group's employee remuneration policy is determined by taking into account factors such as the overall remuneration standard in the industry and employee's performance. The management reviews the Group's employee remuneration policy and arrangements on a regular basis. Moreover, social insurance contributions are made by the Group for its PRC employees in accordance with the relevant PRC regulations.

11. Hedging Activities

For the six months ended 30 June 2026, the Group did not enter into any hedging transactions relating to foreign exchange risk or interest rate risk.

12. Significant Investments Held, and Significant Acquisitions and Disposals of Subsidiaries, Associates, and Joint Ventures

For the six months ended 30 June 2026, the Group did not hold any significant investments representing 5% or more of the Group's total assets, nor were there any significant acquisitions or disposals of subsidiaries, associates, or joint ventures.

13. Future Plans for Material Investment or Capital Assets

As of the date of this announcement, the Group does not have any future plan for material investment or acquisition of material capital assets.

VIII. OUR FUTURE STRATEGIC PLANS

We are committed to becoming a vertically integrated world-class pharmaceutical company under the dual driving forces of innovation and internationalization, supported by our excellent commercialization capabilities. By adhering to the corporate mission of "scientific innovation of new drugs for high-quality of healthy life", and focusing on research and development, production and commercialization of innovative drugs, modified new drugs, generic drugs and biosimilars, we are dedicated to developing products with breakthrough potential in both domestic and overseas markets. We will further to achieve structural optimization and business integration and enhance our market competitiveness, which will in turn maximize returns for the shareholders of the Company ("**Shareholders**").

Clarify the direction of future development and enhance the ability to give back to Shareholders

We will have a clear development direction to become a comprehensive pharmaceutical enterprise integrating research, production and sales. We will continuously improve the Group's competitiveness to enhance its ability to give back to the Shareholders.

Increase capital efficiency and expedite product innovation, continuously upgrading product technology to enhance market dominance

We plan to invest our strong operating cash flow into our research and development activities, thus significantly improving the efficiency of our use of funds and providing sufficient support to our research and development pipeline. With ample funds available, we will continue to invest in the enhancement of our own research and development platform to provide patients with better healthcare solutions and high-quality and affordable pharmaceutical products, with a focus on drugs for fields of indications with huge market potential. Such strong research and development capabilities will also continue to enrich our range of long-term commercialized products in the future, allowing us to build a strong foundation for sustainable business growth and long-term value creation.

Streamline decision-making processes and improve operational efficiency

We will streamline the decision-making process and improve the efficiency of business decision-making. We promptly respond to market changes and various challenges, and flexibly adapt our various drug sales channels to facilitate the dual globalized development of market and technology. At the same time, we will accelerate the integration of the middle and back-end architecture and promote an intelligent middle and back-end system that integrates the entire process, including finance, R&D, sales, procurement, inventory, administrative office systems and digital infrastructure. In addition, we will optimize and adjust the previous related-party transaction arrangements to improve decision-making and capital allocation efficiency and reduce governance costs.

Establish presence in the global capital market and enhance our corporate image

As a listed company tapping into the international capital market, we can further enhance our business agility through flexible financing. With a view to becoming a leading listed pharmaceutical company, the Group will continuously enhance our image and market presence among our customers, suppliers and other business partners. At the same time, leveraging our newly gained listing status, we can take advantage of our new status as a listed company to widely attract talents through potential and diverse equity incentive schemes, which in turn will also benefit all the Shareholders.

Enhance our renowned brand image and establish an efficient distribution network

We will continue to promote the presence of our brand in the market. Leveraging the leading market position and brand awareness of our core product Kewei and our rich product pipelines, we will be able to constantly enhance our brand image as a leading vertically integrated pharmaceutical company that integrates drug research and development, production and commercialization. At the same time, we will continue to foster our brand image as a PRC pharmaceutical company in the overseas market and boost our international reputation through cooperation with overseas partners.

To facilitate the commercial development of our product pipelines, we will continue our efforts to develop a more transparent and efficient international distribution network, strengthen the digitalization of our marketing network and data analysis capabilities, enhance the efficiency of our sales process, and optimize our branding and marketing strategies.

Optimizing the overall production system and improving systematic operational efficiency

We will focus on improving all aspects of the production system, accelerating the integration of production facilities and capacity planning in various regions, strengthening production automation and information construction, coordinating supply chain resources and improving procurement and logistics plans, further optimizing the cost structure and product quality of the product pipeline portfolio, reducing costs, and helping us provide high-quality drugs to customers, thereby improving our systematic production and operation efficiency.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the Reporting Period, the Company repurchased 201,600 H shares of the Company ("**Shares**") for a total consideration of HK$8,875,582 (before deduction of various expenses) and held as treasury Shares, details of which are set out below:

Month of Repurchase	Number of Shares Repurchased	Highest Price Paid *(HK$)*	Lowest Price Paid *(HK$)*	Total Consideration Paid *(HK$)*
January 2026	147,800	45.04	42.38	6,518,174
April 2026	53,800	44.66	41.08	2,357,408
Total	**201,600**			**8,875,582**

As at 30 June 2026, the Company held 677,600 H treasury Shares.

The above H Share repurchases were carried out by the directors ("**Directors**") of the Company pursuant to the mandate approved by Shareholders at the extraordinary general meeting held on 16 December 2025 and the annual general meeting held on 18 June 2026, with a view to demonstrating the confidence of the board ("**Board**") of directors and management team in the long-term business prospects and development of the Company. The board of directors considers that the proposed repurchases are in the best interests of the Company and the Shareholders as a whole. The Company intends to use such treasury shares for use in employee incentive programs, sale, or transfer to raise liquidity, among other purposes (subject to the actual decision of the Board).

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including treasury Shares) during the six months ended 30 June 2026.

INTERIM DIVIDEND

The Board resolved not to declare the payment of an interim dividend for the six months ended 30 June 2026 (six months ended 30 June 2025: nil).

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this announcement, from 30 June 2026 and up to the date of this announcement, there were no significant events of the Group.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

As a company listed on the Stock Exchange, the Company always strives to maintain a high level of corporate governance and complied with all the applicable code provisions as set out in the Corporate Governance Code contained in Appendix C1 to the Listing Rules during the Reporting Period.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix C3 of the Listing Rules as the code of conduct regarding securities transactions of the Company by the Directors.

The Company had made specific enquiries to all of the Directors, all Directors confirmed that each of them has complied with the Model Code during the Reporting Period.

The Group's employees, who are likely to be in possession of inside information of the Group, are subject to the Model Code. During the Reporting Period and up to the date of this announcement, the Company was not aware of any non-compliance with the Model Code by the relevant employees.

REVIEW OF RESULTS

The audit committee of the Company has reviewed the Company's 2026 interim results announcement, 2026 interim report and the Group's unaudited financial statements for the six months ended 30 June 2026 prepared in accordance with the International Financial Reporting Standards (IFRS) Accounting Standards.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This interim results announcement is published on the HKEXnews website of the Stock Exchange at www.hkexnews.hk and on the website of the Company at www.hecpharm.com. The Company's 2026 interim report containing all the information required by the Listing Rules will be published on the websites of the Company and the Stock Exchange in due course.

By order of the Board of
Sunshine Lake Pharma Co., Ltd.
Dr. ZHANG Yingjun
Chairman

Dongguan, the PRC
31 August 2026

As at the date of this announcement, the executive Directors are Dr. ZHANG Yingjun, Mr. JIANG Juncai and Mr. ZHANG Zhiyong (employee Director), the non-executive Directors are Mr. ZHANG Yushuai, Mr. TANG Xinfa, Mr. ZHU Yingwei and Dr. LI Wenjia, and the independent non-executive Directors are Dr. LI Xintian, Dr. MA Dawei, Dr. LIN Aimei and Dr. YE Tao.

* *For identification purpose only*