



基石药业

CSTONE
PHARMACEUTICALS

CStone Pharmaceuticals

基石藥業

(Incorporated in the Cayman Islands with limited liability)
(於開曼群島註冊成立的有限公司)

Stock Code 股份代號 : 2616

2025 年度報告
Annual Report

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Corporate Information

BOARD OF DIRECTORS

Executive Director

Dr. Jianxin Yang (*Chief Executive Officer*)

Non-executive Directors

Dr. Wei Li (*Chairman*)

Mr. Kenneth Walton Hitchner III

Mr. Xianghong Lin (*retired effective from June 25, 2025*)

Mr. Edward Hu

Independent Non-executive Directors

Dr. Paul Herbert Chew (*retired effective from June 25, 2025*)

Mr. Ting Yuk Anthony Wu (*resigned effective from January 21, 2026*)

Mr. Hongbin Sun (*resigned effective from June 25, 2025*)

Ms. Yip Betty Ho (*resigned effective from October 31, 2025*)

Mr. Kenneth Howard Jarrett (*appointed on September 23, 2025*)

Ms. Fang Xie (*appointed on November 1, 2025*)

Ms. Catherine Yen (*appointed on January 21, 2026*)

AUDIT COMMITTEE

Mr. Hongbin Sun (*Chairman*) (*resigned effective from June 25, 2025*)

Ms. Yip Betty Ho (*Chairperson*) (*appointed on June 25, 2025 and resigned effective from October 31, 2025*)

Dr. Paul Herbert Chew (*retired effective from June 25, 2025*)

Mr. Ting Yuk Anthony Wu (*resigned effective from January 21, 2026*)

Mr. Kenneth Howard Jarrett (*appointed on September 23, 2025*)

Ms. Fang Xie (*Chairperson*) (*appointed on November 1, 2025*)

Ms. Catherine Yen (*appointed on January 21, 2026*)

COMPENSATION COMMITTEE

Mr. Ting Yuk Anthony Wu (*Chairman*) (*resigned effective from January 21, 2026*)

Dr. Wei Li

Dr. Paul Herbert Chew (*retired effective from June 25, 2025*)

Ms. Yip Betty Ho (*appointed on June 25, 2025 and resigned effective from October 31, 2025*)

Ms. Fang Xie (*appointed on November 1, 2025*)

Ms. Catherine Yen (*Chairperson*) (*appointed on January 21, 2026*)

NOMINATION COMMITTEE

Dr. Wei Li (*Chairman*)

Dr. Paul Herbert Chew (*retired effective from June 25, 2025*)

Mr. Ting Yuk Anthony Wu (*resigned effective from January 21, 2026*)

Mr. Hongbin Sun (*resigned effective from June 25, 2025*)

Ms. Yip Betty Ho (*appointed on June 25, 2025 and resigned effective from October 31, 2025*)

Ms. Fang Xie (*appointed on November 1, 2025*)

Ms. Catherine Yen (*appointed on January 21, 2026*)

STRATEGY COMMITTEE

Dr. Jianxin Yang (*Chairman*)

Mr. Edward Hu

Dr. Paul Herbert Chew (*retired effective from June 25, 2025*)

Ms. Yip Betty Ho (*appointed on June 25, 2025 and resigned effective from October 31, 2025*)

Mr. Kenneth Howard Jarrett (*appointed on September 23, 2025*)

INVESTMENT COMMITTEE

Mr. Edward Hu (*Chairman*)

Mr. Kenneth Walton Hitchner III

Mr. Hongbin Sun (*resigned effective from June 25, 2025*)

Ms. Yip Betty Ho (*appointed on June 25, 2025 and resigned effective from October 31, 2025*)

Ms. Fang Xie (*appointed on November 1, 2025*)

AUTHORIZED REPRESENTATIVES

Dr. Jianxin Yang
Ms. Weicong Ni (*appointed on February 6, 2026*)
Ms. Mei Yee Yung (*resigned effective from February 6, 2026*)

COMPANY SECRETARY

Ms. Weicong Ni
Ms. Mei Yee Yung (*resigned effective from February 6, 2026*)

COMPANY WEBSITE

www.cstonepharma.com

REGISTERED OFFICE

The offices of Vistra (Cayman) Limited
P.O. Box 31119, Grand Pavilion
Hibiscus Way
802 West Bay Road
Grand Cayman KY1-1205
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN CHINA

C1 Building, North Block
218 Xinghu Str.
Suzhou Industrial Park
China

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

PRINCIPAL SHARE REGISTRAR

Walkers Corporate Limited
Cayman Corporate Centre
27 Hospital Road
George Town
Grand Cayman KY1-9008
Cayman Islands

HONG KONG SHARE REGISTRAR

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

HONG KONG LEGAL ADVISER

Fangda Partners
26/F, One Exchange Square
8 Connaught Place
Central
Hong Kong

COMPLIANCE ADVISER

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

STOCK CODE

2616

AUDITOR

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditors
35/F, One Pacific Place
88 Queensway
Admiralty
Hong Kong

Financial Highlights

INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS”) MEASURES:

- **Revenue** was RMB269.6 million for the year ended December 31, 2025, representing a decrease of RMB137.6 million or 33.8% compared to RMB407.2 million for the year ended December 31, 2024. The revenue is composed of RMB78.3 million from sales of pharmaceutical products (avapritinib, pralsetinib and sugemalimab), RMB167.7 million from license fee income and RMB23.6 million from royalty income of sugemalimab. (1) Revenue from sales of pralsetinib decreased substantially, which is primarily due to price adjustments of pralsetinib made in preparation for the National Reimbursement Drug List (“NRDL”) negotiation, along with related one-off channel compensation. With pralsetinib’s inclusion in the NRDL effective January 1, 2026, the anticipated revenue ramp-up in 2026 and beyond is expected to outweigh the short-term negative impact on revenue in 2025. (2) License fee income also decreased to some extent, primarily due to the recognition of significant one-time upfront fees and milestone payments received in 2024.
- **Cost of revenue** was RMB218.3 million for the year ended December 31, 2025, representing an increase of RMB51.2 million from RMB167.1 million for the year ended December 31, 2024, primarily due to inventory write-downs charged to cost of revenue and cost associated with an early billing of pralsetinib supply under the Patient Assistance Program covering the period through the first half of 2026 to mitigate customs clearance risks amid trade uncertainties.
- **Research and development expenses** were RMB311.5 million for the year ended December 31, 2025, representing an increase of RMB176.8 million from RMB134.7 million for the year ended December 31, 2024, primarily due to an increase in third party contracting costs for clinical trials, including the Phase I/II study for CS2009 and for research programs including CS5007’s IND enabling studies.
- **Administrative expenses** were RMB89.0 million for the year ended December 31, 2025, representing an increase of RMB11.2 million from RMB77.8 million for the year ended December 31, 2024, primarily due to an increase in employee costs.
- **Selling and marketing expenses** were RMB83.3 million for the year ended December 31, 2025, representing a decrease of RMB50.5 million from RMB133.8 million for the year ended December 31, 2024, primarily attributable to a decrease in channel service fee and employee costs.
- **Loss for the year** was RMB437.0 million for the year ended December 31, 2025, representing an increase of RMB345.8 million from RMB91.2 million for the year ended December 31, 2024, primarily attributable to a decrease in gross profit and an increase in research and development expenses. Excluding a one-time negative impact of RMB146.9 million in total from channel compensation and inventory write-downs related to preparation for inclusion of pralsetinib in the NRDL, the loss was RMB290.1 million.
- **Cash and cash equivalents and time deposits** were RMB918.7 million as of December 31, 2025.

Financial Highlights

NON-INTERNATIONAL FINANCIAL REPORTING STANDARDS (“NON-IFRS”) MEASURES:

- **Research and development expenses** excluding the share-based payment expenses were RMB299.5 million for the year ended December 31, 2025, representing an increase of RMB174.8 million from RMB124.7 million for the year ended December 31, 2024, primarily due to an increase in third party contracting costs for clinical trials, including the Phase I/II study for CS2009 and for research programs including CS5007’s IND enabling studies.
- **Administrative and selling and marketing expenses** excluding the share-based payment expenses were RMB160.4 million for the year ended December 31, 2025, representing a decrease of RMB64.0 million from RMB224.4 million for the year ended December 31, 2024, primarily attributable to a decrease in channel service fee.
- **Loss for the year** excluding the share-based payment expenses was RMB413.0 million for the year ended December 31, 2025, representing an increase of RMB319.0 million from RMB94.0 million for the year ended December 31, 2024, primarily attributable to a decrease in gross profit and an increase in research and development expenses.

As at December 31/year ended December 31,

	2025 RMB'000	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
Non-IFRS measures					
Research and development expenses (excluding the share-based payment expenses)	(299,528)	(124,661)	(534,710)	(559,147)	(1,182,110)
Administrative expenses & Selling and marketing expenses (excluding the share-based payment expenses)	(160,369)	(224,387)	(338,159)	(489,316)	(561,548)
Loss for the year (excluding the non-IFRS adjustments)	(413,032)	(94,018)	(330,241)	(760,616)	(1,697,429)
IFRS measures					
Revenue	269,583	407,205	463,842	481,363	243,718
Cost of revenue	(218,336)	(167,051)	(159,547)	(202,985)	(106,832)
Other income	25,513	27,058	50,608	18,722	45,773
Other gains and losses	(3,559)	2,985	199,544	(776)	(134,188)
Research and development expenses	(311,504)	(134,657)	(527,799)	(614,162)	(1,304,945)
Administrative expenses	(89,023)	(77,802)	(182,714)	(249,062)	(297,596)
Selling and marketing expenses	(83,341)	(133,778)	(199,349)	(327,301)	(363,788)
Finance costs	(13,272)	(15,167)	(11,819)	(8,477)	(2,242)
Loss for the year	(437,003)	(91,207)	(367,234)	(902,678)	(1,920,100)
Loss per share					
Basic and diluted (RMB)	(0.31)	(0.07)	(0.29)	(0.77)	(1.65)
Cash and cash equivalents and time deposits	918,699	672,937	1,026,671	1,042,091	1,603,444
Total assets	1,358,368	1,393,466	1,661,999	1,638,427	2,271,453
Total liabilities	741,599	1,029,595	1,205,169	1,189,101	1,064,445
Total equity	616,769	363,871	456,830	449,326	1,207,008

Business Highlights

For the year ended December 31, 2025, and up to the date of this report, we advanced our innovative pipeline and maximized the commercial value of our in-market assets. Our Pipeline 2.0 achieved significant progress, highlighted by the clinical program CS2009 advancing to Phase II and delivering the first global clinical data for a PD-1/VEGF/CTLA-4 trispecific antibody. We also expanded our therapeutic focus into autoimmune and inflammatory diseases. Commercially, we secured two international agreements for the global commercialization of sugemalimab and obtained regulatory approvals in the European Union (“EU”) and United Kingdom (“U.K.”) for Stage III non-small cell lung cancer (“NSCLC”). In China, AYVAKIT® (avapritinib) was successfully renewed on the NDRL, while GAVRETO® (pralsetinib) achieved its first-time inclusion. These accomplishments underscore our sustained commitment to developing innovative therapies for patients worldwide.

Clinical Stage Core Assets

- **CS2009, PD-1/VEGF/CTLA-4 trispecific antibody**

- **Global Phase II trial Ongoing**

Patient enrollment is active in our global, multicenter Phase II trial. The first patient was dosed in Australia in September 2025. The Investigational New Drug (“IND”) application for this trial was approved by the China National Medical Products Administration (“NMPA”) in November 2025 and by the U.S. Food and Drug Administration (“FDA”) in February 2026. This multi-cohort, parallel expansion study is designed to evaluate the efficacy, safety, tolerability, and pharmacokinetics (“PK”)/Pharmacodynamics (“PD”) of CS2009 as monotherapy and in combination regimens in 15 cohorts across 9 solid tumor indications, including NSCLC, colorectal cancer (“CRC”), extensive-stage small cell lung cancer (“ES-SCLC”), cervical cancer (“CC”), gastric or gastroesophageal junction (“G/GEJ”) adenocarcinoma, esophageal squamous cell carcinoma (“ESCC”), platinum-resistant ovarian cancer (“PROC”), triple-negative breast cancer (“TNBC”), and hepatocellular carcinoma (“HCC”). Active patient enrollment is ongoing in Australia and China.

- **First-in-class (“FIC”)/best-in-class (“BIC”) potential as next-generation I/O backbone**

More than 100 late-line patients have been enrolled in Phase I trial. CS2009 has demonstrated a favorable safety and tolerability profile, with no dose-limiting toxicity (“DLT”) reported and maximum tolerated dose (“MTD”) not reached. As of the data cutoff of mid-March 2026 with a median follow-up of approximately 6 months, the more mature data continue to reinforce its favorable safety profile, with 23% incidence of Grade ≥ 3 Treatment-Related Adverse Events (“TRAEs”). No excessive toxicities that typically occurred in combination therapies containing CTLA-4 and PD-(L)1 were observed, and the incidence of Grade ≥ 3 VEGF-related AEs was low.

CS2009 monotherapy demonstrates potent antitumor activity in later-line “cold” tumors that are not sensitive to PD-(L)1 mAb. An overall response rate (“ORR”) of 40% was observed in patients with non-clear cell renal cell carcinoma (“nccRCC”), and an ORR of 33.3% in soft tissue sarcoma (“STS”), showcasing its broad-spectrum therapeutic potential across multiple tumor types.

Safety data from multiple cohorts of CS2009 combined with standard chemotherapy showed that the combinations were well-tolerated across tumor types, with CS2009 not increasing the incidence or severity of chemotherapy-related adverse events.

Business Highlights

Compelling efficacy has been observed in Lung Cancer. CS2009 monotherapy demonstrates encouraging Phase I/II efficacy in NSCLC. In first-line NSCLC (PD-L1 tumor proportion score $TPS \geq 50\%$), the ORR reached 90%, with a disease control rate ("**DCR**") of 100%. In immuno-oncology ("**IO**")-pretreated, AGA negative second-/later-line NSCLC, ORR reached 25%.

- **Efficient and clearly-defined global development strategy**

Additional Phase I and Phase II clinical data for CS2009 are expected to be presented at the 2026 American Society of Clinical Oncology ("**ASCO**") Annual Meeting and/or the European Society for Medical Oncology ("**ESMO**") Congress.

The Company plans to initiate the first wave of Phase III global multi-regional clinical trials ("**MRCT**") for CS2009 by the end of 2026, targeting indications including NSCLC, CRC, and ES-SCLC.

- **CS5001, ROR1 ADC**

- **Global Phase Ib enrollment ongoing**

The global, multicenter Phase Ib clinical trial of CS5001 continues to advance patient enrollment across sites in Australia and China. The trial is designed to determine the recommended Phase II dose ("**RP2D**") and further evaluate the safety, tolerability, PK, and efficacy of CS5001 as monotherapy and in combination with systemic therapies in nine cohorts of selected tumor types. Current enrollment is prioritizing combination cohorts with standard-of-care ("**SOC**") regimens, including CS5001 in combination with R-CHOP (Rituximab + Cyclophosphamide + Doxorubicin + Vincristine + Prednisone) for first-line treatment of Diffuse Large B-Cell Lymphoma ("**DLBCL**") and CS5001 in combination with other SOC therapies for front-line DLBCL. Monotherapy cohorts continue to enroll patients with aggressive and indolent advanced lymphomas. In parallel, CS5001 is being evaluated in advanced solid tumors, both as monotherapy and in combination with the anti-PD-L1 antibody sugemalimab.

- **Promising efficacy and safety profile observed in front line DLBCL**

When combined with R-CHOP in the first-line DLBCL setting, no DLTs were observed across the 50–90 $\mu\text{g}/\text{kg}$ dose range, with an ORR of 100% and a complete response ("**CR**") rate exceeding 90%. In later-line DLBCL, the combination with standard-of-care therapies is currently undergoing dose finding, with no DLTs reported to date and a high ORR already observed.

Business Highlights

Commercial Products

- **CEJEMLY® (sugemalimab), anti-PD-L1 antibody**

- **Global expansion and regulatory approvals**

Following sugemalimab’s initial marketing authorization in the EU and U.K. for Stage IV NSCLC, the product received additional approvals in the EU in November 2025, and subsequently in the U.K. in February 2026, as monotherapy for adults with unresectable Stage III NSCLC whose disease has not progressed following platinum-based chemoradiotherapy (“**CRT**”). With these approvals, sugemalimab has become one of only two anti-PD-(L)1 antibodies approved in both the EU and U.K. for Stage III NSCLC, positioning it as a comprehensive therapy option spanning locally advanced, unresectable Stage III to metastatic Stage IV disease. Meanwhile, marketing authorization applications for sugemalimab have been either approved or are under active review in more than ten countries worldwide.

- **Global commercialization driven by strategic alliances**

In January 2025, we entered into a partnership with Laboratorios Stein S.A. (“**SteinCares**”) to commercialize sugemalimab across ten countries in Latin America (“**LATAM**”). This was followed by a partnership with Istituto Gentili S.R.L. (“**Gentili**”) in July 2025 to commercialize sugemalimab in 23 countries in Western Europe and the U.K. To date, four partnerships have been executed extending sugemalimab’s international footprint to over 60 countries around the world. Additional partnerships in other markets are under discussion.

- **GAVRETO® (pralsetinib), RET inhibitor**

- **Localized production approved**

In July 2025, the China NMPA approved the manufacturing localization application for Pralsetinib Capsules (pralsetinib, 100 mg). In 2026, the supply in China will gradually transition from imported products to end-to-end domestic production – from active pharmaceutical ingredient to finished drug product – significantly enhancing cost efficiency and supply chain resilience.

- **NRDL inclusion**

In December 2025, GAVRETO® (pralsetinib, 100 mg) was included for the first time in the latest NRDL released by China’s National Healthcare Security Administration, which took effect on January 1, 2026.

- **AYVAKIT® (avapritinib), KIT/PDGFRα inhibitor**

- **Domestic supply launched**

Following the 2024 China NMPA approval for localization production, domestic supply of avapritinib tablets (300 mg and 100 mg) commenced in February 2025, driving anticipated gross margin expansion.

- **NRDL renewal**

Following its initial inclusion in December 2023, AYVAKIT® was also successfully renewed on the NRDL in December 2025.

Business Highlights

Preclinical/IND-enabling Stage Programs and Proprietary ADC platform

CStone's preclinical Pipeline 2.0 comprises over nine promising candidates across multispecific antibodies, antibody-drug conjugates ("ADC") etc., with FIC/BIC potential in oncology and autoimmune/inflammatory diseases. We are dedicated to delivering clinical value through the development of these Pipeline 2.0 candidates, which will undergo international, multi-center clinical trials to maximize their global potential.

Our proprietary in-house ADC platform features optimized linkers for tumor-selective payload release and supports multiple Pipeline 2.0 ADC assets, including CS5007 (dual targeting epidermal growth factor receptor ("EGFR") and human epidermal growth factor receptor 3 ("HER3") bispecific ADC), CS5008 (delta-like ligand 3 ("DLL3") and SSTR2 bispecific ADC), CS5006 (integrin β 4 ("ITGB4") ADC), CS5009 (B7H3/PD-L1 bispecific ADC), etc.

In April 2026, we presented preclinical data for CS5007 (EGFR/HER3 ADC), CS5006 (ITGB4 ADC) and CS5008 (SSTR2/DLL3 ADC) at the annual meeting of the American Association for Cancer Research ("AACR").

FUTURE AND OUTLOOK

Our mission is to deliver transformative therapies through scientific excellence and technological innovation, making high-quality treatments accessible worldwide to benefit patients and their families.

We reaffirm our commitment to advancing a robust and differentiated pipeline by prioritizing internal discovery capabilities and sustained R&D investments, while executing strategic partnerships to unlock the global value of our in-market products. Critical catalysts in 2026 include:

- Clinical milestones
 - Accelerate the clinical development of CS2009 and CS5001 while pursuing global partnerships to expedite development.
 - Advance CS5007 (EGFR/HER3 bispecific ADC), CS5006 (ITGB4 ADC), and other early-stage candidates into clinical stages.
- Innovation and technology
 - Strengthen proprietary platforms (e.g., ADC technology) to bolster our early preclinical pipeline.
 - Present key clinical data at major conferences (e.g., ASCO and/or ESMO).

Chief Executive Officer's Statement

Dear Shareholders,

The year 2025 represented a definitive inflection point in CStone's evolution – a year defined by the disciplined execution of our Pipeline 2.0 strategy and the strengthening of our global commercial foundation. In an operating environment characterized by complexity and volatility, we remained steadfast in our commitment to scientific differentiation and operational excellence.

ADVANCING PIPELINE 2.0: A GLOBAL INNOVATION ENGINE

Innovation remains the cornerstone of long-term value creation. During 2025, our Pipeline 2.0 programs delivered consistent, data-driven progress that underscores our position as a leader in next-generation biologics.

CS2009, our potential first-in-class PD-1/VEGF/CTLA-4 trispecific antibody, continues to demonstrate compelling and highly consistent efficacy and safety profile. We view CS2009 as a potential next-generation immuno-oncology regimen. Supported by these data, we are actively engaged in global partnership discussions and are on track to initiate MRCTs before the end of 2026.

In parallel, CS5001, our ROR1-targeted ADC, is progressing through global Phase Ib studies. Encouraging anti-tumor activity observed in both first-line and relapsed/refractory DLBCL settings further validates its best-in-class potential.

Our commitment to sustaining innovation is reflected in the maturation of our early-stage portfolio. Differentiated assets such as CS5007 (EGFR/HER3 bispecific ADC), CS5006 (ITGB4 ADC), and CS2016 (TL1A/ $\alpha 4\beta 7$ bispecific antibody) are advancing toward the clinic, reinforcing a deep and sustainable R&D engine.

COMMERCIAL MOMENTUM AND FINANCIAL DISCIPLINE

Our in-market products – sugemalimab (Cejemly®), pralsetinib (Gavreto®), and avapritinib (Ayvakit®)—provides a recurring revenue base that fuels our innovation agenda.

In 2025, we meaningfully expanded our global footprint. Sugemalimab secured additional international partnerships and achieved landmark regulatory approvals for Stage III NSCLC in the European Union and the United Kingdom. Notably, both Stage III & IV NSCLC indications received Category I, Level A recommendations in the ESMO Clinical Practice Guidelines, a strong testament to their therapeutic value. Domestically, our commercial execution improved significantly. The successful NRDL renewal of Ayvakit® with local supply implementation, coupled with the first-time NRDL inclusion and local manufacturing approval for Gavreto®, positions us for robust volume growth and enhanced patient access.

Operationally, we maintained a disciplined financial posture, ending the year with a cash balance of RMB918.7 million. This liquidity ensures we have the necessary flexibility to invest strategically in our most promising programs while navigating the broader market landscape.

Chief Executive Officer's Statement

LOOKING AHEAD TO 2026

As we look forward, 2026 promises to be a catalyst-rich year. We anticipate key clinical data readouts, expanded global alliances, and the continued transition of our early-stage assets into clinical development.

I extend my deepest gratitude to our employees for their resilience and to our Shareholders for their continued confidence. CStone is built on a foundation of rigorous science and disciplined execution, and I am more confident than ever in our ability to deliver sustainable, long-term value.

Dr. Jianxin Yang

CEO, President of R&D, and Executive Director

Suzhou, PRC, March 26, 2026

Chairman's Statement

Dear Shareholders,

On behalf of the Board, I am pleased to present the annual report of CStone for the year ended December 31, 2025.

Despite external uncertainties, the Board has remained focused on long-term value creation, supporting management in advancing strategic priorities while maintaining prudent financial and operational discipline.

STRATEGIC PROGRESS WITH DISCIPLINED EXECUTION

The Board has closely monitored progress across key strategic initiatives, including clinical development, global business development, and commercialization expansion. We are encouraged by the Company's ability to deliver tangible milestones while maintaining alignment with its long-term vision.

At the same time, we have placed strong emphasis on capital allocation and financial resilience. In a capital-intensive industry, maintaining a solid balance sheet and ensuring efficient use of resources remain critical priorities. The Company's financial position at the end of 2025 provides a stable foundation to support its next phase of development.

STRENGTHENING GOVERNANCE AND OVERSIGHT

Sound corporate governance remains central to the sustainable development of CStone. During the year, the Board continued to enhance its oversight across key areas, including risk management, internal controls, compliance, and ESG practices.

We are committed to maintaining high standards of transparency and accountability, ensuring that the Company operates in the best interests of all shareholders and stakeholders. The Board has also worked closely with management to strengthen organizational capabilities and align incentives with long-term performance objectives.

SUPPORTING MANAGEMENT IN DELIVERING LONG-TERM VALUE

The Board recognizes the importance of empowering a strong and experienced management team. We have maintained close engagement with the executive leadership, providing guidance while ensuring appropriate oversight.

We are encouraged by the progress made in advancing the Company's innovation strategy and expanding its global footprint. The continued integration of research, development, and commercialization capabilities positions the Company to capture future opportunities in an increasingly competitive landscape.

Chairman's Statement

LOOKING AHEAD

While the external environment is expected to remain complex, we believe that CStone is well positioned to navigate the challenges ahead. The Board will continue to focus on strategic clarity, disciplined execution, and robust governance.

We remain confident in the Company's long-term prospects and its ability to create sustainable value for shareholders through continued innovation and operational excellence.

On behalf of the Board, I would like to express our sincere appreciation to the management team and all employees for their dedication and resilience. We also extend our gratitude to our Shareholders, partners, and stakeholders for their continued trust and support.

Dr. Wei Li

Chairman and Non-executive Director

Suzhou, PRC, March 26, 2026

Management Discussion and Analysis

OUR VISION

To be a pioneer in enhancing global patient health through innovation.

OVERVIEW

CStone (HKEX: 2616), established in late 2015, is an innovation-driven biopharmaceutical company focused on the research and development of therapies for oncology, immunology, inflammation, and other key disease areas. Dedicated to addressing patients' unmet medical needs in China and globally, the Company has made significant strides since its inception. To date, the Company has successfully launched 4 innovative drugs and secured approvals for 21 new drug applications covering 9 indications. The Company's pipeline is balanced by 16 promising candidates, featuring ADCs, multispecific antibodies, immunotherapies and precision medicines. CStone also prides itself on a management team with comprehensive experiences and capabilities that span the entire drug development spectrum, from preclinical and translational research to clinical development, drug manufacturing, business development, and commercialization. For details of any of the foregoing, please refer to the rest of this report and, where applicable, the Prospectus and prior announcements published on the websites of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and the Company.

Strategic Framework & Business Model

Our strategy is centered on delivering sustainable growth through the global advancement of Pipeline 2.0 and maximizing the lifecycle value of our in-market products. We execute this strategy via a capital-efficient, asset-light model that prioritizes internal resources on core competencies: early discovery, translational science, and clinical development. By leveraging established partnerships with premier contract research organizations ("**CROs**") and contract development and manufacturing organizations ("**CDMOs**"), we maintain operational agility without compromising scientific rigor. Commercialization is executed through strategic collaborations in key geographic markets, allowing us to amplify patient reach and revenue growth while preserving a sharp focus on innovation. Going forward, we will continue to strengthen our research and clinical capabilities, progress high-potential assets into later-stage development and adopt tailored global partnership strategies to maximize the value of both our commercial portfolio and pipeline.

Management Discussion and Analysis

The following pipeline chart demonstrates the milestone and development status of our selected assets as of the date of this report:

Asset	Indication	POC	Pivotal	NDA	Marketed	Approval						Partners	Partnering Regions
						CN	TW	HK	US	EU	UK		
Pralsetinib (RET)	1L NSCLC	████████████████████	████████████████████	████████████████████	████████████████████	✓	✓	✓				 Mainland China	
	2L NSCLC	████████████████████	████████████████████	████████████████████	████████████████████	✓	✓	✓					
	NSCLC	████████████████████	████████████████████	████████████████████	████████████████████				✓				
	TC	████████████████████	████████████████████	████████████████████	████████████████████	✓			✓				
	Multiple tumors	████████████████████	████████████████████	████████████████████	████████████████████								
Avapritinib (KIT/PDGFR)	PDGFRA exon 18 GIST	████████████████████	████████████████████	████████████████████	████████████████████	✓	✓	✓	✓			 Mainland China	
	PDGFRA D842V GIST	████████████████████	████████████████████	████████████████████	████████████████████				✓				
	ISM ¹	████████████████████	████████████████████	████████████████████	████████████████████				✓				
	ASM ¹	████████████████████	████████████████████	████████████████████	████████████████████				✓	✓			
Sugemalimab (PD-L1)	1L Stage IV NSCLC	████████████████████	████████████████████	████████████████████	████████████████████	✓				✓	✓	 Mainland China Switzerland and Central Eastern Europe Middle East and Africa Latin America West Europe and the UK	
	Stage III NSCLC	████████████████████	████████████████████	████████████████████	████████████████████	✓				✓	✓		
	1L G/GEJ	████████████████████	████████████████████	████████████████████	████████████████████	✓							
	1L ESCC	████████████████████	████████████████████	████████████████████	████████████████████	✓							
	R/R ENKTL	████████████████████	████████████████████	████████████████████	████████████████████	✓							
CS1002 (CTLA-4)	Solid tumors	████████████████████	████████████████████	████████████████████	████████████████████							 Greater China	

CN = Mainland China, TW = Taiwan, China, HK = Hong Kong SAR, China, US = United States, EU = European Union, UK = United Kingdom, POC = Proof of Concept, NDA = New Drug Application, NSCLC = Non-small Cell Lung Cancer, TC = Thyroid Cancer, GIST = Gastrointestinal Stromal Tumor, ISM = Indolent Systemic Mastocytosis, ASM = Advanced Systemic Mastocytosis, G/GEJ = gastric/gastroesophageal junction adenocarcinoma, ESCC = Esophageal Squamous Cell Carcinoma, R/R = Relapsed or Refractory, ENKTL = Extranodal NK/T Cell Lymphoma
 1. POC study was conducted in North American and Europe. No clinical trials have been conducted in China while IND application is under preparation.

Asset	Right	Indication	Discovery	Preclinical Development	IND-Enabling	FIH	POC
CS2009 (PD-1/VEGF/CTLA-4 trispecific antibody)	Global Rights	Solid tumors	████████████████████	████████████████████	████████████████████	████████████████████	████████████████████
CS5001 ¹ (ROR1 ADC)	Global Rights	Solid tumors; hematologic malignancies	████████████████████	████████████████████	████████████████████	████████████████████	████████████████████
CS5007 (EGFR/HER3 bispecific ADC)	Global Rights	Solid tumors	████████████████████	████████████████████	████████████████████	████████████████████	████████████████████
CS5006 (ITGB4 ADC)	Global Rights	Solid tumors	████████████████████	████████████████████	████████████████████	████████████████████	████████████████████
CS5008 (SSTR2/DLL3 bispecific ADC)	Global Rights	Solid tumors	████████████████████	████████████████████	████████████████████	████████████████████	████████████████████
CS2013 (BAFF/APRIL bispecific antibody)	Global Rights	Immunology & Inflammation	████████████████████	████████████████████	████████████████████	████████████████████	████████████████████
CS5009 (B7H3/PD-L1 bispecific ADC)	Global Rights	Solid tumors	████████████████████	████████████████████	████████████████████	████████████████████	████████████████████
CS5010 (HER2-targeting dual-payload ADC)	Global Rights	Solid tumors	████████████████████	████████████████████	████████████████████	████████████████████	████████████████████
CS5012 (HER2-targeting novel-payload ADC)	Global Rights	Solid tumors	████████████████████	████████████████████	████████████████████	████████████████████	████████████████████
CS2016 (TL1A/α4β7 bispecific antibody)	Global Rights	Immunology & Inflammation	████████████████████	████████████████████	████████████████████	████████████████████	████████████████████
CS1016 (PD-1 agonist antibody)	Global Rights	Immunology & Inflammation	████████████████████	████████████████████	████████████████████	████████████████████	████████████████████
CS1012 (GDF-15 antibody)	Global Rights	Solid tumors	████████████████████	████████████████████	████████████████████	████████████████████	████████████████████

Note: Assets status denotes progress in the region(s) noted in the column titled "Rights"; FIH = First in Human, POC = Proof of Concept
 1. CSone obtains the exclusive global right from LigaChem Biosciences, Inc. (LCB) to lead development and commercialization of LCB71/CS5001 outside the Republic of Korea

Antibody (red bar), ADC (blue bar), Global Rights (blue circle)

BUSINESS REVIEW

Commercial Products

To drive global growth, we actively pursue strategic partnerships with leading pharmaceutical and biotech companies. As of the date of this report, we established multiple new commercial collaborations worldwide. These alliances are designed to enhance the efficiency of our commercialization efforts by leveraging our partners' established capabilities and market presence. This approach not only accelerates our penetration into key international markets but also enables us to concentrate our internal resources on advancing our core research and development pipeline.

Management Discussion and Analysis

Details on our commercial portfolio are set out below:

- **CEJEMLY® (sugemalimab, anti-PD-L1 antibody) approved in China, the E.U., and U.K., expanding global presence and commercial value**
 - Sugemalimab, developed by CStone using OmniRat® transgenic animal platform, is a fully human, full-length anti-PD-L1 immunoglobulin G4 (“IgG4”) monoclonal antibody, which may reduce the risk of immunogenicity and toxicity for patients.
 - Approved indications in different territories.

The China NMPA has approved sugemalimab for five indications:

- **Stage IV NSCLC:** In combination with pemetrexed and carboplatin, as the first-line treatment for patients with EGFR gene mutation-negative and anaplastic lymphoma kinase (“ALK”)-negative metastatic non-squamous NSCLC; and in combination with paclitaxel and carboplatin, as the first-line treatment for patients with metastatic squamous NSCLC;
- **Stage III NSCLC:** As monotherapy for the treatment of unresectable Stage III NSCLC patients whose disease has not progressed following concurrent or sequential platinum-based chemoradiotherapy;
- **R/R ENKTL:** As monotherapy for the treatment of adult patients with relapsed or refractory (“R/R”) extranodal natural killer/T-cell lymphoma (“ENKTL”);
- **ESCC:** In combination with platinum and fluoropyrimidine-based chemotherapy for first-line treatment of unresectable locally advanced, recurrent or metastatic ESCC; and
- **G/GEJ adenocarcinoma:** In combination with fluoropyrimidine and platinum-containing chemotherapy for first-line treatment of unresectable locally advanced or metastatic gastric or gastroesophageal junction (G/GEJ) adenocarcinoma with PD-L1 expression (CPS≥5).

The European Commission (“EC”) and Medicines and Healthcare products Regulatory Agency (“MHRA”) in the U.K. have approved sugemalimab for two indications:

- **Stage IV NSCLC:** Cejemly in combination with platinum-based chemotherapy is indicated for the first-line treatment of adults with metastatic NSCLC with no sensitizing EGFR mutations, or ALK, ROS1 or RET genomic tumor aberrations;
- **Stage III NSCLC:** Cejemly as monotherapy is indicated for the treatment of unresectable Stage III NSCLC with no sensitising EGFR mutations, or ALK, ROS1 genomic tumour aberrations in adults whose tumors express PD-L1 on ≥1% of tumour cells and whose disease has not progressed following platinum-based chemoradiotherapy.

Management Discussion and Analysis

– Commercial collaborations

Building on 2024 partnerships with Ewopharma AG (“**Ewopharma**”) and Pharmalink Store LLC OPC (“**Pharmalink**”), we continued to expand the global footprint of sugemalimab in 2025. In January 2025, we entered into a strategic agreement with SteinCares to commercialize the asset across 10 LATAM countries. This was followed by an exclusive licensing agreement with Gentili in July 2025, covering 23 countries in Europe. Together, these partnerships have extended sugemalimab’s commercial reach to over 60 countries and regions worldwide.

– Guideline and academic recognition

- **ESMO Guideline recommendation:** In February 2025, CEJEMLY® (sugemalimab) has been included in the ESMO NSCLC Living Guideline. Sugemalimab is recommended as a Level I, A first-line combination therapy for both non-oncogene-addicted metastatic squamous and non-squamous NSCLC, with substantial clinical benefits. This is another significant milestone in sugemalimab’s global journey and provides critical support for our efforts to expand global market access and benefit patients.

In March 2026, sugemalimab, has received a I, A recommendation in the ESMO Early and Locally Advanced NSCLC Living Guideline. This recommendation supports sugemalimab for consolidation therapy in patients with unresectable Stage III NSCLC who have not progressed after concurrent or sequential chemoradiotherapy.

- **Publications and presentations:** In February 2025, the final analysis of progression-free survival (“**PFS**”) and overall survival (“**OS**”) in the registrational GEMSTONE-303 study (first-line CPS \geq 5 G/GEJ adenocarcinoma) was published in a top-tier medical journal-*JAMA* (Journal of the American Medical Association). In June 2025, long-term survival data of GEMSTONE-302 trial on sugemalimab was published in *the Lancet Oncology*, following its prior two publications in *the Lancet Oncology* and *Nature Cancer*.
- **GAVRETO® (pralsetinib, RET inhibitor) partnership with Allist: local manufacturing and NRDL inclusion achieved**
 - GAVRETO® (pralsetinib), a FIC rearranged during transfection (“**RET**”) inhibitor in China, has been approved by the China NMPA for the first-line treatment of adults with locally advanced or metastatic RET fusion-positive NSCLC, the treatment of adults with locally advanced or metastatic RET fusion-positive NSCLC previously treated with platinum-based chemotherapy; and RET fusion-positive thyroid cancer (“**TC**”). In addition, this medicine has been approved by the Department of Health of the Government of Hong Kong (“**HK DoH**”) for the treatment of patients with RET fusion-positive locally advanced or metastatic NSCLC and it has been approved by the Taiwan Food and Drug Administration (“**TFDA**”) for the treatment of adult patients with locally advanced or metastatic RET fusion-positive NSCLC and advanced or metastatic RET fusion-positive TC.
 - In 2025, we continue to integrate GAVRETO® (pralsetinib) into Allist’s highly synergistic lung cancer franchise, enabling GAVRETO® (pralsetinib) to benefit from Allist’s mature commercial team and broad market coverage, while simultaneously allowing us to reduce operating costs associated with GAVRETO® (pralsetinib) commercialization and improving overall profitability.

Management Discussion and Analysis

- In July 2025, the China NMPA approved the manufacturing localization application for Pralsetinib Capsules (pralsetinib, 100 mg). In 2026, the supply in China will gradually transition from imported products to end-to-end domestic production – from active pharmaceutical ingredient to finished drug product – significantly enhancing cost efficiency and supply chain resilience.
 - In December 2025, GAVRETO® (pralsetinib, 100 mg) was included for the first time in the latest NRDL released by China’s National Healthcare Security Administration, which took effect on January 1, 2026.
 - GAVRETO® (pralsetinib) has been included in 11 of China’s national guidelines for testing and treatment in multiple therapeutic areas, such as NSCLC and TC. In 2023, GAVRETO® (pralsetinib) was recommended by the 2023 Chinese Society of Clinical Oncology (“**CSCO**”) NSCLC guideline, which recommended RET mutation gene testing and GAVRETO® (pralsetinib) in the treatment of RET positive NSCLC patients. In 2024, GAVRETO® (pralsetinib) as a treatment of Stage IV RET fusion-positive NSCLC has been upgraded to a Level 1 recommendation in the 2024 CSCO NSCLC guideline.
- ***AYVAKIT® (avapritinib, KIT/PDGFRΑ inhibitor) partnership with Hengrui: domestic supply initiated and NRDL inclusion renewed***
 - AYVAKIT® (avapritinib), a FIC KIT/PDGFRΑ inhibitor, has been approved by the China NMPA for the treatment of adults with unresectable or metastatic GIST harboring a PDGFRΑ exon 18 mutation, including PDGFRΑ D842V mutations. AYVAKIT® (avapritinib) has also been approved by the TFDA and the HK DoH for the treatment of patients with unresectable or metastatic PDGFRΑ D842V mutant GIST.
 - In July 2024, we entered into a commercial partnership with Jiangsu Hengrui Pharmaceuticals Co., Ltd. (“**Hengrui**”) for the exclusive promotion rights of AYVAKIT® (avapritinib) in mainland China. The China NMPA has approved the manufacturing localization application in August 2024, and domestic supply has been launched in February 2025, with significant gross margin increase anticipated.
 - We continued to improve the accessibility and affordability of AYVAKIT® (avapritinib). Following its initial inclusion in December 2023, AYVAKIT® was also successfully renewed on the NRDL in December 2025 for the treatment of adult patients with unresectable or metastatic GIST harboring the PDGFRΑ exon 18 mutation, including PDGFRΑ D842V mutations. The latest NRDL took effect on January 1, 2026.
 - AYVAKIT® (avapritinib) is recommended by several authoritative guidelines, including the updated 2022 CSCO GIST guideline and the 2022 Chinese Guideline for Diagnosis and Treatment of Systemic Mastocytosis in Adults.

Management Discussion and Analysis

Clinical Stage Core Products

As of the date of this report, significant progress has been made across our product pipeline.

CS2009 (PD-1/VEGF/CTLA-4 trispecific antibody): potential next-generation I/O backbone with smooth global Phase II clinical trial progress

- CS2009, a leading asset from the Company's Pipeline 2.0, is a potential FIC/BIC PD-1/VEGF/CTLA-4 trispecific antibody independently developed by CStone. It combines three clinically validated targets – PD-1, VEGFA, and CTLA-4 – and exerts multidimensional anti-tumor effects through synergistic actions. Specifically, anti-PD-1 activity reverses T cell exhaustion, anti-CTLA-4 activity promotes T cell activation and proliferation, while anti-VEGFA activity blocks tumor angiogenesis and improves the tumor micro-environment ("TME"). In the TME, anti-PD-1 and anti-CTLA-4 activities are significantly enhanced by crosslinking with VEGFA. Meanwhile, CS2009 preferentially blocks PD-1 and CTLA-4 on double-positive tumor-infiltrating T cells while minimizing interference with CTLA-4 regulation in peripheral T cells.
- Patient enrollment is active in the global, multicenter Phase II trial. The first patient was dosed in Australia in September 2025. The IND application for this trial was approved by the China NMPA in November 2025 and by the U.S. FDA in February 2026. This multi-cohort, parallel expansion study is designed to evaluate the efficacy, safety, tolerability, and PK/PD of CS2009 as monotherapy and in combination regimens in 15 cohorts across 9 solid tumor indications, including NSCLC, CRC, ES-SCLC, CC, G/GEJ adenocarcinoma, ESCC, PROC, TNBC, and HCC.
- As of the data cutoff date of mid-March 2026, a total of 113 patients have been enrolled in Phase I, with a median follow-up of 6 months. CS2009 demonstrates a favorable safety and tolerability profile across all six dose levels evaluated, with no DLTs observed and the MTD not reached. The incidence of Grade ≥ 3 TRAEs was 23%; Grade ≥ 3 irAEs was 12.4%; and Grade ≥ 3 VEGF-related TRAEs was 4.4%. No excessive toxicities that typically occurred in combination therapies containing CTLA-4 and PD-(L)1 were observed. As of the data cutoff date of mid-March 2026, 85 patients enrolled in 9 cohorts covering 5 indications of Phase II. Safety data from multiple cohorts of CS2009 combined with standard chemotherapy showed that the combinations were well-tolerated across tumor types, with CS2009 not increasing the incidence or severity of chemotherapy-related adverse events.
- Antitumor activity was observed across all dose levels, with robust efficacy signals in multiple tumor types. At the 30 mg/kg, Q3W, CS2009 monotherapy achieved an ORR of 25% (6/24) and a DCR of 58.3% (14/24) in IO-pretreated, AGA-negative second-/later-line NSCLC patients, with several deep responses observed. Across dose levels, CS2009 monotherapy resulted in an ORR of 40% and a DCR of 100% in patients with non-clear cell renal cell carcinoma (n=5), an ORR of 33.3% and a DCR of 66.7% in patients with STS (n=9).
- Phase II data shows early promise with standout efficacy in first-line NSCLC. As of the data cutoff date, CS2009 monotherapy (20 mg/30 mg, Q3W) achieved an ORR of 90% (9/10) and a DCR of 100% (10/10) in first-line NSCLC patients with PD-L1 TPS $\geq 50\%$. Combination therapy with a platinum-based chemotherapy regimen in first-line squamous and non-squamous NSCLC was well tolerated, with no DLTs observed in the safety evaluation cohorts and a high ORR achieved. Similarly, CS2009 (administered at 20 or 30 mg/kg every three weeks) in combination with standard-of-care chemotherapy across various indications, including CRC, demonstrated a favorable tolerability profile with no DLTs and yielded a high ORR.

Management Discussion and Analysis

- Additional Phase I and Phase II clinical data for CS2009 are expected to be presented at the 2026 ASCO Annual Meeting and/or the ESMO Congress. In-depth discussions with global multinational companies for partnership are ongoing. The Company plans to initiate the first wave of Phase III global MRCT for CS2009 by the end of 2026, targeting indications including NSCLC, CRC, and ES-SCLC.

CS5001 (LCB71, ROR1 ADC) advances to Phase Ib stage with encouraging efficacy and safety profile

- CS5001 is a clinical-stage ADC targeting ROR1. CS5001 has been uniquely designed with proprietary tumor-cleavable linker and pyrrolobenzodiazepine (“**PBD**”) prodrug. Only after reaching the tumor, the linker and prodrug are cleaved to release the PBD toxin, resulting in lethal DNA cross-links in cancer cells. The use of the linker plus PBD prodrug effectively helps address toxicity associated with traditional PBD payloads, leading to a better safety profile. CS5001 has demonstrated complete tumor suppression in several preclinical cancer models and demonstrated favorable serum half-life and PK characteristics. CS5001 is a promising candidate drug with precision treatment potential in both hematologic tumors and malignant solid tumors. Additionally, CS5001 utilizes site-specific conjugation for a precise drug antibody ratio of which enables homogeneous production and large-scale manufacturing. CS5001 is so far the first ROR1 ADC known to demonstrate clinical anti-tumor activity in both solid tumors and lymphomas.
- A global, multicenter Phase Ib clinical trial of CS5001 is actively enrolling patients across sites in Australia and China. The trial is designed to determine the RP2D and further evaluate the safety, tolerability, PK, and efficacy of CS5001 as monotherapy and in combination with systemic therapies in nine cohorts of selected tumor types. Current enrollment is prioritizing combination cohorts with SOC regimens, including CS5001 in combination with R-CHOP (Rituximab + Cyclophosphamide + Doxorubicin + Vincristine + Prednisone) for first-line treatment of DLBCL and CS5001 in combination with other SOC therapies for front-line DLBCL. Monotherapy cohorts continue to enroll patients with aggressive and indolent advanced lymphomas. In parallel, CS5001 is being evaluated in advanced solid tumors, both as monotherapy and in combination with the anti-PD-L1 antibody sugemalimab.
- Promising efficacy and safety profile has been observed in front line DLBCL. When combined with R-CHOP in the first-line DLBCL setting, no DLTs were observed across the 50–90 µg/kg dose range, with an ORR of 100% and a CR rate exceeding 90%. In later-line DLBCL, the combination with standard-of-care therapies is currently undergoing dose finding, with no DLTs reported to date and a high ORR already observed.

CS1002 (SHR-8068, anti-CTLA4 antibody): strategic Greater China partnership with Hengrui and active Phase III trial progress

- In November 2021, we entered an exclusive licensing agreement with Hengrui, which obtained the exclusive rights to research, development, registration, manufacturing, and commercialization of CS1002/SHR-8068 in Greater China. CStone retained all rights to develop and commercialize CS1002 outside of Greater China.
- Hengrui has launched four pivotal clinical trials for evaluating CS1002/SHR-8068 combination therapy in multiple solid tumor types, including:
 - a Phase II/III trial evaluating CS1002/SHR-8068 in combination with adebrelimab and chemotherapy as a first-line treatment for advanced or metastatic non-squamous NSCLC;

Management Discussion and Analysis

- a Phase III Study of CS1002/SHR-8068 combined with adabrelimab and platinum-based chemotherapy versus tislelizumab combined with platinum-based chemotherapy as first-line treatment for advanced or metastatic NSCLC;
- a Phase III trial comparing CS1002 combined with adabrelimab and bevacizumab versus sintilimab combined with bevacizumab for the first-line treatment of advanced HCC; and
- a Phase III trial of CS1002/SHR-8068 combined with adbelimab and platinum-based chemotherapy in contrast to varicumab combined with platinum-based chemotherapy in the first-line treatment of patients with advanced Biliary Tract Cancer ("**BTC**").

In addition, Hengrui is also advancing several Phase II studies of CS1002/SHR-8068 in other solid tumors including CRC, Renal Cell Carcinoma ("**RCC**"), G/GEJ and etc.

Preclinical/IND enabling stage candidates

We maintain our commitment to pioneering next-generation anti-cancer therapeutics, including multispecific antibodies, ADCs and more. Meanwhile, our early research portfolio has been expanded to encompass autoimmune and inflammatory diseases.

Key pipeline advancements include:

- **In-house proprietary ADC technology platform:** CStone is actively advancing next-generation linker technology to improve systematic stability and tumor selectivity of ADCs. Our proprietary tandem-cleavable β -glucuronide linker demonstrates:
 - Enhanced hydrophilicity improving circulating stability of the entire molecule.
 - Tumor selective payload release through tandem cleavage mechanism.
 - Clinical validated semi-stochastic conjugation with maleimide function group for manufacturability.

This in-house proprietary ADC technology platform optimizes ADC safety/efficacy profiles, broadens target compatibility, and supports multiple ADC candidates in CStone's Pipeline 2.0, including CS5006 (ITGB4 ADC), CS5007 (EGFR/HER3 bispecific ADC), CS5008 (SSTR2/DLL3 bispecific ADC), CS5009 (B7H3/PD-L1 bispecific ADC), etc.

- **Core ADC pipeline:**

- **CS5006 (ITGB4 ADC):** CS5006 is a FIC ADC against novel pan-tumor target integrin β 4 (ITGB4), a transmembrane protein that exclusively pairs with integrin α 6 (ITGA6) to form α 6 β 4 heterodimer. Robust *in vitro* and *in vivo* evidence supports its clinical development. This molecule targets diverse indications including NSCLC, squamous cell carcinoma of head and neck ("**SCCHN**"), CRC, etc.
- **CS5007 (EGFR/HER3 bispecific ADC):** CS5007 is positioned as a potential BIC candidate for precision oncology. It is designed to address tumor heterogeneity by simultaneously targeting EGFR and HER3 and exhibits potent affinities to EGFR+ and/or HER3+ tumor cells. It demonstrates potent antitumor efficacy with a favorable safety and PK profile. This ADC molecule targets a range of solid tumor indications, including NSCLC, TNBC, SCCHN, CRC, etc.

Management Discussion and Analysis

- **CS5008 (SSTR2/DLL3 ADC):** CS5008 is a novel SSTR2/DLL3 bispecific ADC using CStone’s proprietary antibody and linker payload. Through dual targeting of SSTR2 and DLL3, which are frequently co-expressed in NENs, SCLC and other malignancies, CS5008 aims to overcome tumor heterogeneity, a challenge inherent to mono-targeting therapies.

CAUTIONARY STATEMENT REQUIRED BY RULE 18A.08(3) OF THE LISTING RULES: WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET ANY OF OUR PIPELINE PRODUCTS, SUCCESSFULLY.

Business Development and Strategic Partnerships

Our business development team plays a pivotal role in driving strategic growth for our organization. This encompasses expanding the commercialization of in-market drugs, strengthening clinical-stage pipeline with potential FIC and BIC molecules, and acquiring innovative technologies. As of the date of this report, we have established strong strategic partnerships with industry leaders, including Pfizer, Sanofi, Hengrui, 3SBio Inc., Allist, Ewopharma, Pharmalink, SteinCares, and Gentili.

Regarding our in-market products in mainland China, we executed an exclusive commercialization agreement with Allist for GAVRETO® (November 2023) and a strategic partnership with Hengrui for AYWAKIT® (July 2024), retaining all other rights in the territory, including development, registration, manufacturing and distribution under both arrangements.

For global commercialization of CEJEMLY® (sugemalimab), we continue to establish strategic partnerships across key regions, including collaboration with Ewopharma for Switzerland and 18 Central Eastern European (“**CEE**”), with Pharmalink for Middle East and North Africa (“**MENA**”) and South Africa, with SteinCares for LATAM region, and with Gentili for Western Europe and U.K.

Beyond these initiatives, we remain actively engaged with potential partners to explore a range of opportunities aimed at accelerating value creation. These include in-licensing, out-licensing, and strategic partnerships.

Note: AYWAKIT® and associated logos are trademarks of Blueprint Medicines Corporation. GAVRETO® and associated logos are trademarks of Blueprint Medicines Corporation outside of the U.S. In July 2025, Sanofi publicly announced the completion of its acquisition of Blueprint Medicines Corporation.

Management Discussion and Analysis

FINANCIAL REVIEW

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended December 31, 2025 Compared to Year ended December 31, 2024

	For the year ended December 31,	
	2025 RMB'000 (Audited)	2024 RMB'000 (Audited)
Revenue	269,583	407,205
Cost of revenue	(218,336)	(167,051)
Gross profit	51,247	240,154
Other income	25,513	27,058
Other gains and losses	(3,559)	2,985
Research and development expenses	(311,504)	(134,657)
Selling and marketing expenses	(83,341)	(133,778)
Administrative expenses	(89,023)	(77,802)
Finance costs	(13,272)	(15,167)
Loss before tax	(423,939)	(91,207)
Income tax expense	(13,064)	–
Loss for the year	(437,003)	(91,207)
Other comprehensive (expense) income:		
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	(53)	985
Total comprehensive expense for the year	(437,056)	(90,222)
Non-IFRS measures:		
Adjusted loss for the year	(413,032)	(94,018)

Revenue. Our revenue was RMB269.6 million for the year ended December 31, 2025, representing a decrease of RMB137.6 million or 33.8% compared to RMB407.2 million for the year ended December 31, 2024. The revenue is composed of RMB78.3 million from sales of pharmaceutical products (avapritinib, pralsetinib and sugemalimab), RMB167.7 million from license fee income and RMB23.6 million from royalty income of sugemalimab. (1) Revenue from sales of pralsetinib decreased substantially, which is primarily due to price adjustments of pralsetinib made in preparation for the NRDL negotiation and, along with related one-off channel compensation. With pralsetinib's inclusion in the NRDL effective from January 1, 2026, the anticipated revenue ramp-up in 2026 and beyond is expected to outweigh the short-term negative impact on revenue in 2025. (2) License fee income also decreased to some extent, primarily due to the recognition of significant one-time upfront fees and milestone payments received in 2024.

Management Discussion and Analysis

Other Income. Our other income decreased by RMB1.6 million from RMB27.1 million for the year ended December 31, 2024 to RMB25.5 million for the year ended December 31, 2025. This was primarily due to a decrease in sales of scrap materials.

Other Gains and Losses. Our other gains and losses decreased by RMB6.6 million from a gain of RMB3.0 million for the year ended December 31, 2024 to a loss of RMB3.6 million for the year ended December 31, 2025. This decrease was primarily due to a one-off net loss on fair value changes of financial assets measured at FVTPL.

Research and Development Expenses. Our research and development expenses increased by RMB176.8 million from RMB134.7 million for the year ended December 31, 2024 to RMB311.5 million for the year ended December 31, 2025. This increase was primarily attributable to an increase of RMB170.6 million in milestone fee and third party contracting cost for clinical trials, including the Phase I/II study for CS2009 and for research programs including CS5007's IND enabling studies, from RMB10.4 million for the year ended December 31, 2024 to RMB181.0 million for the year ended December 31, 2025.

	For the year ended December 31,	
	2025 RMB'000	2024 RMB'000
Milestone fee and third party contracting cost	180,998	10,383
Employee cost	86,609	84,791
Depreciation and others	43,897	39,483
Total	311,504	134,657

Administrative Expenses. Our administrative expenses increased by RMB11.2 million from RMB77.8 million for the year ended December 31, 2024 to RMB89.0 million for the year ended December 31, 2025. This increase was primarily attributable to an increase of RMB21.7 million in employee cost, which was partially offset by a decrease of RMB9.6 million in depreciation and amortization and others.

	For the year ended December 31,	
	2025 RMB'000	2024 RMB'000
Employee cost	52,151	30,498
Professional fees	26,529	25,179
Depreciation and amortization	5,273	10,233
Rental expenses	1,752	3,906
Others	3,318	7,986
Total	89,023	77,802

Management Discussion and Analysis

Selling and Marketing Expenses. Our selling and marketing expenses decreased by RMB50.5 million from RMB133.8 million for the year ended December 31, 2024 to RMB83.3 million for the year ended December 31, 2025. The decrease was primarily attributable to a decrease in channel service fee by RMB47.2 million from RMB118.6 million for the year ended December 31, 2024 to RMB71.4 million for the year ended December 31, 2025.

	For the year ended December 31,	
	2025 RMB'000	2024 RMB'000
Channel service fee	71,363	118,643
Employee cost	2,493	13,613
Professional fees	8,867	264
Others	618	1,258
Total	83,341	133,778

Finance Costs. Our finance costs decreased by RMB1.9 million from RMB15.2 million for the year ended December 31, 2024 to RMB13.3 million for the year ended December 31, 2025, primarily due to an interest decrease in deferred payment arrangement on account payables.

Non-IFRS Measures

To supplement the Group's consolidated financial statements, which are presented in accordance with the IFRS, the Company also uses adjusted loss for the year and other adjusted figures as additional financial measures, which are not required by, or presented in accordance with, the IFRS. The Company believes that these adjusted measures provide useful information to shareholders and potential investors in understanding and evaluating the Group's consolidated results of operations in the same manner as they help the Company's management.

Adjusted loss for the year represents the loss for the year excluding the effect of certain non-cash items and one-time events, namely the share-based payment expenses. The term adjusted loss for the year is not defined under the IFRS. The use of this non-IFRS measure has limitations as an analytical tool, and it should not be considered in isolation from, or as substitute for analysis of, the Group's results of operations or financial condition as reported under IFRS. The Company's presentation of such adjusted figure may not be comparable to a similarly titled measure presented by other companies. However, the Company believes that this and other non-IFRS measures are reflections of the Group's normal operating results by eliminating potential impacts of items that the management do not consider to be indicative of the Group's operating performance, and thus facilitate comparisons of operating performance from year to year and company to company to the extent applicable.

Management Discussion and Analysis

The table below sets forth a reconciliation of the loss to adjusted loss during the years indicated:

	For the year ended December 31,	
	2025 RMB'000 (Audited)	2024 RMB'000 (Audited)
Loss for the year	(437,003)	(91,207)
Added:		
Share-based payment expenses	23,971	(2,811)
Adjusted loss for the year	(413,032)	(94,018)

The table below sets forth a reconciliation of the research and development expenses to adjusted research and development expenses during the years indicated:

	For the year ended December 31,	
	2025 RMB'000 (Audited)	2024 RMB'000 (Audited)
Research and development expenses for the year	(311,504)	(134,657)
Added:		
Share-based payment expenses	11,976	9,996
Adjusted research and development expenses for the year	(299,528)	(124,661)

The table below sets forth a reconciliation of the administrative and selling and marketing expenses to adjusted administrative and selling and marketing expenses during the years indicated:

	For the year ended December 31,	
	2025 RMB'000 (Audited)	2024 RMB'000 (Audited)
Administrative and selling and marketing expenses for the year	(172,364)	(211,580)
Added:		
Share-based payment expenses	11,995	(12,807)
Adjusted administrative and selling and marketing expenses for the year	(160,369)	(224,387)

Management Discussion and Analysis

Employees and Remuneration Policies

The following table sets forth a breakdown of our employees as of December 31, 2025 by function:

Function	Number of employees	% of total number of employees
Research and Development	87	64.0
Sales, General and Administrative	49	36.0
Total	136	100.0

As of December 31, 2025, we had 93 employees in Shanghai, 9 employees in Beijing, 24 employees in Suzhou and 10 employees in other regions of the PRC and overseas. Our employees' remuneration comprises salaries, bonuses, employee provident fund, social security contributions and other welfare payments. In accordance with applicable Chinese laws, we have made contributions to social security insurance funds (including pension plans, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance) and housing funds for our employee.

Liquidity and Financial Resources

The Group has always adopted a prudent treasury management policy. The Group has taken a multi-source approach to fund our operations and meet development demands for capital, including service and milestone and upfront payments from our collaboration partners, bank borrowings, investments from other third parties and proceeds from our listing on the Stock Exchange.

On February 26, 2019, 186,396,000 Shares of US\$0.0001 each were issued at a price of HK\$12.00 per Share in connection with the Company's IPO on the Stock Exchange. The proceeds of HK\$146,294.76 representing the par value, were credited to the Company's share capital. The remaining proceeds of RMB2,090.16 million (before deduction of the expenses relating to the Company's IPO) were credited to the share premium account. The translation from US\$ to HK\$ is made at the exchange rate set forth in the H.10 weekly statistical release of the Federal Reserve System of the United States as of February 26, 2019.

On September 30, 2020 (before trading hours), the Company entered into the share subscription agreement with Pfizer Corporation Hong Kong Limited, pursuant to which Pfizer Corporation Hong Kong Limited has conditionally agreed to subscribe for an aggregate of 115,928,803 subscription shares at the subscription price of approximately HK\$13.37 per Share. The gross proceeds from the allotment and issue of the subscription shares were approximately US\$200.0 million (equivalent to approximately RMB1,355.9 million).

On February 15, 2023, the Company completed the placing of 84,800,000 placing shares by a placing agent to not less than six placees at the placing price of HK\$4.633 per placing share, representing 6.61% of the issued share capital of the Company as enlarged by the allotment and issue of the placing shares immediately upon completion of the placing. The Company received net proceeds from the placing, after deducting the placing commission and other related expenses and professional fees, of approximately HK\$389.07 million (equivalent to approximately RMB338.12 million).

Management Discussion and Analysis

On April 10, 2025, the Company completed the placing of 80,000,000 placing shares by a placing agent to not less than six placees at the placing price of HK\$2.933 per placing share, representing 5.86% of the issued share capital of the Company as enlarged by the allotment and issue of the placing shares immediately upon completion of the placing. The Company received net proceeds from the placing, after deducting the placing commission and other related expenses and professional fees, of approximately HK\$232.29 million (equivalent to RMB215.82 million).

On July 16, 2025, the Company completed the placing of 100,000,000 placing shares by a placing agent to not less than six placees at the placing price of HK\$4.72 per placing share, representing 6.83% of the issued share capital of the Company as enlarged by the allotment and issue of the placing shares immediately upon completion of the placing. The Company received net proceeds from the placing, after deducting the placing commission and other related expenses and professional fees, of approximately HK\$467.28 million (equivalent to RMB425.79 million).

At December 31, 2025, our cash and cash equivalents and time deposits were RMB918.7 million, as compared to RMB672.9 million as of December 31, 2024. The cash and cash equivalents were mainly denominated in RMB and USD.

On April 22, 2026, the Company completed the placing of 118,000,000 placing shares by a placing agent to no less than six placees at the placing price of HK\$8.97 per placing share, representing approximately 7.40% of the issued share capital of the Company as enlarged by the allotment and issue of the placing shares immediately upon completion of the placing. The Company received net proceeds from the placing, after deducting the placing commission and other related expenses and professional fees, of approximately HK\$1,053.17 million (equivalent to RMB923.00 million).

Gearing Ratio

Gearing ratio is calculated using total liabilities divided by total assets and multiplied by 100%. At December 31, 2025, our gearing ratio was 54.6% (December 31, 2024: 73.9%).

Charge on Assets

At December 31, 2025, the Group did not pledge any assets (December 31, 2024: Nil).

OTHER FINANCIAL INFORMATION

Significant Investments, Material Acquisitions and Disposals

As at December 31, 2025, we did not hold any significant investments and there had been no material acquisitions and disposals by the Group. As at the date of this report, we have no specific future plan for material investments or capital assets, as well as material acquisitions or disposals of subsidiaries, associates and joint ventures.

Foreign Exchange Risk

Our financial statements are expressed in RMB, but certain of our cash and cash equivalents, time deposits, other receivables, financial assets measured at FVTPL and trade and other payables are denominated in foreign currencies, and are exposed to foreign currency risk. We currently do not have a foreign currency hedging policy. However, the management of the Group monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Management Discussion and Analysis

Bank Loans and Other Borrowings

As at December 31, 2025, the Group's bank borrowings, all denominated in RMB, amounted to RMB342,400,000, of which RMB110,000,000 was at fixed interest rates.

Contingent Liabilities

As at December 31, 2025, we did not have any material contingent liabilities (December 31, 2024: Nil).

Directors and Senior Management

DIRECTORS

Executive Director

Dr. Jianxin Yang (楊建新), M.D., Ph.D., aged 62, is our Chief Executive Officer, Executive Director, President of Research and Development, Chairman of the Strategy Committee and an authorized representative of the Company and was re-elected as an Executive Director on June 21, 2023. Dr. Yang was our founding Chief Medical Officer and Senior Vice President of Clinical Development from December 2016 to August 2022. Currently, he is responsible for the overall operation strategic planning and business operation of our Group. Dr. Yang also acts as a director in certain of our subsidiaries.

Dr. Yang is a seasoned biopharma leader with 30+ years of experience spanning drug discovery, translational research, clinical development, and commercialization in the U.S. and China. Throughout his career, Dr. Yang has made significant contributions to the successful development of several anticancer drugs. At CStone, he successfully brought 4 novel drugs to market – Sugemalimab, Avapritinib, Pralsetinib, and Ivosidenib. Sugemalimab was approved in the EU and the UK in 2024, marking the first successful international entry of a domestically developed PD-L1 inhibitor from China. He has built CStone into a preferred global partner for bringing innovative medicines to Greater China and enabled China biopharmas to access global markets.

Prior to joining us, he served as the Senior Vice President and Head of Clinical Development at BeiGene, Ltd. (NASDAQ: BGNE, HKSE: 6160, the Star Market of SHSE: 688235) from July 2014 to December 2016. He built the clinical team and led global development/operations for their diverse oncology pipeline (PD1, BTKi, PARPi, RAFi), conducting 10+ trials from FIH to pivotal studies and approvals.

Prior to joining BeiGene, Ltd., Dr. Yang served in several roles including as an Oncology Medical Director at Covance Inc. from September 2011 to July 2014. He served as Senior Principal Scientist for tumor biomarkers in Pfizer Inc. from October 2004 to August 2011, and served as a Research Scientist in the cancer genomics division at Tularik Inc. from September 1998 and September 2004 (acquired by Amgen Inc. in 2004).

Dr. Yang is an author of 80+ publications and conference reports, including 10+ articles in JAMA, Nature Medicine, The Lancet Oncology, JCO, Nature Cancer, Clinical Cancer Research, among others. He is an inventor of 15 patents.

Dr. Yang received a bachelor's degree in medicine from Xianning Branch of Hubei Medical College (湖北醫學院咸寧分院), (currently known as Hubei Institute of Science and Technology (湖北科技學院)) in Hubei, China in July 1985 and a master's degree in pathophysiology from Nanjing Medical College (南京醫學院), (currently known as Nanjing Medical University (南京醫科大學)) in Nanjing, China in July 1988. He then received his Ph.D. training in molecular biology with Nobel Laureates Drs. Michael S. Brown and Joseph L. Goldstein at the University of Texas Southwestern Medical Center at Dallas, U.S. in June 1995. He conducted his postdoctoral training in chemical biology with Dr. Stuart L. Schreiber at Harvard University in the United States from 1995 to 1998.

Non-executive Directors

Dr. Wei Li (李偉), Ph.D., aged 54, is our Chairman of Board. He has been our Director since December 2015 and was re-designated as a non-executive Director on October 29, 2018, and was re-elected as a non-executive Director on June 25, 2025. Dr. Li took up the role of Chairman and the chairman of the Nomination Committee on May 31, 2022. Dr. Wei Li is also a member of the Compensation Committee. Dr. Li also acts as a director in certain of our subsidiaries.

Directors and Senior Management

Dr. Li has over 20 years of experience in the biotech industry. He serves as a partner of Creacion Ventures since April 2020 and the managing partner of 6 Dimensions Capital, L.P. since October 2017 and is a founding partner and the managing partner of WuXi Healthcare Ventures II, L.P. since July 2015. Dr. Li served as an executive director of Ocumension Therapeutics (歐康維視生物), a company listed on the Stock Exchange (stock code: 1477), from April 2018 to July 2021 and re-designated as a non-executive director since July 2021. Dr. Li resigned as non-executive director of Ocumension Therapeutics with effect from January 16, 2025.

During his scientific research career, Dr. Li has first-authored numerous scientific publications in journals including Science, Proceedings of the National Academy of Sciences, and Journal of Biological Chemistry.

Dr. Li received a Ph.D. in chemistry from Harvard University in the United States in November 1998, and master's degree in business administration ("MBA") from the J. L. Kellogg School of Management at Northwestern University in the United States in June 2003. He graduated with a bachelor of science in chemical physics from the University of Science and Technology of China (中國科學技術大學) in Anhui, China in July 1993.

Mr. Kenneth Walton Hitchner III, aged 66, was appointed as our non-executive Director with effect from December 10, 2021 and was re-elected as a non-executive Director on June 18, 2024. Mr. Hitchner is a member of the Investment Committee.

Mr. Hitchner has more than 30 years of experience in corporate finance. He had served as the Chairman and Chief Executive Officer of The Goldman Sachs Group, Inc. in Asia Pacific Ex-Japan before his retirement in 2019. He was also a member of Goldman Sachs' Management Committee and co-chaired its Asia Pacific Management Committee.

Mr. Hitchner has served as an independent non-executive director of Provident Acquisition Corp., a company listed on NASDAQ (stock code: PAQC), from January 2021 to October 2022. He ceased to serve as a senior advisor to a leading global life sciences investor Valiance Asset Management in December 2022. During the period from 2013 to 2017, Mr. Hitchner had served as President of Goldman Sachs in Asia Pacific Ex-Japan. Prior to relocating to Hong Kong, he was global head of Goldman Sachs' Healthcare Banking Group and global co-head of its Technology, Media and Telecom Group. He was named managing director in 2000 and partner in 2002. He became head of the global medical device banking practice in 1998 and head of the global pharmaceutical banking practice in 2001. He began his career with Goldman Sachs' Corporate Finance Department in 1991.

Mr. Hitchner has been serving as an independent non-executive director of WuXi Biologics (Cayman) Inc., a company listed on the Main Board of the Stock Exchange (stock code: 2269), since June 2020. Mr. Hitchner has been serving as a director of the alternative investment management firm Elements Advisors SPV since May 2020. He has joined Global Advisory Board of the global early-stage venture capitalist Antler since January 2021. He served as a senior advisor of WuXi AppTec Co., Ltd.* (無錫藥明康德新藥開發股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 603259) and the Main Board of the Stock Exchange (stock code: 2359) ("**WuXi AppTec**"), from February 2020 to February 2025. Mr. Hitchner served as the chairman of the board of HH&L Acquisition Co., a company listed on the New York Stock Exchange (stock code: HHLA), from February 2021 to March 2024. Mr. Hitchner has been serving as the chairman of the board of a UK private healthcare company, Cydar Medical since February 2023. He served as chairman of the board of Sphere Fluidics, another UK private healthcare company from May 2023 to July 2025. He has also been serving as an independent non-executive director of WuXi XDC Cayman Inc., a company listed on the Main Board of the Stock Exchange (stock code: 2268), since November 2024.

Directors and Senior Management

Mr. Hitchner obtained a bachelor's degree in arts from the University of Colorado in 1982 and a master's degree in MBA as a merit fellow from Columbia University Business School in 1992.

Mr. Edward Hu (胡正國), aged 63, was appointed as our non-executive Director on July 9, 2021 and was re-elected as a non-executive Director on June 18, 2024. He is a member of the Strategic Committee and the chairman of the Investment Committee.

Mr. Hu currently is the Chairman and CEO of BaseCure Therapeutics Inc since December 2025. Previously he served as the vice chairman, Global Chief Investment Officer and an executive director of WuXi AppTec and he was primarily responsible for the overall business and management of WuXi AppTec before his retirement with effect from July 31, 2025. Mr. Hu joined WuXi AppTec in August 2007 and served as an executive director from March 2017 to July 2025. Mr. Hu served as a Co-Chief executive Officer of WuXi AppTec from August 2018 to May 2020. He served as the Chief Financial Officer from March 2016 to January 2019.

- From July 2022 to September 2024, he served as a non-executive director by CANbridge Pharmaceuticals Inc., a company listed on the Main Board of the Stock Exchange (stock code: 1228).
- From July 2022 to February 2023, he served as a director of Ambrx Biopharma Inc., a company listed on NASDAQ (stock code: AMAM).
- From February 2014 to June 2021, he served as a non-executive director of WuXi Biologics (Cayman) Inc., a company listed on the Main Board of the Stock Exchange (stock code: 2269) and was primarily responsible for providing guidance on the business strategy and financial management.
- From May 2018 to March 2021, he served as a director of Viela Bio Inc., a company listed on NASDAQ (stock code: VIE).
- From August 2007 to December 2015, he served as the Chief Financial Officer and Chief Operating Officer of WuXi PharmaTech (Cayman) Inc., a company previously listed on the New York Stock Exchange and was responsible for the financial and operational management.
- From October 2000 to July 2007, he served on various roles to become a Senior Vice President and Chief Operating Officer of Tanox Inc., a biopharmaceutical company previously listed on NASDAQ (stock code: TNOX, acquired by Genentech Inc. in August 2007) and primarily engaged in discovering and developing antibody therapeutic drugs, and was responsible for company operations, quality control, finance and information technology.
- From April 1998 to October 2000, he served as a business planning manager of Biogen Inc., a global biotechnology company listed on NASDAQ (stock code: BIIB) and primarily engaged in developing, marketing and sales of biopharmaceuticals for neurologic and immune diseases, and was responsible for business planning and budget management of its research and development division.
- From May 1996 to December 1998, he served as a senior financial analyst of Merck, and was responsible for financial planning and analysis.

Mr. Hu obtained a bachelor's degree in physics from Hangzhou University, currently known as Zhejiang University (浙江大學) in the PRC in July 1983. He also obtained a master's degree in chemistry and a master's degree of business administration from Carnegie Mellon University in the United States in May 1993 and May 1996, respectively.

Directors and Senior Management

Independent Non-executive Directors

Mr. Kenneth Howard Jarrett, aged 73, has been an INED since September 23, 2025. He is a member of the Audit Committee and the Strategy Committee.

Mr. Jarrett has over 40 years of experience in government and business relations, strategic planning and key relationship building. Mr. Jarrett has been serving as senior advisor of Albright Stonebridge Group, a strategic advisory firm based in Washington D.C. in the U.S. since January 2019. Prior to joining the Company, Mr. Jarrett served as independent director and members of the audit, compensation and nomination/governance committee of Wanda Sports Group Company Limited (a company delisted from Nasdaq in February 2021) from October 2019 to January 2021. During his extensive diplomatic career, Mr. Jarrett held several key positions across U.S. consulates, embassies and the private sector including president of the American Chamber of Commerce in Shanghai from September 2013 to December 2018, Greater China chairman of APCO Worldwide, a public affairs and strategic communication consultancy firm in the U.S. from October 2008 to July 2013, Consul General of the U.S. Consulate General in Shanghai from July 2005 to August 2008 and Deputy Consul General of the U.S. Consulate General in Hong Kong from July 2001 to July 2004. Prior to that, Mr. Jarrett served as chief of the Political Unit of the U.S. Embassy in Singapore, senior political officer of the Office of Israeli Affairs of the Department of State in the U.S., chief of the Political Section of the U.S. Embassy in Beijing and director for Asian Affairs of the National Security Council in Washington D.C. from 1991 to 2001.

Mr. Jarrett brings extensive board-level experience from services with universities and a range of public sector organizations. He has been serving as member of the National Committee on U.S.-China Relations, a non-profit organization promoting understanding between the U.S. and China, since 2009, as trustee of the Yale-China Association since 2025 and as an independent non-executive director of KnowledgeLink Group since November 2025. Previously, Mr. Jarrett served as member of Cornell University China Advisory Council from 2016 to 2024, board member of the American Chamber of Commerce in Shanghai from 2011 to 2013, chairman of the board of the USA Pavillion at the Shanghai World Expo from 2009 to 2012 and board member of the Hong Kong International School from 2001 to 2004.

Mr. Jarrett obtained his bachelor's degree in history from Cornell University in the U.S. in May 1975. He obtained his master's degree in East Asian studies, Chinese history from Yale University in the U.S. in December 1979 and a master's degree in national security studies from National War College in Washington D.C. in May 1997.

Directors and Senior Management

Ms. Fang Xie, also known as Heather Xie, aged 62, has been an INED since November 1, 2025. She is the chairperson of the Audit Committee and a member of each of the Compensation Committee, the Nomination Committee and the Investment Committee.

Ms. Fang has over 30 years of experience in operational finance and management consulting. Ms. Xie has been serving as independent non-executive director of ZTO Express (Cayman) Inc., a company listed on both the Main Board of the Stock Exchange (HKEx: 2057) and the New York Stock Exchange (NYSE: ZTO), and chairperson of the environmental, social and governance committee since November 2021 and a member of the nominating and corporate governance committee since March 2025. Prior to joining the Company, Ms. Xie has been a director and portfolio investment manager at Seres Capital from May 2021 to October 2025. Ms. Xie has been serving as independent non-executive director of DST Sustainable Technology (Shenzhen) Co., Ltd (地上鐵綠色科技(深圳)股份有限公司), a private intelligent management solutions provider for logistics electronic vehicles in the PRC, since August 2025. Ms. Xie provided management consulting and leadership coaching services to startup companies and investment management companies from July 2018. Ms. Xie joined Prologis Inc., a real estate investment trust headquartered in San Francisco, the U.S., in March 2008, which later span off its China and Japan businesses and formed Global Logistic Properties (“GLP”). Ms. Xie led GLP’s initial public offering on the Singapore Stock Exchange (SGX: MCO) and served as chief financial officer and a member of global investment committee of GLP from May 2010 to January 2018. Prior to GLP, Ms. Xie worked in various companies of General Electric (“GE”), a company listed on the New York Stock Exchange (NYSE: GE), in the U.S. and Asia from 1994 with increasing responsibilities, including as head of Treasury of GE Asia Pacific, financial controller of GE Asia Pacific, chief financial officer of GE infrastructure Asia and GE Toshiba Silicones China.

Ms. Xie obtained her bachelor’s degree and master’s degree in industrial economy from Renmin University of China in July 1986 and October 1989, respectively, and a master’s degree in economics from U.S. Cornell University in January 1994.

Directors and Senior Management

Ms. Catherine Yen, aged 61, has been an INED since January 21, 2026. She is the chairperson of the Compensation Committee and a member of each of the Audit Committee and the Nomination Committee.

Ms. Yen over 35 years of experience in financial accounting and assurance service with extensive involvement in initial public offerings and mergers and acquisitions. Ms. Yen served as partner of the China practice of Ernst & Young (“E&Y”) in Hong Kong from January 1996 to June 2024. During part of this period, Ms. Yen took on the role of E&Y’s People Leader for Greater China and the Far East Asia, a senior leadership role focused on talent strategy and organizational culture across E&Y’s operations. Ms. Yen was seconded to E&Y Tokyo office from July 2007 to June 2010 to assist with the implementation of the firm’s Global People Strategies. Prior to that, Ms. Yen held various positions in E&Y since joining the firm in August 1989. Ms. Yen serves as board member and as chairperson of the audit committee of the West Kowloon Cultural District Authority in Hong Kong since November 2022.

Ms. Yen has been admitted as an associate member and subsequently admitted as a fellow member of the Institute of Chartered Accountants in England and Wales since January 1989 and July 2017, respectively. She is also a fellow member of the Hong Kong Institute of Certified Public Accountants.

Ms. Yen obtained her degree of bachelor of arts from the University of East Anglia in the United Kingdom in July 1985.

SENIOR MANAGEMENT

Dr. Jianxin Yang (楊建新), M.D., Ph.D., aged 62, has been our CEO and president of research and development since August 25, 2022 and March 27, 2024, respectively. For further details, please refer to “Directors – Executive Director” in this section.

Mr. Michael J. Choi, MBA, aged 51, joined our Company in May 2021 and he has been our Chief Business and Strategy Officer since September 2022. In this role, he is responsible for business development, alliance management and corporate strategy.

Mr. Choi is an accomplished business executive with over 25 years of experience in the life science industry. Prior to joining us Mr. Choi was VP, Head of Business Development at Sun Pharma Advanced Research Corporation (SPARC) from September 2019 to April 2021. In this role, he led business development, commercial strategy and investor relations and oversaw the strategy and operations of SPARC as a member of the Executive Leadership Team. From March 2011 to July 2019, Mr. Choi served at Pfizer, Inc. in various business development roles including most recently as Business Alliance Lead for China, Japan, Asia Pacific, Latin-America and Canada at Pfizer Essential Health. While at Pfizer, Mr. Choi completed over 40 transactions across 6 continents. From April 2009 to March 2011, Mr. Choi served as the Strategy Leader for the Molecular and Cell Biology business unit at Life Technologies (now Thermo Fisher). Mr. Choi started his career as a Research Associate at the Columbia University College of Physicians and Surgeons before starting his business career as a strategy focused Management Consultant at various firms such as PricewaterhouseCoopers – Management Consulting Services, Envision Consulting Group (now IQVIA), and Frankel Group (now Oliver Wyman).

Mr. Choi obtained his MBA in Finance and Economics from Columbia Business School in New York City in May 2004 and Bachelor of Arts in History with a pre-medical concentration from Columbia College in New York City in May 1996.

Directors and Senior Management

Dr. Qingmei Shi (史青梅), M.D., Ph.D., aged 50, joined our Company in May 2019, and currently is our Chief Medical Officer. In her current role, Dr. Shi oversees the clinical development of our assets from IND until NDA approval. Additionally, she leads the medical/science, pharmacovigilance, regulatory affairs, quality assurance and biometrics functions to support progression of clinical development. Prior to this role, Dr. Shi was our head of clinical development and mainly responsible for the clinical development of our late-stage assets. Dr. Shi also acts as a director in one of our subsidiary.

With over 20 years of experience in clinic and the pharmaceutical industry, Dr. Shi brings extensive expertise in oncology and hematology therapeutic areas. Prior to joining our company, she served as a senior medical director at Covance Pharmaceutical Research and Development (Shanghai) Co., Ltd. from 2018 to 2019, where she was the lead physician in charge of multiple global and regional oncology and haematology studies.

From January 2007 to January 2018, Dr. Shi worked as a medical director at the Singapore and China offices of PAREXEL International China Pte. Ltd., where she led the Asia Pacific medical and pharmacovigilance functions and supported drug development for both global and China-pharmaceutical companies.

Dr. Shi obtained a Ph.D. in microbiology from the National University of Singapore in 2006. She obtained her medical doctor degree and a master of science in otolaryngology from Shan Dong Medical University in 1998 and 2001, respectively.

Dr. Yujuan La (喇玉娟), Ph.D., aged 48, joined us in May 2021 and is our senior vice president of Product Development. In her role, she has overall responsibilities for supervising IND applications, overseeing technology transfer and business collaborations, leading chemistry, manufacturing, and controls (CMC) development projects covering the entire life cycle of product development, including upstream and downstream process development, analytical method development and validation, manufacturing scaling-up, clinical sample production and quality assurance management.

Dr. La has 19 years of extensive experience in the biopharmaceutical field, specializing in the research and development, production, quality management, and project management of therapeutic antibody drugs. She successfully advanced multiple IND applications, technology transfers and business collaborations and led various CMC development projects. Prior to joining us, Dr. La worked at Startup Biotech Co., Ltd. as an executive director of preclinical development from September 2020 to April 2021, where she was mainly responsible for handling bispecific antibody drug related research and development, CMC project management and formulating portfolio strategy. Dr. La worked at CRO/CDMO Biopharm Co., Ltd. from October 2018 to August 2020 and her last position held was the vice president and senior director. She was mainly responsible for leading CMC projects (including maintaining service delivery), providing business development and sales support, and planning on marketing and resources strategies. From June 2008 to October 2018, Dr. La worked at Biopharmaceutical Co., Ltd. and she served successively as the Senior Director of Process Development and Quality Assurance Management. She was responsible for (i) establishing the process development team and platform, including product process development and manufacturing, process optimization and scale-up; (ii) building the quality system; and (iii) establishing a continuous improvement quality assurance system to ensure that the quality of drugs from research and development to clinical trials meets the corresponding quality specification. From June 2006 to May 2008, Dr. La was a research associate at Bio-X Centre of Shanghai Jiaotong University, where she was responsible for research and teaching.

Dr. La obtained a Ph.D. in biochemistry and molecular biology from Shanghai Jiao Tong University in 2006. She obtained her bachelor's degree in biology from Inner Mongolia University in 2000.

Directors and Senior Management

Ms. Weicong Ni (倪維聰), aged 35, joined us in August 2018 and currently serves as Chief Financial Officer and sole company secretary. In her role, she has overall responsibilities for financial management and control, corporate finance, investor relations and board related matters. Prior to her current roles, Ms. Ni served various roles within the company including head of capital markets and chief of staff to CEO, reporting directly to our chief executive officer. Ms. Ni also acts as a director in one of our subsidiaries.

Ms. Ni has more than 10 years of experience in capital markets and corporate financial management with exposure in both sell side and buy side in public and private markets. Prior to joining us, from July 2013 to May 2016, Ms. Ni worked at Deutsche Bank Hong Kong branch as an investment banker advising public and private companies in Asia on equity and debt financing, investments, and merger and acquisition, across a few industries from healthcare to internet and technology. Ms. Ni also gained experience as a public market investor in the United States in 2017.

Ms. Ni received her bachelor's degree in finance and economics from Hong Kong University of Science and Technology in 2013 and an MBA degree from Harvard Business School in 2018. Ms. Ni is a Chartered Financial Analyst.

Ms. Yinghua Zhang (張英華), aged 47, joined us in August 2016. She was appointed as the Chief Operating Officer on 1 April 2026 and currently serves in this role. In her role, she is responsible for overseeing the Company's overall operations management. She leads several key functions, including Commercial Operations, Human Resources, Administration, Legal & Compliance, and Government Affairs. Upon joining CStone, she served as the Human Resources and Administration Lead, establishing this department from the ground up and progressively extending her management responsibilities to encompass more enabling functions. Ms. Zhang also acts as a director in certain of our subsidiaries.

Ms. Zhang has more than 20 years' working experience in the life sciences industry. Prior to joining us, Ms. Zhang was the HR lead at Simcere-MSD (Shanghai) Pharmaceuticals Co., Ltd. She was actively involved in the initial planning and establishment of a joint venture company, and she was responsible for orchestrating the foundational organizational framework and overseeing personnel recruitment during the nascent stages of the company's inception. From December 2002 to August 2011, Ms. Zhang worked at various subsidiaries of Simcere Pharmaceutical Group Limited (a company listed on the Stock Exchange (stock code: 2096)), where her last position was the HR head of the Shanghai subsidiary. From July 2000 to November 2002, she was an administration assistant at Jiangsu Scottwilson Engineering Consulting Co., Ltd.

Ms. Zhang obtained a master's degree in applied psychology from Nankai University and a bachelor's degree in business management from Inner Mongolia University of Finance and Economics.

Directors and Senior Management

Dr. Qinzhou Qi, Ph.D., aged 42, joined our Company in January 2018. He was appointed as Vice President effective April 1, 2026, and currently serves as Head of R&D Management and Chief of Staff to the CEO. In this role, he has overall responsibility for R&D management functions, oversees the Program Management Office and the Medical Writing & Scientific Publication team, and drives the translation of leadership strategies into frontline execution. He also oversees Medical Affairs and Medical Information functions.

Dr. Qi has over 15 years of experience in the biopharmaceutical industry. He began his career at BeiGene Co., Ltd., where he worked as a Clinical Scientist from May 2016 to January 2018. Prior to that, he served as a Research Assistant and Teaching Assistant at Northern Illinois University during his doctoral studies.

Since joining our Company, Dr. Qi has been deeply involved in the clinical development of multiple core products. As Project Team Leader, he successfully secured both FDA and NMPA Breakthrough Therapy Designation and NMPA approval for sugemalimab. As Head of Medical Writing & Scientific Publications, he oversaw the development of clinical submission dossiers and the publication of clinical data for all company assets, successfully completing multiple NDA/BLA submissions and leading the publication of manuscripts in top-tier journals including *JAMA*, *Nature Medicine*, and *The Lancet Oncology*, with sugemalimab alone achieving a cumulative impact factor exceeding 400. Since assuming the additional role of Chief of Staff to the CEO in May 2023, he has played a key role in shaping corporate strategy and driving organizational effectiveness.

Dr. Qi obtained his Ph.D. in Molecular Biology from Northern Illinois University in December 2015, his M.S. in Microbiology and Bioinformatics from Illinois Institute of Technology in December 2009, and his Bachelor of Engineering in Biopharmaceutics from Beijing University of Chinese Medicine in 2007.

Other than the working relationships in the Company, there was no other relationship between any of the Directors or senior management of the Company in respect of finance, business and family or in other material aspects.

Report of the Directors

The Directors present their report and the Consolidated Financial Statements for the Reporting Period.

PRINCIPAL ACTIVITIES

During the Reporting Period, the principal activities of the Group included the developing and commercializing of innovative immuno-oncology and molecularly targeted drugs to address significant unmet medical needs in cancer treatment. There was no significant change in the nature of the Group's principal activities during the Reporting Period and up to the date of this report.

Particulars of the Company's principal subsidiaries as at December 31, 2025 are set out in Note 35 to the Consolidated Financial Statements

BUSINESS REVIEW

A fair review of the business of the Group, the outlook of future development of the business of the Group as well as a discussion and analysis of the Group's performance during the Reporting Period and the material factors underlying its financial performance and financial position as required by section 388(2) and Schedule 5 to the Companies Ordinance can be found in the sections headed "Chief Executive Officer's Statement", "Chairman's Statement" and "Management Discussion and Analysis" of this report. The financial risk management objectives and policies of the Group are set out in Note 33b to the Consolidated Financial Statements.

For further details, please refer to the section headed "Management Discussion and Analysis" of this report.

RESULTS AND DIVIDENDS

Details of the consolidated loss of the Group for the Reporting Period and the Group's financial position as at December 31, 2025 are set out in the Consolidated Financial Statements.

The Board does not recommend payment of a dividend for the year ended December 31, 2025. No dividend was paid or declared by the Company or other members of the Group during the year ended December 31, 2025.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to achieving environmental sustainability. The Group endeavours to comply with the relevant laws and regulations regarding environmental protection and adopt effective measures to achieve efficient use of resources, waste reduction and energy saving. For instance, the in-house facilities of the Group operate in compliance with the relevant environmental rules and regulations. The Group reviews its environmental policies on a regular basis.

In accordance with Rule 13.91 and the Environmental, Social and Governance Reporting Guide contained in Appendix C2 to the Listing Rules, the Company's environmental, social and governance report will be published and made available on the websites of the Stock Exchange and the Company together with this report.

Report of the Directors

PRINCIPAL RISKS AND UNCERTAINTIES

The following list is a summary of certain principal risks and uncertainties facing the Group, some of which are beyond its control:

- We may require additional capital to meet our operating cash requirement, and we may need to obtain additional financing to fund our operations. If we are unable to obtain such financing, we may be unable to complete the development and commercialization of our primary drug candidates;
- We depend substantially on the success of our drug candidates, majority of which are in pre-clinical or clinical development. If we are unable to successfully complete clinical development, obtain regulatory approval and commercialize our drug candidates, or experience significant delays in doing so, our business could be adversely affected;
- If clinical trials of our drug candidates fail to demonstrate safety and efficacy to the satisfaction of regulatory authorities or do not otherwise produce positive results, we may incur additional costs or experience delays in completing, or ultimately be unable to complete, the development and commercialization of our drug candidates;
- All material aspects of the research, development and commercialization of pharmaceutical products are heavily regulated. Any failure to comply with existing regulations and industry standards or any adverse actions by the drug approval authorities against us could negatively impact our reputation and our business, financial condition, results of operations and prospects;
- We face substantial competition, which may result in others discovering, developing or commercializing competing drugs before or more successfully than we do;
- We may not be able to protect our intellectual property rights throughout the world or prevent unfair competition by third parties;
- We rely on third parties to conduct our pre-clinical studies and clinical trials and we must work effectively with collaborators to develop our drug candidates. If these third parties do not successfully carry out their contractual duties or meet expected deadlines, we may not be able to obtain regulatory approval for or commercialize our drug candidates and our business could be substantially affected;
- We may rely on third parties to manufacture or import our clinical and commercial drug supplies. Our business could be affected if those third parties fail to provide us with sufficient quantities of product or fail to do so at acceptable quality levels or prices; and
- We have entered into collaborations and may form or seek collaborations or strategic alliances or enter into additional licensing arrangements in the future, and we may not realize the benefits of such alliances or licensing arrangements.

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

DIRECTORS

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

Executive Director

Dr. Jianxin Yang (*Chief Executive Officer*)

Non-executive Directors

Dr. Wei Li (*Chairman*)

Mr. Kenneth Walton Hitchner III

Mr. Xianghong Lin (*retired effective from June 25, 2025*)

Mr. Edward Hu

Independent Non-executive Directors

Dr. Paul Herbert Chew (*retired effective from June 25, 2025*)

Mr. Ting Yuk Anthony Wu (*resigned effective from January 21, 2026*)

Mr. Hongbin Sun (*resigned effective from June 25, 2025*)

Ms. Yip Betty Ho (*resigned effective from October 31, 2025*)

Mr. Kenneth Howard Jarrett (*appointed on September 23, 2025*)

Ms. Fang Xie (*appointed on November 1, 2025*)

Ms. Catherine Yen (*appointed on January 21, 2026*)

In accordance with article 16.19 of the Articles of Association, at every annual general meeting of the Company, one-third of the Directors for the time being (or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third) shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. Director appointed pursuant to article 16.2 or article 16.3 of the Articles of Association shall not be taken into account in determining which Directors are to retire by rotation. Accordingly, Dr. Jianxin Yang and Mr. Edward Hu will be subject to retirement at the forthcoming AGM of the Company, and eligible for re-election at the AGM pursuant to the Articles of Association. Due to retirement, Mr. Kenneth Walton Hitchner III has not offered himself for re-election. Mr. Kenneth Howard Jarrett, Ms. Fang Xie and Ms. Catherine Yen were appointed as independent non-executive Directors on September 23, 2025, November 1, 2025 and January 21, 2026, respectively. They will hold office until the AGM and are eligible for re-election at the AGM pursuant to article 16.2 of the Articles of Association.

Report of the Directors

DIRECTORS AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and the senior management of the Company are set out in the section headed "Directors and Senior Management" of this report.

CHANGES IN INFORMATION OF DIRECTORS

So far as the Directors are aware and save as disclosed in this report, there has been no other change of information of Directors during the Reporting Period pursuant to Rule 13.51B(1) of the Listing Rules.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the INEDs an annual confirmation in writing of his/her independence pursuant to Rule 3.13 of the Listing Rules. The Company considers that, during the Reporting Period and up to the date of this report, all of the INEDs are independent.

DIRECTORS' SERVICE CONTRACTS

For more information about the service contract entered into by the Company, please see the Corporate Governance Report in this report for further details.

EMOLUMENT POLICY AND DIRECTORS' REMUNERATION

Pursuant to Rule 3.25 of the Listing Rules and the CG Code as set out in Appendix C1 to the Listing Rules, the Company has established the Compensation Committee to formulate remuneration policies. The remuneration is determined and recommended based on the experience, qualification, position and seniority of each Director and senior management. As for the independent non-executive Directors, their remuneration is determined by the Board based on the recommendation from the Compensation Committee to ensure that INEDs are adequately compensated for their efforts and time dedicated to the Company's affairs, including their participation in Board committees. The remuneration for the executive Director mainly comprises basic salaries, pensions and discretionary bonuses. The remuneration for the non-executive Directors and INEDs mainly comprises Director's fee which is determined with reference to their duties and responsibilities by the Board. The Directors and the senior management are eligible participants of the applicable share incentive plans.

Details of the remuneration of the Directors, senior management and the five highest paid individuals are set out in Note 10 to the Consolidated Financial Statements of this report.

None of the Directors or five highest paid individuals waived or agreed to waive any remuneration and there were no emoluments paid by the Group to any of the Directors or five highest paid individuals as an inducement to join, or upon joining the Group, or as compensation for loss of office.

Report of the Directors

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The Directors' fees and other emoluments are supervised by the Compensation Committee and determined by the Board with reference to the Directors' duties, responsibilities and performance and the results of the Company as well as the prevailing market conditions. Details of the Directors' remuneration are set out in Note 10 to the Consolidated Financial Statements.

Details of the remuneration by band (including share-based payments) of senior management of the Company (except for details of the remuneration of Directors which are set out in Note 10 to the Consolidated Financial Statements), whose biographies are set out in the section headed "Directors and Senior Management – Senior Management" of this report, for the years ended December 31, 2024 and 2025 are set out below:

HKD	2025 (members of senior management)	2024 (members of senior management)
2,000,000 – 3,000,000	1	1
4,000,000 – 5,000,000	–	1
5,000,001 – 6,000,000	–	2
6,000,001 – 7,000,000	2	1
7,000,001 – 8,000,000	1	–
9,000,000 – 10,000,000	1	–
	5	5

Certain members of senior management and Directors were granted share options or restricted share units in respect of their services to the Group. Details of the share-based payment transactions are set out in Note 29 to the Consolidated Financial Statements.

PERMITTED INDEMNITY PROVISION AND DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The Articles of Association provide that the Directors or other officers of the Company are entitled to be indemnified out of the assets of the Company against all losses and liabilities which he/she may sustain or incur in or about the execution of the duties of his/her office or otherwise in relation thereto, provided that such indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any of the Directors. The Company has arranged appropriate Directors' and officers' liability insurance coverage for the Directors and officers of the Company during the Reporting Period and as at the date of this report of Directors. The permitted indemnity provision is in force for the benefit of the Directors as required by section 470 of the Hong Kong Companies Ordinance when the Report of the Board of the Directors prepared by the Directors is approved in accordance with section 391(1)(a) of the Companies Ordinance.

Report of the Directors

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

No Director nor an entity connected with a Director had a material interest, whether directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the Reporting Period.

MANAGEMENT CONTRACTS

No contract of significance concerning the management and administration of the whole or any substantial part of business of the Company or any of its subsidiaries was entered into or subsisted during the Reporting Period.

ARRANGEMENT FOR DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this report and by way of public announcements from time to time, at no time during the Reporting Period was the Company or any of its subsidiaries, a party to any arrangement to enable a Director to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

Save as disclosed in this report, the Company does not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

During the Reporting Period and up to the date of this report, save as disclosed in this report, none of the Directors is considered to have interests in businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group pursuant to the Listing Rules.

From time to time our non-executive Directors may serve on the boards of both private and public companies within the broader healthcare and biopharmaceutical industries. However, as these non-executive Directors are neither our controlling shareholders nor members of our executive management team, we believe their holding of offices in such companies would not compromise our ability to carry on our business independently from the other companies in which they may hold directorships from time to time.

Report of the Directors

DEED OF NON-COMPETITION

There is no non-competition undertaking during the Reporting Period between the Company and the largest shareholders of the Company, namely, WuXi Healthcare Ventures II, L.P. and WuXi Healthcare Management, LLC.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES AND UNDERLYING SHARES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

Interests and Short Positions of our Directors in the Share Capital of the Company

As of December 31, 2025, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares or debentures of the Company or any of the associated corporations of the Company (within the meaning of Part XV of the SFO), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code, are as follows:

Long Position in the Shares of the Company

Name of Director or chief executive	Nature of interest	Number and class of securities	Approximate percentage of interest in our Company ⁽¹⁾
Dr. Jianxin Yang, CEO and executive Director	Beneficial Owner	71,431,586 Shares ⁽²⁾	4.84%
Mr. Kenneth Walton Hitchner III, non-executive Director	Beneficial Owner	2,113,481 Shares ⁽³⁾	0.14%
Dr. Wei Li, Chairman of Board and non-executive Director	Beneficial Owner	2,000,000 Shares ⁽⁴⁾	0.14%
Mr. Edward Hu, non-executive Director	Beneficial Owner	3,471,000 Shares ⁽⁵⁾	0.24%
Ms. Fang Xie, independent non-executive Director	Beneficial Owner	8,500 Shares ⁽⁶⁾	0.00%

Notes:

- (1) The calculation is based on the total number of 1,475,981,841 Shares in issue as of December 31, 2025.
- (2) Includes (1) 19,225,127 Shares beneficially held by Dr. Jianxin Yang; (2) share options to subscribe for 49,639,959 Shares granted to him under the Post-IPO ESOP, subject to the vesting and other conditions of those options; and (3) Dr. Yang's entitlement to restricted share units equivalent to 2,566,500 Shares granted to him under the Post-IPO RSU Scheme, subject to vesting conditions.
- (3) Includes 2,113,481 Shares beneficially held by Mr. Kenneth Walton Hitchner III.
- (4) Includes (i) 416,664 Shares beneficially held by Dr. Wei Li; (ii) share options to subscribe for 1,000,000 Shares granted to Dr. Wei Li under the Post-IPO ESOP, subject to the vesting and other conditions of those options; and (iii) Dr. Wei Li's entitlement to restricted share units equivalent to 583,336 Shares granted to him under the Post-IPO RSU Scheme, subject to vesting conditions.
- (5) Includes (i) 1,887,664 Shares beneficially held by Mr. Edward Hu; (ii) share options to subscribe for 1,000,000 Shares granted to Mr. Edward Hu under the Post-IPO ESOP, subject to the vesting and other conditions of those options; and (iii) Mr. Edward Hu's entitlement to restricted share units equivalent to 583,336 Shares granted to him under the Post-IPO RSU Scheme, subject to vesting conditions.
- (6) Ms. Fang Xie beneficially held 8,500 Shares in the Company.

Save as disclosed above and to the best knowledge of the Directors, none of the Directors or the chief executive of the Company has or is deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations as of December 31, 2025.

Report of the Directors

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

Interests and Short Positions Discloseable under Divisions 2 and 3 of Part XV of the SFO

As of December 31, 2025, the following are the persons, other than the Directors or the chief executive of the Company, who had interests or short positions in the Shares and underlying Shares as recorded in the register of interests required to be kept by the Company pursuant to Section 336 of Part XV of the SFO:

Long Position in the Shares of the Company

Substantial Shareholder	Capacity/Nature of Interest	Total number of Shares/underlying Shares	Approximately percentage of interest in our Company ⁽¹⁾
WuXi Healthcare Ventures II, L.P. ⁽²⁾	Beneficial interest	173,381,444	11.75%
WuXi Healthcare Management, LLC ⁽²⁾	Interest in controlled corporation	173,381,444	11.75%
Pfizer Corporation Hong Kong Limited ⁽³⁾	Beneficial interest	115,928,803	7.85%
Pfizer Inc. ⁽³⁾	Interest in controlled corporation	115,928,803	7.85%
GIC Private Limited ⁽⁴⁾	Investment manager	118,892,000	8.06%

Notes:

- (1) The calculation is based on the total number of 1,475,981,841 Shares in issue as of December 31, 2025.
- (2) As of December 31, 2025, WuXi Healthcare Ventures II, L.P. directly held 173,381,444 Shares. To the best knowledge of us, WuXi Healthcare Ventures II, L.P. is a limited partnership established under the laws of Cayman Islands managed by its sole general partner, WuXi Healthcare Management, LLC, a Cayman Islands exempted company in which each of its five members holds an equal share of equity interest. For the purpose of the SFO, WuXi Healthcare Management, LLC is deemed to have an interest in the Shares held by WuXi Healthcare Ventures II, L.P.
- (3) As of December 31, 2025, Pfizer Corporation Hong Kong Limited, a company incorporated in Hong Kong with limited liability, directly held 115,928,803 Shares. For the purpose of the SFO, Pfizer Inc., a Delaware-incorporated company listed on the New York Stock Exchange and indirectly holding 100% of the shares in Pfizer Corporation Hong Kong Limited is deemed to have an interest in the Shares held by Pfizer Corporation Hong Kong Limited.
- (4) The total of 118,892,000 Shares acquired by GIC Private Limited from August 18, 2025 to December 31, 2025.

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

LARGEST SHAREHOLDER'S INTERESTS IN SIGNIFICANT CONTRACTS

At no time during the Reporting Period had the Company or any of its subsidiaries, and its largest shareholders of the Company or any of their subsidiaries (as the case may be) entered into any contract of significance or any contract of significance for the provision of services by any such largest shareholders or their subsidiaries (as the case may be) to the Company or any of its subsidiaries.

SHARE INCENTIVIZATION SCHEMES

We have adopted three share incentivization schemes, collectively referred to as the Share Incentivization Schemes.

Pre-IPO Incentivization Plan

We have adopted the Pre-IPO Incentivization Plan by the resolutions in writing of the Board passed on July 7, 2017 and as amended and restated on August 14, 2018 and as further amended and restated on January 26, 2019 and as further amended and restated on January 7, 2020. No options and RSUs will be granted under the Pre-IPO Incentivization Plan after completion of the Listing.

During the Reporting Period, pursuant to the Pre-IPO Incentivization Plan, no options or RSUs were granted to Directors, other related entity participants, other service providers or other employee participants of the Group. As of December 31, 2025, no further options or RSUs were available for grant under the Pre-IPO Incentivization Plan. All options granted to Directors and other employee participants of the Group under the Pre-IPO Incentivization Plan will continue to remain valid and exercisable in accordance with the terms of the Pre-IPO Incentivization Plan. All RSUs granted to Directors and other employee participants of the Group under the Pre-IPO Incentivization Plan had been fully vested.

Report of the Directors

Movement of the options, which were granted under the Pre-IPO Incentivization Plan, during the Reporting Period is as follows:

Name of Participant or Category of Participant	Date of grant	Number of options held at January 1, 2025	Number of options granted	Number of options lapsed	Number of options cancelled	Number of options exercised	Number of options held at December 31, 2025	Exercise Price	Exercise Period ⁽¹⁾	Vesting Period ⁽²⁾	Weighted average closing price of the shares immediately before the dates on which the options were exercised	Fair value of options at the date of grant
Director												
Dr. Jianxin Yang, CEO and executive Director	2016-12-07	3,000,000	-	-	-	3,000,000	-	HKD0.20–HKD0.39	10 years	4 years	HKD11.82	US\$0.33–US\$0.35
Other employee participants	2016-7-11–2019-2-25	1,702,487	-	172	-	526,697	1,175,618	HKD0.20–HKD4.65	10 years	4 years	HKD6.79	US\$0.24–US\$1.39
Other related entity participants							N/A					
Other service providers							N/A					
Total		4,702,487	-	172	-	3,526,697	1,175,618					

Report of the Directors

Notes:

- (1) The exercise period of all options in the table above shall be 10 years from the date of grant.
- (2) The vesting schedule of all options in the table above shall be 25% of the shares will be vested on the first anniversary of the vesting commencement date, and the remaining shares will be vested with equal monthly installments over the following thirty-six months.
- (3) The closing price of the Shares immediately before the dates on which the options were granted was not applicable as the Company was not yet listed on the dates of grant.
- (4) Given no option has been granted and no more options will be granted under the Pre-IPO Incentivization Plan, it is not applicable for the Company to set out the number of Shares that may be issued in respect of the options granted under the Pre-IPO Incentivization Plan during the Reporting Period divided by the weighted average number of Shares in issue (excluding treasury Shares).

Post-IPO ESOP

We have adopted the Post-IPO ESOP by resolutions passed by our Company on January 30, 2019, with effect upon completion of the Listing, and as amended and restated on March 7, 2023.

The total number of options available for grant under the Post-IPO ESOP as of January 1, 2025 and December 31, 2025 was 73,262,106 and 45,380,169, respectively. The total number of options available for grant under the Service Provider Sublimit of the Post-IPO ESOP as of January 1, 2025 and December 31, 2025 was 12,663,640 and 12,663,640. As at the date of this report, the total number of shares available for issue under the Post-IPO ESOP is 98,940,654, representing approximately 6.71% of the Shares in issue (excluding treasury Shares).

The grant of options under the Post-IPO ESOP to Dr. Jianxin Yang (the “**Grantee**”) on April 11, 2025 are not subject to performance targets. Having considered that (i) the grant of options could bring about an immediate incentivization effect for the Grantee, which was considered a more attractive motivation to the Grantee for continuing to serve in such roles; (ii) the grant of options to the Grantee served as a recognition of his past contributions to the Group; and (iii) the grant of options without performance target was consistent with the Company’s customary practice on previous grants of share incentives to the Directors, employees of the Company (including members of senior management) and service providers, the Compensation Committee considered that without performance targets, the grant of options to the Grantee could align the interests of the Grantee with incentive to the Grantee to work towards the continued success of the Group, and reinforce his commitment to provide long-term services to the Group, which is in line with the purpose of the Post-IPO ESOP.

Report of the Directors

Movement of the options, which were granted under the Post-IPO ESOP, during the Reporting Period is as follows:

Name of Participant or Category of Participant	Date of grant	Closing price of shares immediately before the date on which the options were granted	Number of options held at January 1, 2025	Number of options granted	Number of options lapsed	Number of options cancelled	Number of options exercised	Number of options held at December 31, 2025	Exercise Price	Exercise Period ⁽¹⁾	Vesting Period	Weighted average closing price of the shares immediately before the dates on which the options were exercised	Fair value of options at the date of grant
Directors													
Dr. Jianxin Yang, CEO and executive Director	2022-08-30	HKD4.77	28,000,000	-	-	-	-	28,000,000	HKD4.660	10 years	4 years ⁽⁴⁾	-	HKD1.28 – HKD3.12
	2023-01-06	HKD4.92	4,340,000	-	-	-	-	4,340,000	HKD4.900	10 years	4 years ⁽⁵⁾	-	HKD3.26
	2023-11-08	HKD2.28	14,000,000	-	-	-	2,966,666	11,033,334	HKD2.350	10 years	4 years ⁽⁶⁾	HKD11.80	HKD1.11 – HKD1.16
	2024-03-28	HKD0.96	1,890,000	-	-	-	669,375	1,220,625	HKD0.944	10 years	4 years ⁽⁹⁾	HKD11.80	HKD0.67
	2025-04-11	HKD2.31	-	2,646,000	-	-	-	2,646,000	HKD2.406	10 years	4 years ⁽¹³⁾	-	HKD1.53
	2025-08-27	HKD10.84	-	2,400,000	-	-	-	2,400,000	HKD10.00	10 years	4 years ⁽¹⁴⁾	-	HKD6.57
Dr. Wei Li, Chairman and non-executive Director	2024-03-28	HKD0.96	1,000,000	-	-	-	-	1,000,000	HKD0.944	10 years	4 years ⁽⁹⁾	-	HKD0.58
Mr. Edward Hu, non-executive Director	2024-03-28	HKD0.96	1,000,000	-	-	-	-	1,000,000	HKD0.944	10 years	4 years ⁽⁹⁾	-	HKD0.58
Other employee participants													
	2019-04-01	HKD15.88	7,511	-	-	-	-	7,511	HKD15.860	10 years	4 years ⁽³⁾	-	HKD7.19
	2019-10-11	HKD12.04	8,000	-	-	-	-	8,000	HKD12.200	10 years	4 years ⁽³⁾	-	HKD6.90 – HKD7.02
	2020-04-01	HKD8.70	618,690	-	343,749	-	240,000	34,941	HKD8.850	10 years	4 years ⁽³⁾	HKD10.40	HKD4.58 – HKD4.68
	2020-11-30	HKD9.99	1,618	-	-	-	1,618	-	HKD9.960	10 years	4 years ⁽³⁾	HKD12.33	HKD4.83 – HKD5.02
	2021-04-01	HKD9.25	1,362,649	-	1,102,096	-	1,050	259,503	HKD9.850	10 years	4 years ⁽³⁾	HKD12.33	HKD5.26 – HKD6.32
	2021-12-10	HKD9.75	22,500	-	7,500	-	-	15,000	HKD9.588	10 years	4 years ⁽³⁾	-	HKD4.77 – HKD5.15
	2022-06-06	HKD5.10	3,059,502	-	1,464,551	-	775,597	819,354	HKD5.274	10 years	4 years ⁽³⁾	HKD8.17	HKD2.63 – HKD2.93

Report of the Directors

Name of Participant or Category of Participant	Date of grant	Closing price of shares immediately before the date on which the options were granted	Number of options held at January 1, 2025	Number of options granted	Number of options lapsed	Number of options cancelled	Number of options exercised	Number of options held at December 31, 2025	Exercise Price	Exercise Period ⁽¹⁾	Vesting Period	Weighted average closing price of the shares immediately before the dates on which the options were exercised	Fair value of options at the date of grant
	2022-07-21	HKD4.90	2,209,500	-	454,551	-	717,927	1,037,022	HKD5.002	10 years	4 years ⁽³⁾	HKD8.01	HKD2.30 – HKD2.39
	2023-01-06	HKD4.92	4,189,374	-	138,741	-	294,972	3,755,661	HKD4.900	10 years	4 years ⁽³⁾	HKD7.86	HKD2.63 – HKD2.83
	2023-03-23	HKD3.67	7,827,571	-	708,557	-	1,560,403	5,558,611	HKD3.768	10 years	4 years ⁽⁸⁾	HKD9.62	HKD0.75 – HKD2.01
	2024-03-28	HKD0.96	6,620,400	-	236,669	-	947,082	5,436,649	HKD0.944	10 years	4 years ⁽⁹⁾	HKD9.86	HKD0.45 – HKD0.48
	2024-10-18	HKD1.62	6,280,000	-	-	-	-	6,280,000	HKD1.760	10 years	4 years ⁽¹⁰⁾⁽¹¹⁾⁽¹²⁾	-	HKD0.86 – HKD1.04
	2025-04-11	HKD2.31	-	13,120,800	113,400	-	-	13,007,400	HKD2.406	10 years	4 years ⁽¹³⁾	-	HKD1.15 – HKD1.27
	2025-08-27	HKD10.84	-	2,400,000	-	-	-	2,400,000	HKD10.00	10 years	4 years ⁽¹⁴⁾	-	HKD5.00 – HKD5.49
Other related entity participants								N/A					
Other service providers⁽⁷⁾	2023-03-23	HKD3.67	59,840	-	-	-	29,700	30,140	HKD3.768	10 years	4 years ⁽⁸⁾	HKD4.65	HKD1.86
	2024-03-28	HKD0.96	50,000	-	-	-	13,542	36,458	HKD0.944	10 years	4 years ⁽⁹⁾	HKD3.40	HKD0.55
Total			82,547,155	20,566,800	4,569,814	-	8,217,932	90,326,209					

Notes:

- (1) The exercise period of all options in the table above shall be 10 years from the date of grant.
- (2) All options granted are subject to any of the individual performance result and other requirements as set out in the grant letters to be entered into between each of the grantees and the Company.
- (3) The vesting schedules of the grant of options shall vest in accordance with either of the followings:
 - 25% of shall vest on the first anniversary of the date of grant and the remaining shares shall vest with equal monthly installments over the thirty-six months immediately following the first anniversary of the date of grant;
 - 25% shall vest on each of the first to fourth anniversary of the date of grant; or
 - 25% shall vest on each of the first to fourth anniversary of the date of satisfaction of the respective performance target milestone.

Report of the Directors

(4) The vesting schedules of the grant of 28,000,000 options to Dr. Jianxin Yang shall be as follows:

- 14,000,000 options granted to Dr. Yang shall vest as follows:
 - 25% shall vest on the first anniversary of August 25, 2022 (rounding to the nearest whole option);
 - 25% shall vest on the second anniversary of August 25, 2022 (rounding to the nearest whole option);
 - 25% shall vest on the third anniversary of August 25, 2022 (rounding to the nearest whole option); and
 - 25% shall vest on the fourth anniversary of August 25, 2022 (rounding to the nearest whole option).
- The remaining 14,000,000 options granted to Dr. Yang are divided into various batches of options. Upon satisfaction of the performance target milestone specified for each batch of options, the respective batch of options shall vest as follows:
 - 25% shall vest on the first anniversary of the date of satisfaction of the respective performance target milestone (rounding to the nearest whole option);
 - 25% shall vest on the second anniversary of the date of satisfaction of the respective performance target milestone (rounding to the nearest whole option);
 - 25% shall vest on the third anniversary of the date of satisfaction of the respective performance target milestone (rounding to the nearest whole option); and
 - 25% shall vest on the fourth anniversary of the date of satisfaction of the respective performance target milestone (rounding to the nearest whole option).

(5) The vesting schedules of the grant of 4,340,000 options to Dr. Jianxin Yang shall be as follows:

- 25% shall vest on the first anniversary of the date of grant (rounding to the nearest whole option); and
- 75% shall vest monthly in equal installments over the 36 months (rounding to the nearest whole option) immediately following the first anniversary of the date of grant.

(6) The vesting schedules of the grant of 14,000,000 Options to Dr. Jianxin Yang shall be as follows:

Upon satisfaction of the performance target milestone specified for each batch of Options, the respective batch of Options shall vest as follows:

- 25% of Share Options corresponding to the relevant performance target milestone shall vest on the first anniversary of the respective the date of satisfaction of the respective performance target milestone; and
- the remaining 75% of Share Options corresponding to the relevant performance target milestone shall vest monthly in equal installments over the 36 months immediately following the first anniversary of the date of satisfaction of the respective performance target milestone.

(7) According to the relevant scheme rules, Service Providers means any persons (nature person or corporate entity) who provide services to the Group on a continuing and recurring basis in the ordinary course of business of the Group which are in the interests of the long term growth of the Group, including independent contractor, consultant and/or advisors for the research & development, product commercialization, marketing, innovation upgrading, strategic/commercial planning on corporate image and investor relations in investment environment of the Company (excluding any placing agents or financial advisers providing advisory services for fundraising, mergers or acquisition, and service providers such as auditors or valuers who provide assurance, or are required to perform their services with impartiality and objectivity).

Report of the Directors

- (8) The vesting commencement date of the 12,721,120 options out of the total of 14,321,120 options granted to other employee participants and service providers on March 23, 2023 (the "**March 2023 Grant**") was April 1, 2023 (the "**Vesting Commencement Date**"). No performance targets were attached to the 12,721,120 options granted. The 12,721,120 options shall commence vesting as follows:

480,000 options granted under the March 2023 Grant shall vest as follows:

- 25% shall vest on the first anniversary of the Vesting Commencement Date (rounding to the nearest whole option);
- 25% shall vest on the second anniversary of the Vesting Commencement Date (rounding to the nearest whole option);
- 25% shall vest on the third anniversary of the Vesting Commencement Date (rounding to the nearest whole option); and
- 25% shall vest on the fourth anniversary of the Vesting Commencement Date (rounding to the nearest whole option).

12,241,120 options granted under the March 2023 Grant shall vest as follows:

- 25% shall vest on the first anniversary of the Vesting Commencement Date (rounding to the nearest whole option); and
- 75% shall vest monthly in equal installments over the 36 months (rounding to the nearest whole option) immediately following the first anniversary of the Vesting Commencement Date.

The remaining 1,600,000 options out of the March 2023 Grant shall commence vesting upon satisfaction of the performance target milestone (including individual performance based on periodic performance assessment and annual review results by the Company) as follows:

- 25% shall vest on the first anniversary of the date of satisfaction of the respective performance target milestone (rounding to the nearest whole option);
- 25% shall vest on the second anniversary of the date of satisfaction of the respective performance target milestone (rounding to the nearest whole option);
- 25% shall vest on the third anniversary of the date of satisfaction of the respective performance target milestone (rounding to the nearest whole option); and
- 25% shall vest on the fourth anniversary of the date of satisfaction of the respective performance target milestone (rounding to the nearest whole option).

- (9) The vesting commencement date of the total of 11,202,900 options granted to Directors, other employee participants and other service providers on March 28, 2024 was April 1, 2024 (the "**Vesting Commencement Date**"). The grant of such options is not subject to performance targets and shall vest as follows:

- 25% shall vest on the first anniversary the Vesting Commencement Date (rounding to the nearest whole option); and
- 75% shall vest monthly in equal installments over the 36 months (rounding to the nearest whole option) immediately following the first anniversary of the Vesting Commencement Date.

The grant of options under the Post-IPO ESOP to Dr. Jianxin Yang, Dr. Wei Li and Mr. Edward Hu (the "**Directors Options Grantees**") on March 28, 2024 are not subject to performance targets. Having considered that (i) the grant of options could bring about an immediate incentivization effect for the Directors Options Grantees, which was considered a more attractive motivation to the Directors Options Grantees for continuing to serve in such roles; (ii) the grant of options to the Directors Options Grantees served as a recognition of their past contributions to the Group; and (iii) the grant of options without performance target was consistent with the Company's customary practice on previous grants of share incentives to the Directors, employees of the Company (including members of senior management) and service providers, the Compensation Committee considered that without performance targets, the grant of options to the Directors Options Grantees could align the interests of the Directors Options Grantees with incentive to the Directors Options Grantees to work towards the continued success of the Group, and reinforce their commitment to provide long-term services to the Group, which is in line with the purpose of the Post-IPO ESOP.

Report of the Directors

(10) The vesting commencement date of the 2,000,000 options granted to a member of the senior management shall commence on October 18, 2024 (the “**Senior Manager Options Vesting Commencement Date**”) and shall vest as follow:

- 25% shall vest on the first anniversary of the Senior Manager Options Vesting Commencement Date (rounding to the nearest whole option); and
- 75% shall vest monthly in equal instalments over the 36 months (rounding to the nearest whole option) immediately following the first anniversary of the Senior Manager Options Vesting Commencement Date.

The grant of 2,000,000 options under the Post-IPO ESOP to a member of the senior management on October 18, 2024 are not subject to performance targets. Having considered that (i) the grant of options to a member of the senior management served as a recognition of his/her past contributions to the Group; (ii) the grant of options can bring about an immediate incentivization effect of the grantee, which was considered a more attractive motivation to the grantee; and (iii) the grant of options without performance target was consistent with the Company’s customary practice on previous grants of share incentives to the Directors, employees of the Company (including members of senior management) and service providers, the Compensation Committee considered that without any performance targets, the grant of the 2,000,000 options to a member of the senior management could align the interests of the relevant grantee with incentive to the relevant grantee to work towards the continued success of the Group, and reinforce his/her commitment in providing long-term services to the Group, which is in line with the purpose of the Post-IPO ESOP.

(11) Among the aggregate of 6,280,000 options granted to the grantees, the vesting period of the 4,000,000 options granted shall commence on the dates upon which the relevant employee participant having fulfilled the following performance target milestones (the “**Milestone Vesting Commencement Dates**”):

- Vesting period of 1,000,000 options shall commence on the date of fulfilment of the first performance target milestone;
- Vesting period of 2,500,000 options shall commence on the date of fulfilment of the second performance target milestone; and
- Vesting period of 500,000 options shall commence on the date of fulfilment of the third performance target milestone.

Subject to fulfilment of the respective performance target milestones, 4,000,000 options granted shall vest as follows:

- 25% of options corresponding to the relevant performance target milestone shall vest on the first anniversary of the respective Milestone Vesting Commencement Dates;
- 25% of options corresponding to the relevant performance target milestone shall vest on the second anniversary of the respective Milestone Vesting Commencement Dates;
- 25% of options corresponding to the relevant performance target milestone shall vest on the third anniversary of the respective Milestone Vesting Commencement Dates; and
- 25% of options corresponding to the relevant performance target milestone shall vest on the fourth anniversary of the respective Milestone Vesting Commencement Dates.

(12) Among the 280,000 options granted to the employee participants, the vesting period of 80,000 options shall commence on June 13, 2024 and the vesting period of 200,000 options shall commence on October 9, 2024 (the “**Employee Options Vesting Commencement Dates**”). The 280,000 options shall vest as follows:

- 25% shall vest on the first anniversary of the respective Employee Options Vesting Commencement Dates (rounding to the nearest whole option);
- 25% shall vest on the second anniversary of the respective Employee Options Vesting Commencement Dates (rounding to the nearest whole option);
- 25% shall vest on the third anniversary of the respective Employee Options Vesting Commencement Dates (rounding to the nearest whole option); and
- 25% shall vest on the fourth anniversary of the respective Employee Options Vesting Commencement Dates (rounding to the nearest whole option).

Report of the Directors

The options granted to the grantees shall vest in several batches, with a total vesting period of more than 12 months. Due to administrative reasons, the periods between the date of grant and the first vesting periods for the 280,000 options granted to two of the grantees (none of which is a member of senior management) are less than 12 months to reflect the time from which the options would have been granted as permitted under specific circumstances as set out in the Post-IPO ESOP. In any event, the Board has the discretion to accelerate the above vesting schedules of the options, subject to compliance with the requirements of Rule 17.03F of the Listing Rules as and when appropriate. The Board was of the view that the grant of options and the relevant vesting periods were appropriate and in line with the market practice and the purposes of the Post-IPO ESOP.

- (13) The vesting commencement date of the total of 15,766,800 options granted to Dr. Jianxin Yang and other employee participants on April 11, 2025 was April 2, 2025 (the "**Vesting Commencement Date**"). The grant of such options is not subject to performance targets and shall vest as follows:
- 25% shall vest on the first anniversary the Vesting Commencement Date (rounding to the nearest whole option); and
 - 75% shall vest monthly in equal installments over the 36 months (rounding to the nearest whole option) immediately following the first anniversary of the Vesting Commencement Date.

The options granted to the grantees will vest in several batches, with a total vesting period of more than 12 months. The period between the date of grant and the first vesting period of the options granted to the grantees are less than 12 months. Having considered, due to administrative reasons and for the purpose of reflecting the time from which the options would have been granted as permitted under specific circumstances as set out in the Post-IPO ESOP, the Board and the Compensation Committee were of the view that the grant of options and the relevant vesting periods are appropriate and in line with market practice and the purposes of the Post-IPO ESOP.

- (14) Among the 4,800,000 options granted to Dr. Jianxin Yang and other employee participants on August 27, 2025, the vesting period of the 2,400,000 options granted to Dr. Jianxin Yang and 1,800,000 options granted to employees of the Company shall commence on August 27, 2025 (the "**Options Vesting Commencement Date 1**"), and the vesting period of the 600,000 options granted to employees of the Company shall commence on August 4, 2025 (the "**Options Vesting Commencement Date 2**").

4,200,000 options granted shall vest as follows:

- 25% shall vest on the first anniversary of the Options Vesting Commencement Date 1 (rounding to the nearest whole option); and
- 75% shall vest monthly in equal instalments over the 36 months (rounding to the nearest whole option) immediately following the first anniversary of the Options Vesting Commencement Date 1.

600,000 options granted shall vest as follows:

- 25% shall vest on the first anniversary of the Options Vesting Commencement Date 2 (rounding to the nearest whole option);
- 25% shall vest on the second anniversary of the Options Vesting Commencement Date 2 (rounding to the nearest whole option);
- 25% shall vest on the third anniversary of the Options Vesting Commencement Date 2 (rounding to the nearest whole option); and
- 25% shall vest on the fourth anniversary of the Options Vesting Commencement Date 2 (rounding to the nearest whole option).

The options granted to the grantees will vest in several batches, with a total vesting period of more than 12 months. The periods between the date of grant and the first vesting periods for the options granted to employees of the Company are less than 12 months to reflect the time from which the employees joined the Company and their relevant periods of service, as permitted under specific circumstances as set out in the Post-IPO ESOP. In any event, the Board has the discretion to accelerate the above vesting schedule of the options, subject to compliance of the requirements under Rule 17.03F of the Listing Rules as and when appropriate. The Board is of the view that the grant of options and the relevant vesting periods are appropriate and in line with the market practice and the purposes of the Post-IPO ESOP.

Vesting of the options granted to the grantees will be subject to the grantees' fulfilment of annual performance targets and performance appraisals as stipulated in the respective grant letters entered into by the Company and each of the grantees. These performance targets are set against certain benchmark of the roles in which the individual grantee serves.

- (15) The number of Shares that may be issued in respect of options granted under the Post-IPO ESOP during the Reporting Period divided by the weighted average number of Shares in issue (excluding treasury Shares) for the year was 1.48%.
- (16) For details of the basis of measurement for the fair value of options granted, please refer to note 29 to the Consolidated Financial Statements.

Report of the Directors

Post-IPO RSU Scheme

We have adopted the Post-IPO RSU Scheme by resolutions passed by our Company on March 22, 2019 and restated and amended by our Company on December 10, 2019, January 7, 2020 and March 7, 2023, as amended from time to time.

The total number of RSUs available for grant under the Post-IPO RSU Scheme as of January 1, 2025 and December 31, 2025 was 73,262,106 and 45,380,169, respectively. The total number of RSUs available for grant under the Service Provider Sublimit of the Post-IPO RSU Scheme as of January 1, 2025 and December 31, 2025 was 12,663,640 and 12,663,640. As at the date of this report, the total number of shares available for issue under the Post-IPO RSU Scheme was 18,965,336, representing approximately 1.29% of the Shares in issue (excluding treasury Shares).

The grant of options under the Post-IPO RSU Scheme to Dr. Jianxin Yang (the “**Grantee**”) on April 11, 2025 are not subject to performance targets. Having considered that (i) the grant of RSUs could bring about an immediate incentivization effect for the Grantee, which was considered a more attractive motivation to the Grantee for continuing to serve in such roles; (ii) the grant of RSUs to the Grantee served as a recognition of his past contributions to the Group; and (iii) the grant of RSUs without performance target was consistent with the Company’s customary practice on previous grants of share incentives to the Directors, employees of the Company (including members of senior management) and service providers, the Compensation Committee considered that without performance targets, the grant of RSUs to the Grantee could align the interests of the Grantee with incentive to the Grantee to work towards the continued success of the Group, and reinforce his commitment to provide long-term services to the Group, which is in line with the purpose of the Post-IPO RSU Scheme.

Report of the Directors

Details of RSUs granted under the Post-IPO RSU Scheme, during the Reporting Period are as follows:

Name of Participant or Category of Participant	Date of grant	Closing price of shares immediately before the date on which the RSUs were granted	Number of RSUs held at January 1, 2025	Number of RSUs granted	Number of RSUs lapsed	Number of RSUs cancelled	Number of RSUs vested	Number of RSUs held at December 31, 2025	Vesting Period	Exercise Period ⁽¹⁰⁾	Purchase Price ⁽⁹⁾	Weighted average closing price of the shares immediately before the dates on which the RSUs were vested	Fair value of RSUs at the date of grant
												HKD	
Directors													
Dr. Jianxin	2021-04-01	HKD9.25	100,000	-	-	-	100,000	-	4 years ⁽¹⁾	N/A	Nil	HKD3.11	HKD9.85
Yang, CEO and executive Director	2024-03-28	HKD0.96	1,890,000	-	-	-	787,500	1,102,500	4 years ⁽²⁾	N/A	Nil	HKD4.44	HKD0.94
	2025-04-11	HKD2.31	-	1,134,000	-	-	-	1,134,000	4 years ⁽⁷⁾	N/A	Nil	-	HKD2.39
	2025-08-27	HKD10.84	-	330,000	-	-	-	330,000	4 years ⁽⁸⁾	N/A	Nil	-	HKD10.00
Dr. Wei Li, Chairman and non-executive Director	2024-03-28	HKD0.96	1,000,000	-	-	-	416,664	583,336	4 years ⁽²⁾	N/A	Nil	HKD4.44	HKD0.94
Mr. Edward Hu, non-executive Director	2024-03-28	HKD0.96	1,000,000	-	-	-	416,664	583,336	4 years ⁽²⁾	N/A	Nil	HKD4.44	HKD0.94
Kenneth Walton Hitchner III, non-executive Director	2021-12-10	HKD9.75	15,996	-	-	-	15,996	-	4 years ⁽¹⁾	N/A	Nil	HKD5.60	HKD9.33
Other employee participants													
	2019-10-11	HKD12.04	1,151	-	-	-	-	1,151	4 years ⁽¹⁾	N/A	Nil	-	HKD12.20
	2021-04-01	HKD9.25	141,250	-	-	-	140,750	500	4 years ⁽¹⁾	N/A	Nil	HKD3.20	HKD9.85
	2021-07-02	HKD17.10	265,000	-	40,000	-	225,000	-	4 years ⁽¹⁾	N/A	Nil	HKD3.11	HKD16.20
	2021-12-10	HKD9.75	116,056	-	4,500	-	111,556	-	4 years ⁽¹⁾	N/A	Nil	HKD7.69	HKD9.33
	2023-03-23	HKD3.67	1,279,309	-	22,750	-	372,354	884,205	4 years ⁽⁴⁾⁽⁵⁾	N/A	Nil	HKD4.48	HKD3.57
	2024-03-28	HKD0.96	6,617,400	-	242,087	-	2,613,460	3,761,853	4 years ⁽²⁾	N/A	Nil	HKD4.29	HKD0.94
	2024-10-18	HKD1.62	200,000	-	-	-	50,000	150,000	4 years ⁽⁶⁾	N/A	Nil	HKD6.80	HKD1.76
	2025-04-11	HKD2.31	-	5,623,200	48,600	-	-	5,574,600	4 years ⁽⁷⁾	N/A	Nil	-	HKD2.39
	2025-08-27	HKD10.84	-	1,600,000	-	-	-	1,600,000	4 years ⁽⁸⁾	N/A	Nil	-	HKD10.00
Other related entity participants								N/A					
Other service providers⁽³⁾													
	2023-03-23	HKD3.67	11,220	-	-	-	3,740	7,480	4 years ⁽⁴⁾⁽⁵⁾	N/A	Nil	HKD2.82	HKD3.57
	2024-03-28	HKD0.96	50,000	-	-	-	20,836	29,164	4 years ⁽²⁾	N/A	Nil	HKD4.40	HKD0.94
Total			12,687,382	8,687,200	357,937	-	5,274,520	15,742,125					

Report of the Directors

Notes:

- (1) The vesting schedules of the grant of RSUs shall vest in accordance with either of the followings:
- 25% of the shares shall vest on the first anniversary of the date of grant and the remaining shares shall vest with equal monthly installments over the thirty-six months immediately following the first anniversary of the date of grant; or
 - 25% shall vest on each of the first to fourth anniversary of the date of grant;
 - 25% shall vest on each of the first to fourth anniversary of the date of satisfaction of the respective performance target milestone.
- (2) The vesting commencement date of the 1,890,000 RSUs granted to Dr. Jianxin Yang, 1,000,000 RSUs granted to Dr. Wei Li and 1,000,000 RSUs granted to Mr. Edward Hu, 7,257,900 RSUs granted to other employee participants and 50,000 RSUs granted to other service providers on March 28, 2024 (the “**March 2024 RSU Grant**”) was April 1, 2024 (the “**Vesting Commencement Date**”). No performance targets were attached to the March 2024 RSU Grant. The total of 11,197,900 RSUs granted to Directors, other employee participants and other service providers shall vest as follows:
- 925,500 RSUs out of the 11,197,900 RSUs granted under the March 2024 RSU Grant shall vest as follows:
- 25% shall vest on the first anniversary of the RSU Vesting Commencement Date (rounding to the nearest whole RSU);
 - 25% shall vest on the second anniversary of the RSU Vesting Commencement Date (rounding to the nearest whole RSU);
 - 25% shall vest on the third anniversary of the RSU Vesting Commencement Date (rounding to the nearest whole RSU); and
 - 25% shall vest on the fourth anniversary of the RSU Vesting Commencement Date (rounding to the nearest whole RSU).
- 10,272,400 RSUs out of the 11,197,900 RSUs granted under the March 2024 RSU Grant shall vest as follows:
- 25% shall vest on the first anniversary of the RSU Vesting Commencement Date (rounding to the nearest whole RSU); and
 - 75% shall vest monthly in equal instalments over the 36 months (rounding to the nearest whole RSU) immediately following the first anniversary of the RSU Vesting Commencement Date.
- The grant of RSUs under the Post-IPO RSU Scheme to Dr. Jianxin Yang, Dr. Wei Li and Mr. Edward Hu (the “**Directors RSUs Grantees**”) on March 28, 2024 are not subject to performance targets. Having considered that (i) the grant of RSUs could bring about an immediate incentivization effect for the Directors RSUs Grantees, which was considered a more attractive motivation to the Directors RSUs Grantees for continuing to serve in such roles; (ii) the grant of RSUs to the Directors RSUs Grantees served as a recognition of their past contributions to the Group; and (iii) the grant of RSUs without performance target was consistent with the Company’s customary practice on previous grants of share incentives to the Directors, employees of the Company (including members of senior management) and service providers, the Compensation Committee considered that without performance targets, the grant of RSUs to the Directors RSUs Grantees could align the interests of the Directors RSUs Grantees with incentive to the Directors RSUs Grantees to work towards the continued success of the Group, and reinforce their commitment to provide long-term services to the Group, which is in line with the purpose of the Post-IPO RSU Scheme.
- (3) According to the relevant scheme rules, service providers means any persons (nature person or corporate entity) who provide services to the Group on a continuing and recurring basis in the ordinary course of business of the Group which are in the interests of the long term growth of the Group, including independent contractor, consultant and/or advisors for the research & development, product commercialization, marketing, innovation upgrading, strategic/commercial planning on corporate image and investor relations in investment environment of the Company (excluding any placing agents or financial advisers providing advisory services for fundraising, mergers or acquisition, and service providers such as auditors or valuers who provide assurance, or are required to perform their services with impartiality and objectivity).

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- (4) The vesting commencement date of the 2,979,180 RSUs out of the total of 3,379,180 RSUs granted to other employee participants and service providers on March 23, 2023 (the “**March 2023 RSU Grant**”) was April 1, 2023 (the “**Vesting Commencement Date**”). No performance targets were attached to the 2,979,180 RSUs granted.

The remaining 400,000 RSUs granted under the March 2023 RSU Grant to one employee amongst the other employee participants shall commence vesting upon certain performance target (including individual performance based on periodic performance assessment and annual review results by the Company) and other requirements as set out in the grant letter entered into between the employee and the Company have been met.

- (5) 1,059,180 RSUs granted under the March 2023 RSU Grant shall vest as follows:

- 25% shall vest on the first anniversary of the Vesting Commencement Date (rounding to the nearest whole RSU);
- 25% shall vest on the second anniversary of the Vesting Commencement Date (rounding to the nearest whole RSU);
- 25% shall vest on the third anniversary of the Vesting Commencement Date (rounding to the nearest whole RSU); and
- 25% shall vest on the fourth anniversary of the Vesting Commencement Date (rounding to the nearest whole RSU).

1,920,000 RSUs granted under the March 2023 RSU Grant shall vest as follows:

- 25% shall vest on the first anniversary of the Vesting Commencement Date (rounding to the nearest whole RSU); and
- 75% shall vest monthly in equal installments over the 36 months (rounding to the nearest whole RSU) immediately following the first anniversary of the Vesting Commencement Date.

400,000 RSUs granted under the March 2023 RSU Grant shall vest as follows:

- 25% shall vest on the first anniversary of the date of satisfaction of the respective performance target milestone (rounding to the nearest whole RSU);
- 25% shall vest on the second anniversary of the date of satisfaction of the respective performance target milestone (rounding to the nearest whole RSU);
- 25% shall vest on the third anniversary of the date of satisfaction of the respective performance target milestone (rounding to the nearest whole RSU); and
- 25% shall vest on the fourth anniversary of the date of satisfaction of the respective performance target milestone (rounding to the nearest whole RSU).

- (6) The vesting commencement date of the 200,000 RSUs granted on October 18, 2024 was October 9, 2024. The 200,000 RSUs shall vest as follows:

- 25% shall vest on the first anniversary of the RSU Vesting Commencement Date (rounding to the nearest whole RSU);
- 25% shall vest on the second anniversary of the RSU Vesting Commencement Date (rounding to the nearest whole RSU);
- 25% shall vest on the third anniversary of the RSU Vesting Commencement Date (rounding to the nearest whole RSU); and
- 25% shall vest on the fourth anniversary of the RSU Vesting Commencement Date (rounding to the nearest whole RSU).

The RSUs granted to the grantee shall vest in several batches, with a total vesting period of more than 12 months. Due to administrative reasons, the period between the date of grant and the first vesting period for the RSUs granted to the grantee is less than 12 months to reflect the time from which the RSUs would have been granted as permitted under specific circumstances as set out in the Post-IPO RSU Scheme. In any event, the Board has the discretion to accelerate the above vesting schedules of the RSUs, subject to compliance with the requirements of Rule 17.03F of the Listing Rules as and when appropriate. The Board was of the view that the grant of RSUs and the relevant vesting periods were appropriate and in line with the market practice and the purposes of the Post-IPO RSU Scheme.

A time-based vesting schedule is applicable to the grant of RSUs with no performance target attached.

Report of the Directors

- (7) The vesting commencement date of the 1,134,000 RSUs granted to Dr. Jianxin Yang and 5,623,200 RSUs granted to other employee participants (including members of senior management) on April 11, 2025 (the “**April 2025 RSU Grant**”) was April 2, 2025 (the “**Vesting Commencement Date**”). No performance targets were attached to the April 2025 RSU Grant.

658,200 RSUs granted under the April 2025 RSU Grant shall vest as follows:

- 25% shall vest on the first anniversary of the Vesting Commencement Date (rounding to the nearest whole RSU);
- 25% shall vest on the second anniversary of the Vesting Commencement Date (rounding to the nearest whole RSU);
- 25% shall vest on the third anniversary of the Vesting Commencement Date (rounding to the nearest whole RSU); and
- 25% shall vest on the fourth anniversary of the Vesting Commencement Date (rounding to the nearest whole RSU).

6,099,000 RSUs granted under the April 2025 RSU Grant shall vest as follows:

- 25% shall vest on the first anniversary of the Vesting Commencement Date (rounding to the nearest whole RSU); and
- 75% shall vest monthly in equal installments over the 36 months (rounding to the nearest whole RSU) immediately following the first anniversary of the Vesting Commencement Date.

The RSUs granted to the grantees under the April 2025 RSU Grant will vest in several batches, with a total vesting period of more than 12 months. The period between the date of grant and the first vesting period of the RSUs granted to the grantees are less than 12 months. Having considered, due to administrative reasons and for the purpose of reflecting the time from which the RSUs would have been granted as permitted under specific circumstances as set out in the Post-IPO RSU Scheme, the Board and the Compensation Committee were of the view that the grant of RSUs and the relevant vesting periods are appropriate and in line with market practice and the purposes of the Post-IPO RSU Scheme.

- (8) Among the 1,930,000 RSUs granted to the grantees, the vesting period of the 330,000 RSUs granted to Dr. Jianxin Yang and 1,200,000 RSUs granted to employees of the Company shall commence on August 27, 2025 (the “**Vesting Commencement Date 1**”), and the vesting period of the 400,000 RSUs granted to employees of the Company shall commence on August 4, 2025 (the “**Vesting Commencement Date 2**”).

400,000 RSUs granted shall vest as follows:

- 25% shall vest on the first anniversary of the Vesting Commencement Date 2 (rounding to the nearest whole RSU);
- 25% shall vest on the second anniversary of the Vesting Commencement Date 2 (rounding to the nearest whole RSU);
- 25% shall vest on the third anniversary of the Vesting Commencement Date 2 (rounding to the nearest whole RSU); and
- 25% shall vest on the fourth anniversary of the Vesting Commencement Date 2 (rounding to the nearest whole RSU).

1,530,000 RSUs granted shall vest as follows:

- 25% shall vest on the first anniversary of the Vesting Commencement Date 1 (rounding to the nearest whole RSU); and
- 75% shall vest monthly in equal instalments over the 36 months (rounding to the nearest whole RSU) immediately following the first anniversary of the Vesting Commencement Date 1.

The RSUs granted to the grantees will vest in several batches, with a total vesting period of more than 12 months. The periods between the date of grant and the first vesting periods for the RSUs granted to employees of the Company are less than 12 months to reflect the time from which the employees joined the Company and their relevant periods of service, as permitted under specific circumstances as set out in the Post-IPO RSU Scheme. In any event, the Board has the discretion to accelerate the above vesting schedule of the RSUs, subject to compliance of the requirements under Rule 17.03F of the Listing Rules as and when appropriate. The Board is of the view that the grant of RSUs and the relevant vesting periods are appropriate and in line with the market practice and the purposes of the Post-IPO RSU Scheme.

Vesting of the RSUs granted to the grantees will be subject to the grantees’ fulfilment of annual performance targets and performance appraisals as stipulated in the respective grant letters entered into by the Company and each of the grantees. These performance targets are set against certain benchmark of the roles in which the individual grantee serves.

- (9) The RSUs under the Post-IPO RSU Scheme were granted to the grantees at nil consideration and were or will be transferred to the grantees upon vesting at nil consideration.

Report of the Directors

- (10) Exercise period is not applicable to RSUs.
- (11) The number of Shares that may be issued in respect of RSUs granted under the Post-IPO RSU Scheme during the Reporting Period divided by the weighted average number of Shares in issue (excluding treasury Shares) for the year was 0.63%.
- (12) For details of the basis of measurement for the fair value of RSUs granted, please refer to note 29 to the Consolidated Financial Statements.

For further details of the Share Incentivization Schemes, including the fair value of the options and RSUs granted under the Share Incentivization Schemes, please refer to note 29 to the Consolidated Financial Statements.

SUMMARY OF THE SHARE INCENTIVIZATION SCHEMES

The major terms and details of the Share Incentivization Schemes are set out below:

Details	Pre-IPO Incentivization Plan	Post-IPO ESOP	Post-IPO RSU Scheme
1. Purpose	To attract, motivate and/or to reward eligible employees, officers, directors, contractor, advisors and consultants of our Group.	To attract and retain employees, to reward eligible participants for their past contribution to the Company, to provide incentives to the eligible participants to further contribute to the Group and to align their interests with the best interests of the Company and the Shareholders as a whole.	To: <ul style="list-style-type: none"> recognize the contributions by certain selected participants with an opportunity to acquire a proprietary interest in the Company; encourage and retain such individuals for the continual operation and development of the Group; provide additional incentives for them to achieve performance goals; attract suitable personnel for further development of the Group; and motivate the selected participants to maximize the value of the Company for the benefits of both the selected participants and the Company, with a view to achieving the objectives of increasing the value of the Group and aligning the interests of the selected participants directly to the Shareholders of the Company through ownership of Shares.

Report of the Directors

Details	Pre-IPO Incentivization Plan	Post-IPO ESOP	Post-IPO RSU Scheme
2. Participants	Eligible employees include any employee, officer, director, contractor, advisor or consultant of the Group who is notified by the Board that he or she is eligible by reason of their contribution to the Group.	Eligible employees include any employee, officer, director, contractor, advisor or consultant of the Group who is notified by the Board that he or she is an employee eligible by reason of his or her contribution to the Group, to the extent that an offer of an award to or a receipt of such award by him or her is permitted under the applicable laws, rules and regulations or accounting or tax rules and regulations. In the amended rules of the Post-IPO ESOP as adopted on the Amendment Date, eligible participants include (i) employee participant: any employee (whether fulltime or part-time), a director (including executive directors, non-executive directors and independent non-executive directors) of any member of the Group, and any persons who are granted awards under this plan as an inducement to enter into employment contracts with any member of the Group, in each case until such employee shall cease to be an employee with effect from (and including) the date of termination of his or her employment; and (ii) service provider: any persons (nature person or corporate entity) who provide services to the Group on a continuing and recurring basis in the ordinary course of business of the Group which are in the interests of the long term growth of the Group, including independent contractor, consultant and/or advisors for the R&D, product commercialization, marketing, innovation upgrading, strategic/commercial planning on corporate image and investor relations in investment environment of the Company (excluding any placing agents or financial advisers providing advisory services for fundraising, mergers or acquisition, and service providers such as auditors or valuers who provide assurance, or are required to perform their services with impartiality and objectivity).	Eligible persons include any employee of any member of the Group and any consultant, adviser or agent of any member of the Group (including the connected persons (as defined in the Listing Rules) of the Company), who have contributed or will contribute to the growth and development of the Group. In the amended rules of the Post-IPO RSU Scheme as adopted on the Amendment Date, eligible participants include (i) employee participant: any employee (whether full-time or part-time), a director (including executive directors, non-executive directors and independent non-executive directors) of any member of the Group, and any persons who are granted awards under this scheme as an inducement to enter into employment contracts with any member of the Group, in each case until such employee shall cease to be an employee with effect from (and including) the date of termination of his or her employment; and (ii) service provider: any persons (nature person or corporate entity) who provide services to the Group on a continuing and recurring basis in the ordinary course of business of the Group which are in the interests of the long term growth of the Group, including independent contractor, consultant and/or advisors for the R&D, product commercialization, marketing, innovation upgrading, strategic/commercial planning on corporate image and investor relations in investment environment of the Company (excluding any placing agents or financial advisers providing advisory services for fundraising, mergers or acquisition, and service providers such as auditors or valuers who provide assurance, or are required to perform their services with impartiality and objectivity).

Report of the Directors

Details	Pre-IPO Incentivization Plan	Post-IPO ESOP	Post-IPO RSU Scheme
3. Maximum number of Shares that can be awarded	The maximum number of Shares in respect of which awards may be granted under the plan shall not, subject to any reorganisation of capital structure and other corporate events, exceed 130,831,252 Shares in the aggregate (taken into account of the capitalization issue on the Listing Date).	The maximum number of Shares in respect of which awards may be granted or delivered in satisfaction of awards under the plan shall not, subject to any reorganisation of capital structure and other corporate events, exceed 98,405,153 (taken into account of the capitalization issue on the Listing Date), being 10% of the Shares in issue as of the adoption date. The limit on the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the plan and any other schemes must not exceed 30% of the relevant class of Shares in issue from time to time. In the amended rules of the Post-IPO ESOP as adopted on the Amendment Date, the Company shall not make any further grant of options which will result in the aggregate number of Shares underlying all grants of (i) new Shares or restricted share units or restricted shares of the Company; or (ii) options over new Shares made pursuant to this Plan and other share schemes adopted by the Company from time to time to exceed 128,384,401 Shares, representing 10% of the total number of issued Shares as of the Amendment Date without Shareholders' approval (the " Scheme Mandate Limit "). Within the Scheme Mandate Limit, the total number of Awards which may be granted under this plan and grants made under other share schemes of the Company to service providers shall not exceed 12,838,440 Shares, representing 1% of the total number of Shares in issue on the Amendment Date (the " Service Provider Sublimit ").	The Board may not make any further award which will result in the aggregate number of the Shares awarded by the Board under the scheme exceeding, initially, 7,650,000 Shares (being approximately 0.78% of the issued share capital of the Company as at the adoption date), which was subsequently increased to 38,010,316 Shares (being approximately 2.58% of the issued share capital of the Company as at December 31, 2025) pursuant to a board meeting dated July 15, 2019. In the amended rules of the Post-IPO RSU Scheme as adopted on the Amendment Date, the Company shall not make any further grant of restricted new share award which will result in the aggregate number of Shares underlying all grants of (i) new Shares of the Company; or (ii) options over new Shares made pursuant to this scheme and other share schemes adopted by the Company to exceed the Scheme Mandate Limit. Within the Scheme Mandate Limit, the total number of restricted new shares which may be granted under this scheme and grants made under other share schemes of the Company to service providers shall not exceed the Service Provider Sublimit. The maximum number of grant of restricted existing shares under this scheme is 5% of the total issued Shares of the Company as at the Amendment Date (excluding any restricted existing shares lapsed in accordance with term of this scheme).

Report of the Directors

Details	Pre-IPO Incentivization Plan	Post-IPO ESOP	Post-IPO RSU Scheme
4. Maximum entitlement of each participant	No employee shall be granted an award which, if exercised or settled in full, would result in such employee becoming entitled to subscribe for such number of shares as, when aggregated with the total number of shares already issued under all the awards previously granted to him which have been exercised, and, issuable or settled under all the awards previously granted to him which for the time being subsisting and unexercised, would exceed 10% of the aggregate number of Shares for the time being issued and issuable under the plan.	Except with the approval of the Shareholders in general meeting, no option may be granted to any one person which, if exercised or settled in full, such that the total number of Shares issued and to be issued upon exercise of options and any other option over the Shares (including exercised, cancelled and outstanding options) granted and to be granted to such person in any 12-month period up to the date of the latest grant exceeds 1% of the Shares in issue from time to time. In the amended rules of the Post-IPO ESOP as adopted on the Amendment Date, for any 12-month period up to and including the grant date, the aggregate number of Shares issued and to be issued in respect of all options granted to any eligible participant under this plan and any grants made under any other share scheme(s) of the Company (excluding any options or awards lapsed under any share scheme of the Company) shall not exceed 1% of the total number of the Shares in issue as at the grant date without Shareholders' approval.	In the amended rules of the Post-IPO RSU Scheme as adopted on the Amendment Date, for any 12-month period up to and including the grate date, the aggregate number of Shares issued and to be issued in respect of all restricted new shares granted to any selected participant and all grants made under any other share scheme(s) of the Company (excluding any options and/or awards lapsed in accordance with the share schemes of the Company) shall not exceed 1% of the total number of the Shares in issue as at the grate date without Shareholders' approval. Where any grant of awards to a substantial shareholder of the Company or an independent non-executive Director, or their respective associates, would result in the total number of Shares issued and to be issued in respect of all awards or options granted and to be granted to such person in the 12-month period up to and including the date of such grant (excluding any awards or options lapsed in accordance with the terms of the share schemes of the Company), representing in aggregate over 0.1% of the total number of Shares in issue, such further grant of awards must be approved by the Shareholders in general meeting.
5. Option period	The period during which the option can be exercised as set forth in the relevant offer letters in accordance with the plan.	The period during which the option can be exercised as set forth in the relevant offer letters in accordance with the plan, which, in any event, must end on or before the tenth anniversary of the date of the grant of such option.	The vesting of the awarded Shares is subject to the selected participant remaining at all times after the grant date and on the date of vesting, an eligible person, subject to the rules of the scheme.
		In the amended rules of the Post-IPO ESOP as adopted on the Amendment Date, the option must be held by the grantee for at least 12 months before the option can be vested save for the exceptional circumstances prescribed in the plan.	Save for the circumstances prescribed in the scheme, the vesting period of the restricted new shares granted shall not be less than 12 months.

Report of the Directors

Details	Pre-IPO Incentivization Plan	Post-IPO ESOP	Post-IPO RSU Scheme
6. Acceptance of offer	Awards granted must be accepted within the period as stated in the offer of the grant, upon payment of exercise price as set out in the relevant offer letter per grant, if any. There is no amount payable solely for application or acceptance of the option or awards.		
7. Exercise price	<p>The subscription price shall be approved by the Board and shall be set out in the offer letter.</p> <p>The exercise prices of the options granted between the adoption date and the Listing Date include US\$0.1, US\$0.2, US\$0.57 and US\$2.37 (without taking into account the effect of the capitalisation issue).</p>	<p>The subscription price shall be approved by the Board and shall be set out in the offer letter. The subscription price per Share of each award requiring exercise must be determined in accordance with the Fair Market Value of the Shares subject to the award, determined as of the date of grant.</p> <p>“Fair Market Value” means the higher of (a) the closing price of a Share on the date of grant, which must be a business day, on the principal stock market or exchange on which the Shares are quoted or traded, and (b) the average closing price of a Share for the five trading days immediately preceding the date of grant, on the principal stock market or exchange on which the Shares are quoted or traded, or if Shares are not so quoted or traded, the fair market value of a Share as determined by the Compensation Committee.</p>	–
8. Remaining life of the scheme	The plan shall be valid and effective for the period of ten years commencing on the adoption date until July 7, 2027 after which period no further awards will be granted, but the provisions of the plan shall in all other respects remain in full force and effect and the grantees may exercise the options in accordance with the terms upon which the options are granted. The remaining life of the plan is approximately one year and three months as at the date of this report.	The plan shall be valid and effective for the period of ten years commencing on the adoption date until February 26, 2029 after which period no further awards will be granted, but the provisions of the plan shall in all other respects remain in full force and effect and the grantees may exercise the options in accordance with the terms upon which the options are granted. The remaining life of the plan is approximately two years and ten months as at the date of this report.	The scheme remains valid and effective from the adoption date until March 22, 2029, being the tenth anniversary of the adoption date, after which period no further awards will be granted, but the provisions of the scheme will in all other respects remain in full force and effect and awards that are granted from the adoption date until the tenth anniversary of the adoption date may continue to be exercisable in accordance with their terms of issue. The remaining life of the scheme is approximately two years and eleven months as at the date of this report.

Report of the Directors

CONTINUING CONNECTED TRANSACTIONS AND RELATED PARTY TRANSACTIONS

None of the related parties transactions as disclosed in Note 31 to the Consolidated Financial Statements constitute connected transaction or continuing connected transaction as defined under Chapter 14A of the Listing Rules. During the Reporting Period, there were no connected transactions nor continuing connected transactions of the Group which has to be disclosed in accordance with Chapter 14A of the Listing Rules.

SEGMENT INFORMATION

An analysis of the Group's revenue and contribution to results by geographical areas of the operations for the Reporting Period is set out in Note 6 to the Consolidated Financial Statements.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group during the Reporting Period are set out in Note 14 to the Consolidated Financial Statements.

SHARES ISSUED IN THE REPORTING PERIOD

Details of the Shares issued by the Company during the Reporting Period are set out in Note 28 to the Consolidated Financial Statements.

DISTRIBUTABLE RESERVES

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

USE OF NET PROCEEDS

On September 30, 2020 (before trading hours), the Company entered into the share subscription agreement with Pfizer Corporation Hong Kong Limited, pursuant to which Pfizer Corporation Hong Kong Limited has conditionally agreed to subscribe for an aggregate of 115,928,803 subscription shares (being ordinary shares of the Company) at the subscription price of approximately HK\$13.37 per Share (the closing price of the Company as quoted on the Stock Exchange on September 29, 2020 was HK\$9.30 per Share) (the "**Share Subscription**"). Pfizer applies science and its global resources to improve health and well-being at every stage of life, and was a third party independent of the Company or any of its connected person at the time of the Share Subscription. The gross proceeds from the allotment and issue of the subscription shares were approximately US\$200.0 million (equivalent to approximately RMB1,355.9 million), which will be used for the funding of the development activities under the collaboration agreement dated September 30, 2020 (the "**Collaboration Agreement**"). The Company entered into the Share Subscription and the Collaboration Agreement to advance the Company's strategic, commercial and financial objectives as it transitions into a fully integrated biopharma company. All the conditions of the subscription have been fulfilled and the closing of the subscription took place on October 9, 2020. The use of these proceeds is in line with the planned use and there is no significant change.

Report of the Directors

The table below sets out the planned applications of the proceeds and actual usage up to December 31, 2025:

	% of use of proceeds	Proceeds from the subscription <i>(RMB million)</i>	Unutilized net proceeds as of December 31, 2024 <i>(RMB million)</i>	Actual usage during the Reporting Period <i>(RMB million)</i>	Unutilized net proceeds as of December 31, 2025 <i>(RMB million)</i>
Fund the development activities under the collaboration agreement	100%	1,355.9	409.3	70.8	338.5

Note: The unutilized net proceeds are planned to be put into use by December 31, 2027.

As of the date of this report, the Board is aware that there has been a delay in the expected timeline for the use of proceeds when compared to the implementation plan as disclosed in the interim report for the six months ended June 30, 2025. To the best knowledge of the Directors, the delay in use of proceeds was mainly attributable to changes in the joint development plan for assets that the Company is developing with Pfizer, taking into account the current status of Pfizer's pipeline.

The Company expects to utilize the unutilized proceeds based on clinical development plan as stipulated in the Collaboration Agreement. As the collaboration evolves, the Company will continue to evaluate and adopt a prudent and flexible approach for utilising the net proceeds effectively and efficiently for the long-term benefit and development of the Group. The expected timeline of full utilisation is based on the Directors' best estimation barring unforeseen circumstances, and would be subject to change based on the future development of market conditions.

On April 2, 2025 (before trading hours), the Company entered into a placing agreement with Morgan Stanley Asia Limited (the "**Placing Agent**"), pursuant to which the Company agreed to place, through the Placing Agent, an aggregate of 80,000,000 placing shares (being ordinary shares of the Company) to not less than six placees at a price of HK\$2.933 per placing share (the closing price of the Company as quoted on the Stock Exchange on April 1, 2025 was HK\$3.45 per Share). The net placing price (after deducting related costs and expenses to be borne by the Company) is approximately HK\$2.904 per Share. The aggregate nominal value of the placing shares under the placing is US\$8,000. The placees are professional, institutional or other investors, and together with their ultimate beneficial owners, are third parties independent of the Company and any of its connected persons. The placing would enlarge the Shareholder base and the capital base of the Company, and strengthen the Group's financial position for its future development. The net proceeds from the placing, after deducting the placing commission and other related expenses and professional fees, were approximately HK\$232.29 million (equivalent to approximately RMB215.82 million). The Company intends to use the net proceeds for purposes as stated below. All the conditions of the placing were fulfilled and the closing of the placing took place on April 10, 2025. The use of these proceeds is in line with the planned use and there is no significant change or delay.

Report of the Directors

The table below sets out the planned applications of the proceeds and actual usage up to December 31, 2025:

	% of use of proceeds	Proceeds from the placing <i>(RMB million)</i>	Actual usage during the Reporting Period <i>(RMB million)</i>	Unutilized net proceeds as of December 31, 2025 <i>(RMB million)</i>
Research and development of Pipeline“ 2.0”, including in particular CS5001, a clinical stage ROR1 ADC (a potentially best-in-class ROR1 ADC), and CS2009, a trispecific antibody targeting PD-1, VEGFA and CTLA-4 (a potentially first-in-class/best-in-class next-generation immuno-oncology backbone)	90%	194.24	163.90	30.34
General corporate purposes	10%	21.58	20.80	0.78
Total	100%	215.82	184.70	31.12

Note: The unutilized net proceeds are planned to be put into use by December 31, 2026.

On July 8, 2025 (after trading hours), the Company entered into a placing agreement with Morgan Stanley Asia Limited (the “**Placing Agent**”), pursuant to which the Company agreed to place, through the Placing Agent, an aggregate of 100,000,000 placing shares (being ordinary shares of the Company) to not less than six placees at a price of HK\$4.72 per placing share (the closing price of the Company as quoted on the Stock Exchange on July 8, 2025 was HK\$5.18 per Share). The net placing price (after deducting related costs and expenses to be borne by the Company) is approximately HK\$4.673 per Share. The aggregate nominal value of the placing shares under the placing is US\$10,000. The placees are professional, institutional or other investors, and together with their ultimate beneficial owners, are third parties independent of the Company and any of its connected persons. The placing would enlarge the Shareholder base and the capital base of the Company, and strengthen the Group’s financial position for its future development. The net proceeds from the placing, after deducting the placing commission and other related expenses and professional fees, were approximately HK\$467.28 million (equivalent to approximately RMB425.79 million). The Company intends to use the net proceeds for purposes as stated below. All the conditions of the placing were fulfilled and the closing of the placing took place on July 16, 2025. The use of these proceeds is in line with the planned use and there is no significant change or delay.

Report of the Directors

The table below sets out the planned applications of the proceeds and actual usage up to December 31, 2025:

	% of use of proceeds	Proceeds from the placing <i>(RMB million)</i>	Actual usage during the Reporting Period <i>(RMB million)</i>	Unutilized net proceeds as of December 31, 2025 <i>(RMB million)</i>
Research and development relating to CS2009 (Phase II clinical trials and potential pivotal study) and CS5001 (Phase 1b clinical trials), including monotherapy and combination therapy studies	73%	310.83	–	310.83
Research and development relating to pre-clinical assets, including discovery and PCC of candidates and IND enabling studies	17%	72.38	–	72.38
General corporate purposes (including staff costs and rental expenses)	10%	42.58	–	42.58
Total	100%	425.79	–	425.79

Note: The unutilized net proceeds are planned to be put into use by December 31, 2026.

Report of the Directors

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Company had maintained the prescribed public float under the Listing Rules during the Reporting Period and up to the latest practicable date prior to the issue of this annual report.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including any sale of treasury Shares (as defined in the Listing Rules)) during the Reporting Period. As at December 31, 2025, the Company did not hold any treasury Shares as defined in the Listing Rules.

PRE-EMPTIVE RIGHTS

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

PROFESSIONAL TAX ADVICE RECOMMENDED

If any of the Shareholders is unsure about the taxation implications of purchasing, holding, disposing of, dealing in, or the exercise of any rights in relation to the Shares, he or she is advised to consult an expert. The Company is not aware of any relief on taxation available to the Shareholders by reason of their holdings of the Shares.

BANK BORROWINGS

As at December 31, 2025, the Group's bank borrowings were RMB342.4 million, all bank borrowings denominated in RMB. For details on the maturity profile of our borrowings, please see Note 25 to the Consolidated Financial Statements.

KEY PERFORMANCE INDICATORS

Revenue decreased by RMB137.6 million from RMB407.2 million for the year ended December 31, 2024 to RMB269.6 million for the year ended December 31, 2025.

Cost of revenue increased by RMB51.2 million from RMB167.1 million for the year ended December 31, 2024 to RMB218.3 million for the year ended December 31, 2025.

Research and development expenses increased by RMB176.8 million from RMB134.7 million for the year ended December 31, 2024 to RMB311.5 million for the year ended December 31, 2025.

Report of the Directors

Administrative expenses increased by RMB11.2 million from RMB77.8 million for the year ended December 31, 2024 to RMB89.0 million for the year ended December 31, 2025.

Selling and marketing expenses decreased by RMB50.5 million from RMB133.8 million for the for the year ended December 31, 2024 to RMB83.3 million for the year ended December 31, 2025.

As a result of the above factors, the loss for the year increased by RMB345.8 million from RMB91.2 million for the year ended December 31, 2024 to RMB437.0 million for the year ended December 31, 2025.

CHARITABLE CONTRIBUTIONS

During the Reporting Period, the Group had made charitable contributions of approximately RMB3.70 million.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended December 31, 2025, the Group derived substantially its revenues from sales of pharmaceutical products, license fee and royalty. For the year ended December 31, 2025, revenue from the five largest customers and the largest customer accounted for approximately 93.2% and 46.3%, respectively, of the Group's total revenue. For further details, please see Note 6 to the Consolidated Financial Statements of this report.

During the year ended December 31, 2025, purchases from the Group's five largest suppliers and the largest supplier accounted for approximately 31.8% and 7.3%, respectively, of the Groups total purchases.

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

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

The Group has compliance policies and procedures in place to ensure adherence to applicable laws, rules and regulations, in particular, those that have a significant impact on the operation of the Group, including the requirements under the Companies Ordinance, the Listing Rules, the SFO and the CG Code for, among other things, the disclosure of information and corporate governance. For details of the applicable laws and regulations, please refer to the section headed "Regulatory Environment" in the Prospectus for details. The Group would seek professional legal advice from its legal advisers to ensure that transactions and business to be performed by the Group are in compliance with the applicable laws and regulations. Save as disclosed in this annual report, during the Reporting Period, the Group was not aware of any material non-compliance with any relevant laws and regulations that had a significant impact on it.

Report of the Directors

MATERIAL LITIGATION

The Company was not involved in any material litigation or arbitration during the Reporting Period. The Directors are also not aware of any material litigation or claims that were pending or threatened against the Group during the Reporting Period.

RELATIONSHIPS WITH THE GROUP'S EMPLOYEES

The Group believes that employees are important and valuable assets. The Group will provide trainings for employees to enhance their knowledge in corporate values and culture and to implement them thoroughly. Meanwhile, the Group encourages staff on continued studies by giving subsidy to recognized development courses. The Group also aims to provide competitive and attractive remuneration packages to retain its employees. Management reviews the remuneration package offered to the employees of the Group on an annual basis. Meanwhile, for the purpose of providing incentives and rewards to eligible participants who have contributed to the success of the Group's operations, the Company has adopted the Pre-IPO Incentivization Plan, the Post-IPO ESOP and the Post-IPO RSU Scheme. Details of such schemes are set out in the section headed "Share Incentivization Schemes" in this report.

RETIREMENT BENEFIT PLANS

The employees of the Company's subsidiaries in the PRC are members of the state-managed retirement benefit scheme operated by the relevant local government authority in the PRC. The subsidiaries are required to contribute, based on a certain percentage of the payroll costs of its employees, to the retirement benefit scheme and has no further obligations for the actual payment of pensions or post-retirement benefits beyond the annual contributions. The total amount provided by the Group to the scheme in the PRC and charged to profit or loss are approximately RMB16,862,000 (2024: RMB21,388,000) for the year ended December 31, 2025.

During the Reporting Period, there were no forfeited contributions under the defined contributions plans of the Group, and there were no forfeited contributions had been used by the Group to reduce the existing level of contributions.

RELATIONSHIPS WITH THE GROUP'S SUPPLIERS AND OTHER STAKEHOLDERS

The Group values long-standing relationships with its suppliers, customers, medical experts, and other business associates are key to the Group's success. The Group strives to achieve corporate sustainability through engaging, collaborating, and cultivating strong relationships with them. The Group aims at delivering high quality products to its potential customers and developing mutual trust and enhancing communication and commitment between the Group and its suppliers to maintain sustainable growth. For details of an account of the Company's key relationships with its employees, customers and suppliers and others that have a significant impact on the Company is set out in the "Environmental, Social and Governance Report" of the Company which will be published and made available on the websites of the Stock Exchange and the Company together with this report.

SIGNIFICANT EVENT AFTER THE REPORTING PERIOD

On April 22, 2026, the Company completed the placing of 118,000,000 placing shares by a placing agent to not less than six placees at the placing price of HK\$8.97 per placing share, representing 7.40% of the issued share capital of the Company as enlarged by the allotment and issue of the placing shares immediately upon completion of the placing. The Company received net proceeds from the placing, after deducting the placing commission and other related expenses and professional fees, of approximately HK\$1,053.17 million (equivalent to RMB923.00 million). Please refer to the announcements of the Company dated April 15, 2026 and April 22, 2026 for more details.

Save as disclosed above, there were no significant events after the Reporting Period and up to the date of this annual report.

CORPORATE GOVERNANCE

Particulars of the Company's corporate governance practices are set out in the section headed "Corporate Governance Report" of this report.

EQUITY-LINK AGREEMENT

Save as disclosed in the section headed "Share Incentivization Schemes" in this report, there was no equity-link agreement entered into by the Company during the Reporting Period.

REVIEW BY AUDIT COMMITTEE

The Audit Committee currently comprises three INEDs, namely, Mr. Kenneth Howard Jarrett, Ms. Fang Xie and Ms. Catherine Yen. The Audit Committee has reviewed with the management of the Company the Consolidated Financial Statements for the Reporting Period.

INDEPENDENT AUDITOR

The Consolidated Financial Statements for the Reporting Period have been audited by Deloitte Touche Tohmatsu. Having been approved by the Board upon the Audit Committee's recommendation, a resolution for the re-appointment of Deloitte Touche Tohmatsu as the Independent Auditor for the ensuing year will be put forward at the forthcoming AGM for Shareholder's approval.

In the preceding three years, the auditors of the Company have not changed.

On Behalf of the Board

Dr. Wei Li

Chairman and Non-executive Director

Suzhou, PRC, March 26, 2026

Corporate Governance Report

The Board hereby presents to the Shareholders the Corporate Governance Report of the Group for the year ended December 31, 2025.

CORPORATE CULTURE

The Company is firmly committed to a high level of corporate governance and adherence to the governance principles and practices emphasising transparency, independence, accountability, responsibility and fairness. These principles and practices are reviewed and revised regularly as appropriate to reflect the ever changing regulatory requirements and corporate governance development. The Board believes that the high standards of corporate governance is the essential core for sustaining the Group's long term performance and value creation for our Shareholders, the investing public and the other stakeholders.

The Company also recognises the importance of integrity, ethical conduct, and responsible business practices, which are instilled and continually reinforced across the Group. It strives to foster a culture of compliance, good corporate governance, and ethical behaviour with its stakeholders to build trust and credibility.

The Board has established the Company's purpose, values, and strategy, and has satisfied itself that the Company's culture is aligned. By acting with integrity and leading by example, the Directors will further and continue to promote the desired culture within the Group.

CORPORATE GOVERNANCE PRACTICES

The Board is committed to achieving high corporate governance standards.

The Company has applied the principles and code provisions as set out in Part 2 of the CG Code contained in Appendix C1 to the Listing Rules as the basis of the Company's corporate governance practices.

The Company has adopted and applied the principles as set out in the CG Code. The Board is of the view that during the Reporting Period, the Company has complied with all the applicable principles and code provisions as set out in Part 2 of the CG Code.

The Company will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS

We have also adopted our own code of conduct, the Securities Transactions Code, which applies to all Directors on terms not less exacting than the required standard indicated by the Model Code as set out in Appendix C3 to the Listing Rules.

Specific enquiries have been made of all the Directors and they have confirmed that they have complied with the Securities Transactions Code throughout the Reporting Period.

The Group's employees, who are likely to be in possession of unpublished inside information of the Group, are subject to the Model Code. No incident of non-compliance of the Model Code by the employees of the Group was noted by the Company as at the date of this report.

Corporate Governance Report

BOARD OF DIRECTORS

The Board is responsible for the overall leadership of the Group, oversees the Group's strategic decisions and monitors business and performance. The Board regularly review the contribution required from a Director to perform his/her responsibilities to the Company, and whether the Director is spending sufficient time performing such responsibilities. To better manage the Group's corporate governance performance and identify potential risks, the Board conduct annual review ensuring the effectiveness of Board independence.

Responsibilities, Accountabilities and Contributions of the Board and Management

The Board should assume responsibility for leadership and control of the Company and is collectively responsible for directing and supervising the Company's affairs. The Board directly, and indirectly through its committees, leads and provides direction to the management by laying down strategies and overseeing their implementation, monitors the Group's operational and financial performance, and ensures that sound internal control and risk management systems are in place.

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

Board composition

The Board currently comprises one executive Director, three non-executive Directors and three independent non-executive Directors.

As at the date of this annual report, the composition of the Board is as follows:

Executive Director

Dr. Jianxin Yang (*Chief Executive Officer*)

Non-executive Directors

Dr. Wei Li (*Chairman*)

Mr. Kenneth Walton Hitchner III

Mr. Xianghong Lin (*retired effective from June 25, 2025*)

Mr. Edward Hu

Independent Non-executive Directors

Dr. Paul Herbert Chew (*retired effective from June 25, 2025*)

Mr. Ting Yuk Anthony Wu (*resigned effective from January 21, 2026*)

Mr. Hongbin Sun (*resigned effective from June 25, 2025*)

Ms. Yip Betty Ho (*resigned effective from October 31, 2025*)

Mr. Kenneth Howard Jarrett (*appointed on September 23, 2025*)

Ms. Fang Xie (*appointed on November 1, 2025*)

Ms. Catherine Yen (*appointed on January 21, 2026*)

The biographical details of the Directors are set out in the section headed "Directors and Senior Management" on pages 30 to 38 of this annual report.

Corporate Governance Report

Apart from the foregoing, there is no change to the composition of the Board during the Reporting Period. As at the date of this report, to the best knowledge of the Company, there has been no financial, business, family, or other material/relevant relationships among members of the Board. The Company has arranged appropriate liability insurance in respect of legal action against the Directors. The insurance coverage will be reviewed on an annual basis.

Pursuant to Rule 3.09D of the Listing Rules, Mr. Kenneth Howard Jarrett, Ms. Fang Xie and Ms. Catherine Yen obtained legal advice on September 22, 2025, October 31, 2025 and January 20, 2026, respectively and confirmed that they understood their responsibilities as a Director of the Company.

Board Meetings

During the Reporting Period, the Board held four meetings for discussing and approving the operation and business development of the Company, including without limitation, change in Directors, financial budget and financial statements and amendments to relevant equity incentive plans of the Company. The attendance of each Director at the Board and committee meetings of the Company during the Reporting Period, whether in person or by means of electronic communication, is detailed in the table below:

A summary of the attendance record of the Directors at Board meetings and committee meetings is set out in the following table below:

Name of Directors	Attendance/No. of Meetings eligible to attend						
	Board	Audit Committee ⁽¹⁾	Compensation Committee ⁽²⁾	Nomination Committee ⁽³⁾	Strategy Committee ⁽⁴⁾	Investment Committee ⁽⁵⁾	General Meetings ⁽⁶⁾
Executive Director							
Jianxin Yang	4/4	-	-	-	-	-	1/1
Non-executive Directors							
Wei Li	4/4	-	1/1	1/1	-	-	1/1
Kenneth Walton Hitchner III	4/4	-	-	-	-	-	0/1
Xianghong Lin (<i>retired effective from June 25, 2025</i>)	1/1	-	-	-	-	-	1/1
Edward Hu	4/4	-	-	-	-	-	0/1
Independent Non-executive Directors							
Paul Herbert Chew (<i>retired effective from June 25, 2025</i>)	1/1	1/1	1/1	1/1	-	-	1/1
Ting Yuk Anthony Wu	4/4	2/2	1/1	1/1	-	-	1/1
Hongbin Sun (<i>resigned effective from June 25, 2025</i>)	1/1	1/1	-	1/1	-	-	-
Yip Betty Ho ⁽⁷⁾ (<i>resigned effective from October 31, 2025</i>)	3/3	1/1	-	-	-	-	1/1
Kenneth Howard Jarrett ⁽⁸⁾	1/1	-	-	-	-	-	-
Fang Xie ⁽⁸⁾	-	-	-	-	-	-	-
Catherine Yen ⁽⁸⁾	-	-	-	-	-	-	-

Notes:

- (1) The Audit Committee held two meetings on March 27, 2025 and August 14, 2025, and all members of the Audit Committee attended two meetings.
- (2) The Compensation Committee held one meeting on March 27, 2025, and all members of the Compensation Committee attended the one meetings.
- (3) The Nomination Committee held one meeting on March 27, 2025, and all members of the Nomination Committee attended the one meetings.

Corporate Governance Report

- (4) Although no Strategy Committee meeting was held during the Reporting Period, matters relating to long-term strategic positioning, development and implementation have been discussed in Board meetings.
- (5) Although no Investment Committee meeting was held during the Reporting Period, matters relating to our investment strategies and risks have been discussed in Board meetings.
- (6) The Company held one AGM on June 25, 2025 during the Reporting Period.
- (7) Ms. Yip Betty Ho was appointed as the chairperson of the Audit Committee, and a member of each of the Compensation Committee, the Nomination Committee, the Strategy Committee and the Investment Committee on June 25, 2025.
- (8) Mr. Kenneth Howard Jarrett, Ms. Fang Xie and Ms. Catherine Yen have been appointed as independent non-executive Directors on September 23, 2025, November 1, 2025 and January 21, 2026, respectively.

General Meeting and Extraordinary General Meeting

During the Reporting Period, the Company held one AGM on June 25, 2025. All proposed Shareholders' resolutions put forward at the above general meetings were resolved by poll vote and were duly passed. The vote tally of each of such resolutions was set out in the Company's announcements released on the day of the respective general meetings.

Board Independence

During the Reporting Period, the Company has in place various measures and mechanisms underpinning a strong independent Board and that independent views and input are conveyed to the Board. The measures and mechanisms are kept under regular review to ensure their effectiveness and to uphold good corporate governance. The Board reviewed and considered that such mechanisms were properly implemented during the Reporting Period and were effective, they are as follows:

- **Board and Committees' structure.** The Chief Executive Officer is the only executive Director on the Board, and all the remaining eight Directors, including the Chairman, are non-executive Directors or independent non-executive Directors. Separation of the role of the Chairman and the Chief Executive Officer ensures that there is a balance of power and authority. Other than Dr. Jianxin Yang being the chairman of the Strategy Committee, members of all governance related committees are non-executive Directors or independent non-executive Directors.
- **Appointment of Directors.** In assessing suitability of the candidates, the Nomination Committee will review their character and integrity; qualifications including professional experience, skills and knowledge; diversity in all aspects, including but not limited to gender, age, cultural and educational background; having regard to the Board's composition, the selection criteria approved by the Board, the nomination policy and the board diversity policy.
- **Conflict management.** A Director who has a material interest in any transaction, contract or arrangement shall not vote (nor shall be counted in the quorum) on any Board resolution approving the same.
- **Professional advice.** To facilitate proper discharge of their duties, all Directors have full and timely access to all the information of the Company and may, upon request, seek independent professional advice in appropriate circumstances at the Company's expenses for discharging their duties to the Company.
- **Board evaluation.** The quality and efficiency of discussions at Board meetings are assessed during the annual evaluation of the Board's performance.

Corporate Governance Report

INDEPENDENT NON-EXECUTIVE DIRECTORS

Save as disclosed in this report, during the Reporting Period, the Board's composition has met the requirement under Rules 3.10 and 3.10A of the Listing Rules relating to the appointment of at least three independent non-executive directors representing at least one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise. Dr. Paul Herbert Chew, Mr. Hongbin Sun, Ms. Yip Betty Ho and Mr. Ting Yuk Anthony Wu served as independent non-executive Directors until their retirement or resignation effective from June 25, 2025, June 25, 2025, October 31, 2025 and January 21, 2026 respectively. Three of the Company's independent non-executive Directors (namely Mr. Kenneth Howard Jarrett, Ms. Fang Xie, Ms. Catherine Yen (appointed on September 23, 2025, November 1, 2025 and January 21, 2026, respectively)) have the appropriate professional qualifications of accounting or related financial management expertise and provide valuable advice from time to time to the Board.

The Company has received from each independent non-executive Director, namely Mr. Kenneth Howard Jarrett, Ms. Fang Xie and Ms. Catherine Yen, a confirmation of their independence upon each of their appointments on September 23, 2025, November 1, 2025 and January 21, 2026, respectively and the Nomination Committee has conducted an annual review and considers that all independent non-executive Directors are independent, taking into account of the independence guidelines set out in Rule 3.13 of the Listing Rules in the context of the length of service of each independent non-executive Director.

The Company has established mechanism to ensure independent views and input are available to the Board, channels are in place through formal and informal means whereby independent non-executive Directors can express their views in an open and candid manner as well as in a confidential manner, should circumstances required; these include regular Board reviews, dedicated meeting sessions with the Chairman and interaction with management and other Board members including the Chairman outside the boardroom. The mechanism to ensure independent views and input are available to the Board is reviewed annually.

RE-COMPLIANCE WITH RULES 3.10(1) AND 3.21 OF THE LISTING RULES

Following the retirement of Dr. Paul Herbert Chew and the resignation of Mr. Hongbin Sun on June 25, 2025, the number of independent non-executive directors on the Board decreased to two independent non-executive Directors. As such, the Company was unable to meet the following requirements under the Listing Rules: (i) the requirement that the Board shall comprise a minimum of three independent non-executive directors under Rule 3.10(1) of the Listing Rules; and (ii) the requirement that the Audit Committee shall comprise a minimum of three members under Rule 3.21 of the Listing Rules. Following the appointment of Mr. Kenneth Howard Jarrett on September 23, 2025, the Company has re-complied with Rules 3.10(1) and 3.21 of the Listing Rules within 3 months after being unable to meet the requirement pursuant to Rules 3.11 and 3.23 of the Listing Rules.

Appointment and Re-election of Directors

All the Directors are subject to retirement by rotation and re-election at annual general meeting of the Company. Pursuant to the Articles of Association, one-third of the Directors for the time being shall retire from office and be eligible for re-election at each annual general meeting of the Company, provided that every Director is subject to retirement by rotation at least once every three years. In addition, any new Director appointed to fill a casual vacancy or as an addition to the Board shall hold office only until the first annual general meeting of the Company after his/her appointment and shall then be eligible for re-election at that meeting.

Corporate Governance Report

Accordingly, Dr. Jianxin Yang and Mr. Edward Hu will be subject to retirement at the forthcoming AGM of the Company, and eligible for re-election at the AGM pursuant to the Articles of Association. The retiring director, Mr. Kenneth Walton Hitchner III has not offered himself for re-election. Mr. Kenneth Howard Jarrett, Ms. Fang Xie and Ms. Catherine Yen were appointed as independent non-executive Directors on September 23, 2025, November 1, 2025 and January 21, 2026, respectively. They will hold office until the AGM and are eligible for re-election at the AGM pursuant to article 16.2 of the Articles of Association.

Directors with letters of appointment with the Company serve a term of two to three years (subject to retirement as and when required under the Articles of Association) or until terminated in accordance with the terms and conditions of the appointment letter or by either party giving to the other not less than one month's prior notice in writing.

During the Reporting Period, the Company has not entered into any service contract with any of its Directors. None of the Directors has entered into a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation), and no remunerations have been paid to Directors by the Company in the capacity of them as Directors in the Company.

The Nomination Committee is responsible for reviewing the Board composition and making recommendations to the Board on the appointment or re-election of Directors and succession planning for Directors.

BOARD COMMITTEES

The Board has established five committees, namely, the Audit Committee, the Compensation Committee, the Nomination Committee, the Strategy Committee and the Investment Committee. The committees operate in accordance with their respective terms of reference established by the Board.

Audit Committee

The Company has established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraphs A.2 and D.3 of the CG Code. The Audit Committee consists of three INEDs, namely, Mr. Kenneth Howard Jarrett, Ms. Fang Xie and Ms. Catherine Yen. Ms. Fang Xie, being the chairperson of the Audit Committee, holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules.

The primary duties of the Audit Committee include but are not limited to, (i) review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards; (ii) review the Company's financial and accounting policies and practices; (iii) assist the Board by providing an independent view of the effectiveness of the financial reporting process, internal control and risk management systems of the Group, overseeing the audit process and performing other duties and responsibilities as assigned by the Board; and (iv) perform corporate governance duties delegated by the Board.

During the Reporting Period, the Audit Committee scheduled two meetings and all the members of the Audit Committee attended the meetings to, among other things, review the interim and annual results, review the financial statements, the risk management and internal control systems and the effectiveness of the Company's internal audit function.

Corporate Governance Report

Compensation Committee

The Company has established the Compensation Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and paragraph E.1 of the CG Code. The Compensation Committee consists of one non-executive Director, namely Dr. Wei Li, the chairman of the Board, and two INEDs, namely, Ms. Fang Xie and Ms. Catherine Yen. Ms. Catherine Yen is the chairperson of the Compensation Committee.

The primary duties of the Compensation Committee include, but are not limited to, the following: (i) making recommendations to the Board of Directors on our policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing the policy on such remuneration; (ii) determining the specific remuneration packages of all Directors and senior management; (iii) reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time; and (iv) reviewing and/or approving matters relating to share schemes under Chapter 17 of the Listing Rules.

During the Reporting Period, the Compensation Committee scheduled one meeting and all the members of the Compensation Committee attended the meetings to, among other things, review the remuneration policy and structure for the Directors and senior management, make recommendations to the Board on determining the annual remuneration packages of the Directors and the senior management and other related matters, assess and review performance of the Directors and senior management, and consider the director's fees of Mr. Kenneth Howard Jarrett and Ms. Fang Xie.

On April 11, 2025 and August 27, 2025, (i) 2,646,000 share options and 1,134,000 RSUs and (ii) 2,400,000 share options and 330,000 RSUs were granted to Dr. Jianxin Yang, respectively. Having taken into account of the number of share options and RSUs previously granted to Dr. Jianxin Yang, the Board and the Compensation Committee considered that the grant of an aggregate of 5,046,000 share options and the grant of an aggregate of 1,464,000 RSUs to Dr. Jianxin Yang was to provide incentives for Dr. Jianxin Yang to exert maximum efforts and reward his continued efforts for the success of the Group, which is in line with purpose of the Post-IPO ESOP and the Post-IPO RSU Scheme of the Company, among other things, to encourage, motivate and provide additional incentives to selected participants in achieving performance goals and align their interests directly with the best interests of the Company and the Shareholders through ownership of Shares.

Saved as disclosed in the announcements of the Company dated April 11, 2025 and August 27, 2025, no other material matters relating to share schemes (as defined under Chapter 17 of the Listing Rules) required the Compensation Committee to review or approve. For details of our emolument policy and remuneration of our directors and senior management, please refer to the sections headed "Emolument Policy and Directors' Remuneration" and "Remuneration of Directors and Senior Management".

Nomination Committee

The Company has established the Nomination Committee with written terms of reference in compliance with the CG Code. The Nomination Committee consists of one non-executive Director, namely, Dr. Wei Li, and two INEDs, namely, Ms. Fang Xie and Ms. Catherine Yen. Dr. Wei Li, the chairman of the Board, is also the chairman of the Nomination Committee.

The primary duties of the Nomination Committee include, without limitation, reviewing the structure, size, composition and diversity of the Board, assessing the independence of INEDs and making recommendations to the Board on matters relating to the appointment of Directors.

Corporate Governance Report

During the Reporting Period, the Nomination Committee scheduled one meeting and all the members of the Nomination Committee attended the meetings to, among other things, review structure, size and composition of the Board and make recommendations to the Board regarding any proposed changes, assess the independence of the independent non-executive Directors, make recommendation to the Board on the re-appointment of the Directors, review the board diversity policy and training and continuing professional development for the Directors and senior management of the Company, and consider the appointments of Mr. Kenneth Howard Jarrett and Ms. Fang Xie.

The director nomination procedures and process comprises: (a) the Nomination Committee shall first review and assess factors relating to the diversity of the Board, including but not limited to professional experience, skill, knowledge and length of service, gender, age, cultural and education background, and give consideration to the candidate's willingness to devote adequate time to the Board and independence of each INED based on the requirements of the Listing Rules as amended from time to time; (b) the Nomination Committee shall then nominate suitable candidates to the Board based on the then-current and anticipated future leadership needs of the Company, with a view to achieving a sustainable and balanced development of the Company; and (c) the Nomination Committee shall also monitor and review the implementation of the nomination policy, as appropriate from time to time, and will report to the Board annually.

Strategy Committee

The Company has established the Strategy Committee which consists of one executive Director, namely, Dr. Jianxin Yang, one non-executive Director, namely, Mr. Edward Hu and one INED, namely, Mr. Kenneth Howard Jarrett. Dr. Jianxin Yang, our CEO and executive Director, is the chairman of the Strategy Committee.

The primary duties of the Strategy Committee are to review and advise on the Company's mid to long term strategic positioning and development plans and to monitor the implementations of the development plans.

Although no Strategy Committee meeting was held during the Reporting Period, matters relating to long-term strategic positioning, development and implementation have been discussed in Board meetings.

Investment Committee

The Company has established the Investment Committee which consists of two non-executive Directors, namely, Mr. Edward Hu and Mr. Kenneth Walton Hitchner III, and one INED, namely, Ms. Fang Xie. Mr. Edward Hu is the chairman of the Investment Committee.

The primary duties of the Investment Committee include but are not limited to:

- formation of investment strategy;
- review and authorization of investment related policies and procedures, and ensure policies are strictly executed and followed;
- reviewing investment performance and advising the Board on their investment of cash, cash equivalents, financial assets, deposits, cash collateral, funds and equity shares (as applicable), taking into account of the relevant risks, necessary constraints on the deployment of the various sources and purposes of the funds to enhance the Company's investment returns;

Corporate Governance Report

- discussing, formulating views and advising the Board on asset allocation, selection of external portfolio investment advisor/fund manager(s) and quantum to be invested with collective investment schemes/fund managers and appointment of custodian(s);
- approval of key investment activities and to determine whether such investment is in the interests of the Company and the shareholders of the Company as a whole, including acquisition and dispossession of investments and material matters in post-investment management;
- monitoring on investment discipline, performance and post-investment management; and
- other responsibilities delegated by the Board.

Although no Investment Committee meeting was held during the Reporting Period, matters relating to investment strategy and risks have been discussed in Board meetings.

BOARD DIVERSITY POLICY

The Company recognizes and embraces the benefits of having a diverse Board to capture different talents so as to further bolster the Board's performance. This would also enable the Company in achieving a sustainable and balanced development in the long run. The Board has adopted a board diversity policy in order to enhance the effectiveness of the Board and to maintain a high standard of corporate governance. The Board is committed to promote diversity in the Company to the extent practicable by taking into consideration a number of factors in respect of the Company's corporate governance structure.

Pursuant to the diversity policy, the Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to, professional experience, skills, knowledge, gender, age, cultural and education background, ethnicity and length of service. The Board is of the view that the Company has achieved these objectives during the Reporting Period, as the Directors have a balanced mix of knowledge and skills, including knowledge and experience in the areas of business management, biotech, clinical research, life science, finance, investment, auditing and accounting. They obtained degrees in various areas including medicine, immunology, chemistry, chemical physics, chemical engineering, pharmaceutical analysis, economics and accounting. Furthermore, the Directors range from 54 years old to 73 years old.

As female representation in senior roles throughout the economy and the pool of qualified females keeps growing, with the Directors being satisfied with the competence and experience of the relevant candidate based on reasonable criteria and having fulfilled their fiduciary duties to act in the best interests of the Company and the Shareholders as a whole when considering the appointment, the Company has appointed two female independent non-executive Directors, Ms. Fang Xie and Ms. Catherine Yen, on November 1, 2025 and January 21, 2026, respectively, in compliance with the Listing Rules.

The Nomination Committee is delegated by the Board to be responsible for compliance with relevant codes governing board diversity under the CG Code. During the Reporting Period, the Nomination Committee has reviewed the diversity of the Board and considered that the Group has achieved the measurable objectives of the Diversity Policy in terms of professional experience, skills, knowledge, gender, age and length of service etc. The current Board comprises 2 female members and 5 male members. The Company will continue to put effort into developing a pipeline of potential successors to the Board to maintain or achieve gender diversity, including but not limited to the Nomination Committee's periodic review of potential female candidates through referrals and recommendation by management, human resources department and external independent professionals. The goal will be to maintain at least the current level of female representation or improve gender diversity as appropriate. The Nomination Committee will continue to review the board diversity policy from time to time to ensure its continued effectiveness.

Corporate Governance Report

The Board is also committed to adopting a similar approach to promote diversity of the management (including but not limited to the senior management) of the Company to enhance the effectiveness of corporate governance of the Company as a whole. The Board will select potential Board candidates based on merit and his/her potential contribution to the Board while taking into account the Board Diversity Policy and other factors including but not limited to, his/her integration into our management mindset and business model and any specific requirements from time to time.

In recognizing the particular importance of gender diversity and that gender diversity of the workforce can be improved, the Company is using its best endeavours to ensure there is gender diversity when recruiting staff at a mid to senior level so that it will have a pipeline of female employees (including senior management) and engage more resources in training female staff who have extensive and relevant experience in its business, with the aim of promoting them to the senior management or directorship of the Group. During the Reporting Period, the Group hired 21 full-time employees, of which 5 were male and 16 were female. As of December 31, 2025, the Group hires 97 female employees and 39 male employees. The gender ratio in the workforce (including senior management) was approximately 29% males to 71% females.

Dividend Policy

Subject to the Articles of Association and other applicable laws and regulations, the Company targets to formalize its dividend policy once the Group commences to have products approved for commercial sale and generate revenue from product sales. Any proposed distribution of dividends will be subject to the discretion of the Board and the approval of the Shareholders. Recommendations for distribution of dividends will be made after taking into account the results of operations, financial condition, operating requirements, capital requirements, Shareholders' interests and any other conditions that the Board may deem relevant.

As at December 31, 2025, no arrangement was reached pursuant to which the shareholders of the Company waived or agreed to waive their dividends.

Corporate Governance Function

As no corporate governance committee has been established, the Board is responsible for, among other things, formulating and reviewing the policies and practices on corporate governance of the Group and making recommendations to the Board, reviewing and monitoring the policies and practices on compliance with legal and regulatory requirements, reviewing and monitoring the training and continuous professional development of the Directors and senior management, developing, reviewing and monitoring the code of conduct applicable to employees and directors and reviewing the corporate governance compliance with the CG Code and the disclosures in the Corporate Governance Report.

The Corporate Governance Report has been reviewed by the Board in the discharge of its corporate governance function during the Reporting Period.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended December 31, 2025, and are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the Independent Auditor about their reporting responsibilities on the financial statements is set out in the section headed "Independent Auditor's Report".

Corporate Governance Report

DELEGATION BY THE BOARD

The Board delegates its powers and authorities from time to time to the Board Committees in order to ensure operational efficiency and that specific issues are being handled by personnel with the relevant expertise. The segregation of duties and responsibilities between the Board and the management has been clearly defined and provided as internal guidelines of the Company.

The types of decisions which are to be taken by the Board include those relating to:

- corporate and capital structure;
- corporate strategy;
- significant policies affecting the Company as a whole and material changes thereof;
- business plan, budgets and any subsequent material changes, material public announcements and matters referred to the Board by Board Committees;
- key financial matters;
- appointment, removal or reappointment of Board members, senior management and auditor;
- remuneration of Directors and senior management; and
- communication with key stakeholders, including Shareholders and regulatory bodies.

The types of decisions that the Board has delegated to the management include:

- approving the extension of the Group's activities not in a material manner into a new geographic location or a new business;
- approving assessing and monitoring the performance of all business units and ensuring that all necessary corrective actions have been taken;
- approving external payments up to a certain limit;
- conducting investments in line with the investment policy of the Company and under the Investment Committee's instructions;
- approving the entering into of any connected transactions not requiring disclosure under the Listing Rules;
- approving the nomination and appointment of personnel other than the member of the Board, senior management and auditor;
- approving press release concerning matters decided by the Board;
- approving any matters related to routine matters or day-to-day operation of the Group (including the entering into of any transaction not requiring disclosure under the Listing Rules and cessation of nonmaterial part of the Group's business); and
- carrying out any other duties as the Board may delegate from time to time.

Corporate Governance Report

CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS

Pursuant to Rules 3.09F and 3.09G of the Listing Rules, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant.

Pursuant to the code provision C.1.1 of the CG Code, each newly appointed Director should be provided with necessary induction and information to ensure that he/she has a proper understanding of the Company's operations and businesses as well as his/her responsibilities under relevant statutes, laws, rules and regulations.

During the Reporting Period and up to the date of this annual report, the Directors were regularly briefed on the amendments to or updates on the relevant laws, rules and regulations and the topics under Rule 3.09G of the Listing Rules.

According to the records provided by the Directors, the training attended by all the Directors for the year ended December 31, 2025 is summarized as follows:

Name of Directors	Topic of Training Covered
Executive Director	
Dr. Jianxin Yang	(1), (2)
Non-executive Directors	
Dr. Wei Li	(1), (2)
Mr. Kenneth Walton Hitchner III	(1), (2)
Mr. Xianghong Lin (<i>retired effective from June 25, 2025</i>)	(1), (2)
Mr. Edward Hu	(1), (2)
Independent Non-executive Directors	
Dr. Paul Herbert Chew (<i>retired effective from June 25, 2025</i>)	(1), (2)
Mr. Ting Yuk Anthony Wu (<i>resigned effective from January 21, 2026</i>)	(1), (2)
Mr. Hongbin Sun (<i>resigned effective from June 25, 2025</i>)	(1), (2)
Ms. Yip Betty Ho (<i>resigned effective from October 31, 2025</i>)	(1), (2)
Mr. Kenneth Howard Jarrett (<i>appointed on September 23, 2025</i>)	(2), (3)
Ms. Fang Xie (<i>appointed on November 1, 2025</i>)	(2), (3)
Ms. Catherine Yen (<i>appointed on January 21, 2026</i>)	(2), (3)

Notes:

- (1) Attending the training for Directors covering a wide range of topics, including but not limited to (i) the roles, functions and responsibilities of the Board, its committees and its Directors, and Board effectiveness; (ii) the Company's obligations and directors' duties under Hong Kong law and the Listing Rules, and key legal and regulatory developments (including Listing Rule updates) relevant to the discharge of such obligations and duties; (iii) corporate governance and ESG matters (including developments on sustainability or climate-related risks and opportunities relevant to the issuer and its business); (iv) risk management and internal controls; and (v) updates on industry-specific developments, business trends and strategies relevant to the Company.
- (2) Reading relevant guideline materials regarding the duties and responsibilities of being a Director, the relevant laws and regulations applicable to the Directors and duty of disclosure of interests.
- (3) Attending induction and provided with information of the Company's operations and businesses.

Corporate Governance Report

RISK MANAGEMENT AND INTERNAL CONTROL

The Board takes overall responsibility for risk management and internal control systems, and is responsible for reviewing the effectiveness of these systems, evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and ensuring that the Company maintains robust and effective risk management and internal control systems (including reviewing the relevant functions), so as to safeguard shareholders' investment and the Company's assets. The Company has continued to make efforts to strengthen and improve its risk management and internal control systems as well as enhance the control procedures, so as to improve operating efficiencies and reduce operating risks. The risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatements or loss.

Risk Management

We recognize that risk management is critical to the success of our business operation. Key operational risks faced by us include changes in the general market conditions and the regulatory environment of the Chinese and global pharmaceutical markets, our ability to develop, manufacture and commercialize our drug candidates, and our ability to compete with other pharmaceutical companies. We also face various market risks. In particular, we are exposed to credit, liquidity, interest rate and currency risks that arise in the normal course of our business.

We have adopted a consolidated set of risk management policies which set out a risk management framework to identify, assess, evaluate and monitor key risks associated with our strategic objectives and remediation action plans on an on-going basis. The legal and finance departments of the Company will conduct independent review on the sufficiency and effectiveness of the risk management and internal control system. Our Audit Committee, and ultimately our directors, will supervise the implementation of our risk management policies from time to time. The monitoring and the internal control measures of management at different levels of the Company are the first defence of risk management and internal control; the senior management (including risk management and financial control) of the Company is the second defence of risk management and internal control; the Audit Committee under the Board and legal and finance department are the third defence of risk management and internal control.

The following key principles outline our Group's approach to risk management and internal control:

Our Audit Committee oversees and manages the overall risks associated with our business operations, including (i) reviewing and approving our risk management policy to ensure that it is consistent with our corporate objectives; (ii) reviewing and approving our corporate risk tolerance; (iii) monitoring the most significant risks associated with our business operations and our management's handling of such risks; (iv) reviewing our corporate risk in the light of our corporate risk tolerance; and (v) monitoring and ensuring the appropriate application of our risk management framework across our Group.

Our Chief Financial Officer is responsible for (i) formulating and updating our risk management policy and target; (ii) reviewing and approving major risk management issues of our Company; (iii) promulgating risk management measures; (iv) providing guidance on our risk management approach to the relevant departments in our Company; (v) reviewing the relevant departments' reporting on key risks and providing feedback; (vi) supervising the implementation of our risk management measures by the relevant departments; (vii) ensuring that the appropriate structure, processes and competences are in place across our Group; and (viii) reporting to our Audit Committee on our material risks.

Corporate Governance Report

The relevant departments in our Company, including the finance department, the legal & compliance department and the operations & human resources department, are responsible for implementing our risk management policy and carrying out our day-to-day risk management practice. In order to formalize risk management across our Group and set a common level of transparency and risk management performance, the relevant departments will (i) gather information about the risks relating to their operation or function; (ii) conduct risk assessments, which include the identification, prioritization, measurement and categorization of all key risks that could potentially affect their objectives; (iii) prepare a risk management report annually for our senior management team's review; (iv) continuously monitor the key risks relating to their operation or function; (v) implement appropriate risk responses where necessary; and (vi) develop and maintain an appropriate mechanism to facilitate the application of our risk management framework.

In order to further improve the risk management and internal control systems, establish good systems and work procedure, execute and implement work monitoring, fulfil a full work flow risk management system to achieve early prevention, and better monitor at present and subsequent follow-up and implementation of such systems, the Company has organized each functional department to review and update the various management systems of the Group from time to time.

Internal Control

Our Board is responsible for establishing our internal control system and reviewing its effectiveness. Our Audit Committee assists the Board in leading the management and overseeing the design, implementation and monitoring of the internal control systems.

During the Reporting Period, we conducted two reviews on our internal control system designed to manage the risks and uncertainties that may cause the Group's financial conditions or business performance to be materially different from the expected or historical results. Below is a summary of the internal control policies, measures and procedures we have implemented:

- We have adopted various measures and procedures regarding each aspect of our business operation, such as protection of intellectual property, environmental protection and occupational health and safety.
- We have developed standard operating procedures governing our activities including an integrated procurement-to-pay process, standardized expense accrual methodology and budgeting and tracking mechanism.
- We have established the enterprise resource planning system, an automated and standardized procedure to increase transparency and efficiency in monitoring online vendor registration and purchase requisition and online contract management.
- We provided our employees with our employee handbook and the code of conduct, as amended from time to time. To strengthen compliance awareness, we established the employee orientation program and also provide periodic internal and external compliance training to our employees as part of our employee training program.
- Our Directors (who are responsible for monitoring the corporate governance of our Group) with help from our legal advisors, conduct periodic review of our compliance status with all relevant laws and regulations.

Corporate Governance Report

- Our Audit Committee assists the Board to monitor the effectiveness of the risk management and internal control systems. Our Audit Committee maintains regular dialogue with the Company's external auditors and conducts review of the Company's financial statements. After completion of its internal audit, our Audit Committee made recommendations to our Directors on the appointment and removal of external auditors and rendered advice in respect of financial reporting as well as oversee internal control procedures of our Group. The Company has established a compliance committee to review grants and sponsorships and other compliance initiatives to enhance compliance awareness through daily guidance.
- Our Board evaluated the design and operating effectiveness of the internal control systems of the Company and did not identify any material weaknesses as a result of the evaluation, except for the internal control weaknesses identified by the independent internal control advisor we have engaged, which are subject to certain rectification measures.
- We have engaged a PRC law firm to advise us on and keep us abreast with PRC laws and regulations on a regular basis (especially for the pharmaceutical and life science sector). We will continue to arrange various trainings to be provided by external advisors from time to time when necessary and/or any appropriate accredited institution to update our Directors, senior management, and relevant employees on the latest PRC laws and regulations.
- Our Investment Committee assists the Board to deal with investment related matters, which is responsible for approving the Company's investment strategy, developing investment policies and processes, approving investment decisions and reviewing investment performance.
- We have provided trainings to senior management and the accounting and finance personnel, in particular, on further strengthening internal financial and accounting policies, preparation of comprehensive accounting memo to support the accounting basis for complex or significant transactions.
- We have adopted and circulated a detailed guideline relating to notifiable and connected transactions under the Listing Rules and arranged trainings provided by our legal advisors to the Directors, senior management and accounting and finance personnel on regular basis, on the Listing Rules, particularly in relation to the subscription of different types of financial products aiming to strengthen their understanding to identify the circumstances which are expected to trigger the announcement requirement under the Listing Rules and potential issues at an early stage to avoid the recurrence of delay in disclosure for future subscriptions of financial products should such obligations arise.
- We have adopted policies to ensure compliance with the Listing Rules when entering into any relevant potential transactions, pursuant to which, we performed and will perform size test analysis with accounting and finance personnel, and also consulted and will consult with the legal department and external counsel.

Corporate Governance Report

We have adopted an anti-corruption policy to promote an ethical culture, to minimize the Group's operation risks and to protect our and our Shareholders' interests as a whole. Such policy encourages all employees (including senior management) to report any suspicious fraudulent activities or misconducts through relevant procedures in accordance with the policy. For instance, we have established and will continue to maintain strict anti-corruption policies among our sales personnel and distributors in our upcoming sales and marketing activities. We will also ensure that our sales and marketing personnel comply with applicable promotion and advertising requirements, which include restrictions on promoting drugs for unapproved uses or patient populations, and limitations on industry sponsored scientific and educational activities.

Our Board and senior management also strive to promote an ethical culture within our Company. We also have a whistle blowing policy that serves the purpose of establishing whistleblowing procedures for employees and other relevant external parties of our Company, in order to report and escalate any suspicious misconducts. In accordance with the policy, we protect all whistleblowers from any kind of retaliation. All the information provided by the whistleblowers will be strictly confidential.

Investment Risk Management

We may engage in short-term investments with surplus cash on hand. Our primary objective for short-term investments is to preserve principal through the minimization of both default and market risk. During the Reporting Period, our finance department, under the supervision of our Vice President of Finance, is responsible for managing our short-term investment activities. Before making a proposal to invest in wealth management products, our finance department must assess our cash flow and operational needs and capital expenditures. On May 31, 2022, the Company also established a new Investment Committee which is responsible for approving the Company's investment strategy, developing investment policies and processes, approving investment decisions and reviewing investment performance. For details, please refer to the section headed "Board Committees – Investment Committee."

We operate under a Board approved investment policy which governs the investment of our funds and is reviewed from time to time by our Board. Our investment policy only allows investment in a specific list of instruments for investment, including US government securities, US corporate securities, US municipal securities, US money bank obligations and money market funds backed by the above instruments. To ensure a diversified portfolio holding, no purchase of any single issuer can represent more than five percent of the total portfolio market value at the time of purchase, with the exception of the U.S. government, its agencies, or municipals defeased with U.S. government securities for which no limit is imposed.

Our investment strategy strives to minimize risk by reasonably and conservatively matching the maturities of the portfolio securities to anticipated operating cash requirements. Our investment decisions are made on a case-by-case basis that considers multiple factors, such as general market conditions and the anticipated benefit and potential loss of the investment.

Our portfolios to date have been required to hold only instruments with an effective final maturity of 12 months or less, with effective final maturity being defined either as the obligation of the issuer to repay principal and interest or the discretionary ability to put the security back to the issuer. The initial target range for the average maturity of our portfolio is 12 months. Our investments to date have been required to be denominated and held in U.S. dollars with readily ascertainable market value. We do not invest in any derivative securities.

Corporate Governance Report

Effectiveness of Risk Management and Internal Control

The Audit Committee, on behalf of the Board, continuously reviews the risk management and internal control systems. The review process comprises, among other things, meetings with management of business groups, internal audit team, legal personnel and the external auditors, reviewing the relevant work reports and information of key performance indicators, and discussing the major risks with the senior management of the Company. During the Reporting Period, among other things, the Board has reviewed the Group's financial operation and compliance controls, the adequacy of resources, staff qualifications and experience, training programs and budget of the Group's accounting, internal audit, financial reporting functions, and those relating to the Group's environmental, social and governance performance and reporting. The management had conducted a review of the effectiveness of the risk management and internal control systems of the Group and processes for financial reporting and Listing Rules compliance for the year ended December 31, 2025 and considered them effective and adequate.

Furthermore, while the Company does not have an internal audit department, the Company has an internal audit function performed by the Board's audit committee and the senior management. Company has engaged external consultant to (i) perform audit on key functions that may impose risks (such as procurement and payment), and (ii) review and enhance internal control, risk management on investment, payment and bank account management. The Company considers that the above arrangement in place has met the requirements for an internal audit function and it will continue to assess whether there is a need to set up a standalone internal audit department to further enhance the effectiveness of the Company's internal controls. The Audit Committee has reviewed the Company's internal audit function and the internal control systems for the year ended December 31, 2025. A confirmation regarding the effectiveness of these systems has been provided to the Board for the year ended December 31, 2025.

In addition, the Board believes that the Company's accounting and financial reporting functions have been performed by staff of the appropriate qualifications and experience and that such staff receives appropriate and sufficient training and development. Through the above-mentioned series of Rectification Measures, the Company has been and will be able to achieve an effective and adequate risk management and internal control. As part of the Rectification Measures, the Board will provide trainings to senior management and the accounting and finance personnel in relation to the investment related policies and the Listing Rules, which the Board believes will enable the qualifications and experiences of the staff in the areas of accounting, internal audit and the financial reporting functions to be adequate.

Policy on the Disclosure of Inside Information

The Company has put in place an internal policy for the handling and disclosure of inside information in compliance with the SFO. The internal policy sets out the procedures and internal controls for the handling and dissemination of inside information in a timely manner and provides the Directors, senior management and relevant employees a general guide in monitoring information disclosure and responding to enquiries.

Control procedures have been implemented to ensure that unauthorized access and use of inside information are strictly prohibited. The Board is aware of its obligations to announce any inside information in accordance with the Listing Rules.

Corporate Governance Report

JOINT COMPANY SECRETARIES

Ms. Mei Yee Yung, a vice president of SWCS Corporate Services Group (Hong Kong) Limited, together with Ms. Weicong Ni, who was the primary contact person whom Ms. Mei Yee Yung contacted, served as the joint company secretaries of the Company from January 1, 2025 to February 6, 2026.

Reference is made to the Company's announcement dated February 6, 2026. Ms. Mei Yee Yung resigned as a joint company secretary of the Company and Ms. Weicong Ni continued to serve as the sole company secretary of the Company, both effective from February 6, 2026.

Each of them has taken no less than 15 hours of relevant professional training during the Reporting Period and has complied with Rule 3.29 of the Listing Rules in relation to the professional training requirements.

AUDITOR'S REMUNERATION

The remuneration for the audit and non-audit services provided by the auditors to the Group during the Reporting Period was approximately as follows:

Type of Services	Total fees paid and payable (RMB'000)
Audit services	1,914
Non-audit services	
Interim review service	1,006
Compliance service and tax service	849
Total	3,769

Note: The Company appointed Deloitte Touche Tohmatsu, Certified Public Accountants as the external auditor for the year ended December 31, 2025. A statement by Deloitte about their reporting responsibilities for the financial statements is included in the Independent Auditor's Report on pages 94 to 97 of this annual report.

CHANGE IN CONSTITUTIONAL DOCUMENTS

The Company adopted the sixth amended and restated memorandum and articles of association adopted on June 18, 2024, which has been effective on the same date. For the year ended December 31, 2025, the said amended and restated memorandum and articles of association did not have any change.

Corporate Governance Report

SHAREHOLDERS

Communication with Shareholders and Investor Relations

The Company strives to provide ready, equal, regular and timely disclosure of information that is material to the investor community. As such, the Company has developed and maintains the Shareholders' communication policy, which is available on the Company's website. In accordance with such policy, the Company works to maintain effective and on-going communication with Shareholders so that they, along with prospective investors, can exercise their rights in an informed manner based on a good understanding of the Group's operations, businesses and financial information. The Company also encourages Shareholders' active participation in annual general meetings and other general meetings or other proper means. To safeguard Shareholders' interests and rights, a separate resolution will be proposed for each issue at general meetings, including the election of individual Directors. All resolutions put forward at general meetings will be voted by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and the Stock Exchange in a timely manner after each general meeting. The Company also maintains a corporate website (www.cstonepharma.com) to keep Shareholders and the investing public posted of the Company's latest business developments, final and interim results announcements, financial reports, public announcements, corporate governance policies and practices and other relevant shareholder information.

After the Board has reviewed the afore-mentioned implementation and effectiveness of the Shareholders' Communication Policy including steps taken at the AGM and the handling of queries received (if any) which were conducted during the year ended December 31, 2025, we are of the view that the implementation of the Shareholders' communication policy is satisfactory and effective during the Reporting Period.

A summary of the disclosure of interests of the substantial shareholders of the Company is set out in "Report of the Directors" of this annual report.

Convening of Extraordinary General Meeting and Putting Forward Proposals

Any one or more members holding as of date of deposit of the requisition not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition, to require an extraordinary general meeting of the Company to be called by the Board for the transaction of any business specified in such requisition. A written requisition shall be deposited at the principal place of business of the Company in Hong Kong at 40th Floor, Dah Sing Financial Centre, No. 248 Queen's Road East, Wanchai, Hong Kong. If within 21 days of such deposit the Board fails to proceed to convene such meeting to be held within a further 21 days, the requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

There are no provisions in the Articles of Association or in the Cayman Companies Act for putting forward proposals of new resolutions by Shareholders at general meetings. Shareholders who wish to move forward a resolution may request the Company to convene a general meeting in accordance with the procedures mentioned above.

As regards to proposing a person for election as a Director, the procedures are available on the website of the Company.

Corporate Governance Report

Enquiries to the Board

Shareholders should direct their enquiries about their shareholdings to the Company's branch share registrar in Hong Kong, namely, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong. Shareholders who wish to put enquiries to the Board can send their enquiries to the office of the Company at 22/F, New Bund Times Square, No. 399 West Haiyang Road, Pudong New District, Shanghai, People's Republic of China or send email to ir@cstonepharma.com. Shareholders may at any time make a request for the Company's information to the extent such information is publicly available. Corporate communication of the Company will be provided to Shareholders in plain language and in both English and Chinese versions to facilitate Shareholders' understanding. Shareholders have the right to choose the means of receipt of the corporate communications (in hard copy or through electronic means).

Independent Auditor's Report

Deloitte.

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TO THE SHAREHOLDERS OF CSTONE PHARMACEUTICALS

(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of CStone Pharmaceuticals (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 98 to 171, which comprise the consolidated statement of financial position as at December 31, 2025, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

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

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (the "IESBA Code"), as applicable to audits of the financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independent Auditor's Report

KEY AUDIT MATTER

Key audit matter is the matter that, in our professional judgement, was of most significance in our audit of the consolidated financial statements of the current period. The matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

Key audit matter	How our audit addressed the key audit matter
<p><i>Cut-off of research and development expenses</i></p> <p>During the year ended December 31, 2025, the Group incurred research and development ("R&D") expenses of RMB311,504,000. The recording of outsourcing service fees to the appropriate financial reporting period and the corresponding accruals at the end of the reporting period were based on the progress of the R&D projects. Outsourcing service fees and corresponding accruals of RMB113,148,000 were accrued as at December 31, 2025 as set out in Note 23 to the consolidated financial statements.</p> <p>We identified the cut-off of outsourcing service fees and corresponding accruals as a key audit matter due to its significant amount and the risk of not accruing outsourcing service fees and corresponding accruals incurred for services provided by contract research organisations and clinical trial centres (collectively referred to as the "Outsourced Service Providers") in the appropriate financial reporting period.</p>	<p>Our procedures in relation to the cut-off of the R&D expenses included:</p> <ul style="list-style-type: none">• Obtaining an understanding of key controls of the management's basis and assessment in relation to the accrual process of the R&D expenses, including service fees paid or payable to the Outsourced Service Providers;• For the expenses accrued in relation to the contract research organisations as at December 31, 2025, checking the respective contract terms and/or milestones of the relevant agreements and evaluating the completion status with reference to the progress reported by the representatives of the relevant service provider, on a sample basis, to determine whether the expenses were recorded based on the respective contract terms and the progress completed; and• For the service fees accrued in relation to clinical trial centres as at December 31, 2025, testing the accrual of the clinical trial related costs, on a sample basis, with reference to the clinical trial data and terms of services.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Independent Auditor's Report

OTHER INFORMATION (continued)

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS OF THE COMPANY AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

Independent Auditor's Report

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matter communicated with those charged with governance, we determine the matter that was of most significance in the audit of the consolidated financial statements of the current period and is therefore the key audit matter. We describe the matter in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Chan Chun Kit Tommy.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

March 26, 2026

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended December 31, 2025

	NOTES	2025 RMB'000	2024 RMB'000
Revenue	5	269,583	407,205
Cost of revenue		(218,336)	(167,051)
Gross profit		51,247	240,154
Other income	7	25,513	27,058
Other gains and losses	7	(3,559)	2,985
Research and development expenses		(311,504)	(134,657)
Selling and marketing expenses		(83,341)	(133,778)
Administrative expenses		(89,023)	(77,802)
Finance costs	8	(13,272)	(15,167)
Loss before tax		(423,939)	(91,207)
Income tax expense	12	(13,064)	–
Loss for the year	9	(437,003)	(91,207)
Other comprehensive (expense) income:			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		(53)	985
Total comprehensive expense for the year		(437,056)	(90,222)
Loss per share	13		
– Basic (RMB)		(0.31)	(0.07)
– Diluted (RMB)		(0.31)	(0.07)

Consolidated Statement of Financial Position

As at December 31, 2025

	NOTES	2025 RMB'000	2024 RMB'000
Non-current assets			
Property, plant and equipment	14	77,047	93,218
Right-of-use assets	15	6,081	37,325
Intangible assets	16	149,687	161,366
Financial assets measured at fair value through profit or loss ("FVTPL")	20	4,759	9,032
Other receivables	19	7,606	2,617
		245,180	303,558
Current assets			
Account receivables	17	33,811	83,929
Deposits, prepayments and other receivables	19	43,792	46,946
Inventories	21	116,886	286,096
Time deposits with original maturity over three months	22	165,000	285,000
Cash and cash equivalents	22	753,699	387,937
		1,113,188	1,089,908
Current liabilities			
Account and other payables and accrued expenses	23	306,077	576,181
Refund liabilities	24	2,173	2,224
Bank borrowings	25	185,900	60,800
Contract liabilities	26	10,385	10,385
Lease liabilities	27	5,688	32,416
		510,223	682,006
Net current assets		602,965	407,902
Total assets less current liabilities		848,145	711,460

Consolidated Statement of Financial Position

As at December 31, 2025

	NOTES	2025 RMB'000	2024 RMB'000
Non-current liabilities			
Bank borrowings	25	156,500	257,400
Contract liabilities	26	74,447	84,832
Lease liabilities	27	429	5,357
		231,376	347,589
Net assets			
		616,769	363,871
Capital and reserves			
Share capital	28	998	860
Treasury shares held in the trust	28	(3)	(7)
Reserves		615,774	363,018
Total equity			
		616,769	363,871

The consolidated financial statements on pages 98 to 171 were approved and authorised for issue by the board of directors of the Company on March 26, 2026 and are signed on its behalf by:

Dr. Jianxin Yang

DIRECTOR

Dr. Wei Li

DIRECTOR

Consolidated Statement of Changes in Equity

For the Year Ended December 31, 2025

	Share capital <i>RMB'000</i>	Share premium <i>RMB'000</i>	Other reserves <i>RMB'000</i> <i>(note a)</i>	Treasury shares held in the trust <i>RMB'000</i>	Share- based payment reserve <i>RMB'000</i>	Foreign currency translation reserve <i>RMB'000</i>	Accumulated losses <i>RMB'000</i>	Total <i>RMB'000</i>
Aa at January 1, 2024	860	8,992,459	(92,732)	(8)	579,020	(3,042)	(9,019,727)	456,830
Loss for the year	-	-	-	-	-	-	(91,207)	(91,207)
Other comprehensive income for the year	-	-	-	-	-	985	-	985
Total comprehensive income (expense) for the year	-	-	-	-	-	985	(91,207)	(90,222)
Restricted stock units exercised under trust (Note 28)	-	10,870	(1)	1	(10,870)	-	-	-
Recognition of equity-settled share-based payment (Note 29)	-	-	-	-	(2,811)	-	-	(2,811)
Exercise of share options (Note 29)	-	630	-	-	(556)	-	-	74
As at December 31, 2024	860	9,003,959	(92,733)	(7)	564,783	(2,057)	(9,110,934)	363,871
Loss for the year	-	-	-	-	-	-	(437,003)	(437,003)
Other comprehensive expense for the year	-	-	-	-	-	(53)	-	(53)
Total comprehensive expense for the year	-	-	-	-	-	(53)	(437,003)	(437,056)
Restricted stock units vested under trust (Note 28)	-	10,895	(4)	4	(10,895)	-	-	-
Recognition of equity-settled share-based payment (Note 29)	-	-	-	-	23,971	-	-	23,971
Exercise of share options (Note 29)	9	45,502	-	-	(21,137)	-	-	24,374
Issue of ordinary shares (Note 28)	129	641,480	-	-	-	-	-	641,609
As at December 31, 2025	998	9,701,836	(92,737)	(3)	556,722	(2,110)	(9,547,937)	616,769

Note:

- (a) Other reserves included (1) share-based payment expenses recognised as deemed losses to non-controlling shareholders; (2) differences between (i) the carrying amounts of net assets attributable to the non-controlling shareholders at the date of subscription of paid in capital of 基石藥業(蘇州)有限公司("CStone Suzhou"), and (ii) fair value of the respective conversion features of preferred shares at the date of capital injection and the relevant proceeds received; (3) adjustment to non-controlling interests in CStone Suzhou as a result of additional capital injection by the Company and its subsidiaries (collectively referred to as the "Group"); (4) effect of exercise of put option by a non-controlling shareholder to convert into the equity interests in a subsidiary to the Company's preferred shares; and (5) restricted stock units granted to several employees which were exercised.

Consolidated Statement of Cash Flows

For the Year Ended December 31, 2025

	2025 RMB'000	2024 RMB'000
OPERATING ACTIVITIES		
Loss before tax	(423,939)	(91,207)
Adjustments for:		
Depreciation of property, plant and equipment	370	1,687
Depreciation of right-of-use assets	31,932	36,439
Amortisation of intangible assets	11,679	11,679
Amortisation of payments received for exclusive promotion rights granted	(10,385)	(8,635)
Net unrealised foreign exchange loss	17,010	5,856
Net loss (gain) on fair value changes of financial assets measured at FVTPL	2,625	(6,005)
Write-down (reversal of) for inventories	87,218	(2,369)
Impairment losses recognised on construction in progress	16,796	10,727
Share-based payment expenses	23,971	(2,811)
Net gain on disposal of property, plant and equipment	–	(378)
Impact of lease modification on right-of-use assets	–	688
Interest income	(10,387)	(12,667)
Net gain on fair value of money market funds	(1,920)	(352)
Finance costs	13,272	15,167
Operating cash flows before movements in working capital	(241,758)	(42,181)
Interest received	2,833	1,800
Decrease in account receivables	50,115	88,477
Increase in deposits, prepayments and other receivables	(4,831)	(20,833)
Decrease (increase) in inventories	81,992	(174,899)
Decrease in account and other payables and accrued expenses	(202,983)	(170,103)
Increase in contract liabilities	–	35,000
Decrease in refund liabilities	(51)	(20,474)
Cash used in operations	(314,683)	(303,213)
Income tax paid	(13,064)	–
NET CASH USED IN OPERATING ACTIVITIES	(327,747)	(303,213)
INVESTING ACTIVITIES		
Interest received	10,528	6,045
Receipt of return from money market funds	1,920	352
Placement of time deposits with original maturity over three months	–	(255,000)
Withdrawal of time deposits with original maturity over three months	120,000	–
Proceeds on disposal of property, plant and equipment	–	410
Proceeds on disposal of financial asset measured at FVTPL	1,539	514
Advance to a related party	(15,200)	–
Repayments from a related party	15,200	–
NET CASH FROM (USED IN) INVESTING ACTIVITIES	133,987	(247,679)

Consolidated Statement of Cash Flows

For the Year Ended December 31, 2025

	2025 RMB'000	2024 RMB'000
FINANCING ACTIVITIES		
Interest paid	(10,878)	(11,895)
New bank borrowings raised	265,000	278,000
Repayments of bank borrowings	(240,800)	(278,786)
Repayments of defer payment arrangement on account payables	(69,182)	(7,020)
Repayments of lease liabilities	(32,344)	(33,237)
Exercise of share options	24,374	74
Proceeds from issue of ordinary shares	648,090	–
Transaction costs attributable to issue of shares	(6,481)	–
NET CASH FROM (USED IN) FINANCING ACTIVITIES	577,779	(52,864)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	384,019	(603,756)
Effects of foreign exchange rate changes	(18,257)	(4,978)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	387,937	996,671
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	753,699	387,937

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2025

1. GENERAL INFORMATION

CStone Pharmaceuticals (the “Company”) is a public limited company incorporated in the Cayman Islands and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since February 26, 2019. The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section to the annual report.

The Company is an investment holding company. The Company’s subsidiaries are principally engaged in research and development of highly complex biopharmaceutical products and sale of pharmaceutical products.

The consolidated financial statements are presented in Renminbi (“RMB”), which is also the same as the functional currency of the Company.

2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS

Amendments to an IFRS Accounting Standard that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to an IFRS Accounting Standard as issued by the International Accounting Standards Board (the “IASB”) for the first time, which are mandatorily effective for the Group’s annual period beginning on January 1, 2025 for the preparation of the consolidated financial statements:

Amendments to IAS 21	Lack of Exchangeability
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The application of the amendments to an IFRS Accounting Standard in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2025

2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS (continued)

New and amendments to IFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following new and amendments to IFRS Accounting Standards that have been issued but are not yet effective:

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments ²
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity ²
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards – Volume 11 ²
IFRS 18	Presentation and Disclosure in Financial Statements ³
Amendments to IAS 21	Translation to a Hyperinflationary Presentation Currency ³

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after January 1, 2026.

³ Effective for annual periods beginning on or after January 1, 2027.

Except for the new IFRS Accounting Standard mentioned below, the directors of the Company anticipate that the application of all amendments to IFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 *Presentation and Disclosure in Financial Statements*, which sets out requirements on presentation and disclosures in financial statements, will replace IAS 1 *Presentation of Financial Statements*. This new IFRS Accounting Standard, while carrying forward many of the requirements in IAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some IAS 1 paragraphs have been moved to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* (the title of which will be changed to *Basis of Preparation of Financial Statements* upon effective of IFRS 18) and IFRS 7. Minor amendments to IAS 7 *Statement of Cash Flows* and IAS 33 *Earnings per Share* are also made.

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after January 1, 2027, with early application permitted. IFRS 18 requires retrospective application with specific transition provisions. The application of the new standard is not expected to have significant impact on the financial performance and positions of the Group in terms of recognition and measurement. However, it is expected to affect the structure and presentation of the consolidated statement of profit or loss and other comprehensive income.

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the IASB. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and by the Hong Kong Companies Ordinance.

Going concern assessment

The directors of the Company have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

3.2 Material accounting policy information

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Revenue from contracts with customers

Information about the Group's accounting policies relating to revenue from contracts with customers is provided in Note 5.

Leases

The Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of office premises that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Right-of-use assets

The cost of right-of-use assets includes the amounts of the initial measurement of the lease liabilities.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Leases (continued)

The Group as a lessee (continued)

Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 9 *Financial Instruments* ("IFRS 9") and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. The incremental borrowing rate depends on the term, currency and start date of the lease and is determined based on loan prime rate of local bank.

The lease payments include fixed payments.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- a lease contract is modified and the lease modification is not accounted for as a separate lease (see below for the accounting policy for "lease modification").

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Leases (continued)

The Group as a lessee (continued)

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability, less any lease incentives receivable, based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under "other income".

Employee benefits

Retirement benefit costs

Payments to state-managed retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions.

Termination benefits

A liability for a termination benefit is recognised at the earlier of when the Group entity can no longer withdraw the offer of the termination benefit and when it recognises any related restructuring costs.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS Accounting Standard requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries) after deducting any amount already paid.

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Share-based payments

Equity-settled share-based payment transactions

Share options and restricted share units (“RSUs”) granted to employees

Equity-settled share-based payments to employees (including directors of the Company) are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group’s estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payment reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payment reserve. For share options and RSUs that vest immediately at the date of grant, the fair value of the share options and RSUs granted is expensed immediately to profit or loss.

When share options are exercised, the amount previously recognised in share-based payment reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share-based payment reserve will continue to be held in share-based payment reserve.

When shares and RSUs granted are vested, the amount previously recognised in share-based payment reserve will be transferred to share premium.

The payment to the tax authority to settle an employee’s tax obligation is accounted for as a deduction from equity, except to the extent that the payment exceeds the fair value at the net settlement date of the equity instruments withheld.

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Taxation

Income tax expense represents the sum of current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from loss before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of transaction does not give rise to equal taxable and deductible temporary differences.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Taxation (continued)

For the purposes of measuring deferred tax for leasing transactions in which the Group recognised the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 *Income Taxes* requirements to the lease liabilities, and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred taxes are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the research and development or for administrative purposes (other than construction in progress as described below), which are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Construction in progress is carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including costs of testing whether the related assets is functioning properly and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property, plant and equipment, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of assets other than construction in progress less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets that are acquired separately.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Impairment on property, plant and equipment, right-of-use assets and intangible assets

At the end of reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss, if any. Intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

The recoverable amount of property, plant and equipment, right-of-use assets and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of the assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Impairment on property, plant and equipment, right-of-use assets and intangible assets (continued)

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position include:

- (a) cash, which comprises of cash on hand and demand deposits, excluding bank balances; and
- (b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in, first-out method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale, including costs to be incurred in marketing, selling and distribution.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value except for account receivables arising from contracts with customers which are initially measured in accordance with IFRS 15 *Revenue from Contracts with Customers*. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at FVTPL are recognised immediately in profit or loss.

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Financial instruments (continued)

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place concerned.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (continued)

All other financial assets are subsequently measured at FVTPL.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (continued)

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

(ii) Debt instruments as at FVTOCI

Subsequent changes in the carrying amounts for debt instruments classified as at FVTOCI as a result of interest income calculated using the effective interest method are recognised in profit or loss. The amounts that are recognised in profit or loss are the same as the amounts that would have been recognised in profit or loss if these debt instruments had been measured at amortised cost. All other changes in the carrying amount of these debt instruments are recognised in other comprehensive income and accumulated under the heading of FVTOCI reserve. Impairment allowances are recognised in profit or loss with corresponding adjustment to other comprehensive income without reducing the carrying amounts of these debt instruments. When these debt instruments are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

(iii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item.

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets subject to impairment assessment under IFRS 9

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including account receivables, rental deposits, other receivables and cash at banks) which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of past events and current conditions at the reporting date as well as the forecast of future economic conditions.

The Group always recognises lifetime ECL for account receivables without significant financing component.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from financial analysts, governmental bodies and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets subject to impairment assessment under IFRS 9 (continued)

(i) Significant increase in credit risk (continued)

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; or
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if (i) it has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definitions.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets subject to impairment assessment under IFRS 9 (continued)

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets subject to impairment assessment under IFRS 9 (continued)

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Lifetime ECL for the Group's account receivables are assessed individually.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

Except for debt instruments at FVTOCI, the Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount through a loss allowance account. For debt instruments at FVTOCI, the loss allowance is recognised in other comprehensive income and accumulated in FVTOCI reserve without reducing the carrying amount of these receivables. Such amount represents the changes in FVTOCI reserve in relation to accumulated loss allowance.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of a financial asset measured as FVTOCI, the cumulative gain or loss previously accumulated in the equity is reclassified to profit or loss.

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Financial instruments (continued)

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2025

4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgement in applying accounting policies

The following is the critical judgement, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Capitalisation of research and development expenditure

Development costs incurred on the Group's drug product pipelines are capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, the Group's intention to complete and the Group's ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the pipeline and the ability to measure reliably the expenditure during the development. Development costs which do not meet these criteria are expensed when incurred. Management will assess the progress of each of the research and development projects and determine the criteria are met for capitalisation. During the years ended December 31, 2024 and 2025, all development costs are expensed when incurred.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Useful lives of property, plant and equipment and intangible assets

The Group's management determines the estimated useful lives in determining the related depreciation charges for its property, plant and equipment, and intangible assets. This estimate is referenced to useful lives of property, plant and equipment and intangible assets of similar nature and functions in the industry. Management will increase the depreciation charge where useful lives are expected to be shorter than expected, or will write-down obsolete assets what have been impaired, or will write-off obsolete assets that have been abandoned or sold. As at December 31, 2025, the carrying amount of property, plant and equipment, and intangible assets is RMB77,047,000 (2024: RMB93,218,000) and RMB149,687,000 (2024: RMB161,366,000) as disclosed in Notes 14 and 16, respectively.

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2025

4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Key sources of estimation uncertainty (continued)

Estimated impairment of construction in progress

Construction in progress is stated at costs less accumulated impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; and (2) whether the carrying amount of an asset can be supported by the recoverable amount, in the case of fair value less costs of disposal, the fair value estimation of the related construction in progress. Changing the assumptions and estimates, including the fair value of the related construction in progress, could materially affect the recoverable amounts.

As at December 31, 2025, the carrying amounts of construction in progress subject to impairment assessment is RMB74,413,000 (2024: RMB91,209,000), after taking into account the impairment losses of RMB77,339,000 (2024: RMB60,543,000) in respect of construction in progress that have been recognised. Details of the impairment of construction in progress are disclosed in Note 14.

Estimated write-down of inventories

The Group estimates the net realisable value of inventories and reviews the condition of its inventories at the end of each reporting period and makes write down of inventory items of which the estimated cost is higher than net realisable values, and obsolete and slow-moving inventory items which are identified as no longer suitable for sale or use based on sales forecasts. Such sales forecasts are prepared based on agreements or orders on hand and estimated sales in the foreseeable future based on historical experiences with its customers and current market conditions of the pharmaceutical industry. Management estimates the net realisable value for the inventories based primarily on the latest invoice prices and current market conditions. The estimation is reassessed at the end of each reporting period. The provision against the inventories requires the use of judgements and estimates. Where the actual outcome or expectation in future is different from the original estimate, such difference will impact on the carrying value of inventories and the write-down of inventories recognised in the periods in which such estimates have been changed. As at December 31, 2025, the carrying amounts of inventories is RMB116,886,000 (2024: RMB286,096,000), after taking into account the write-down of inventories of RMB138,108,000 (2024: RMB51,423,000).

Estimated impairment of intangible assets

Intangible assets not ready for use are tested annually for impairment, or more frequently, if events or changes in circumstances indicate that they might be impaired. The Group capitalised expense in respect of the licenses for a few particular molecules with the goal of developing and commercializing.

For intangible assets ready for use, in determining whether an asset is impaired, the Group has to exercise judgement in whether an event has occurred or any indicators that may affect the asset value.

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2025

4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Key sources of estimation uncertainty (continued)

Estimated impairment of intangible assets (continued)

In determining whether an asset is impaired, the Group has to exercise judgement and make estimation, particularly in assessing: (1) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (2) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the assets belong including allocation of corporate assets when a reasonable and consistent basis of allocation can be established, otherwise recoverable amount is determined at the smallest group of cash generating units, for which the relevant corporate assets have been allocated.

Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts. Details of the impairment of intangible assets are disclosed in Note 16.

5. REVENUE

(i) Disaggregation of revenue from contracts with customers

	For the year ended December 31,	
	2025 RMB'000	2024 RMB'000
Types of goods or services		
Sales of pharmaceutical products	78,345	175,100
License fee income	167,661	203,986
Royalty income	23,577	28,119
	269,583	407,205
Timing of revenue recognition		
A point in time	269,583	407,205

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2025

5. REVENUE (continued)

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

Sales of pharmaceutical products

For the sale of pharmaceutical products, revenue is recognised when control of the goods has been transferred, being when the goods have been accepted by the customers. Following delivery, the customers have the primary responsibility when selling the goods and bear the risks of obsolescence and loss in relation to the goods.

Account receivables are recognised by the Group when the goods are delivered to customers as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due. The normal credit term is 60 days upon delivery. Based on the Group's sales contract with customers, the customers can request for the return/exchange of pharmaceutical products within 6 months prior to the expiry of the pharmaceutical products and therefore the Group recognise corresponding refund liabilities.

License fee income and royalty income

The Group provides license of its patented intellectual property ("IP") or commercialisation license to customers and revenue is recognised when the customers obtain rights to use the underlying IP or license as the Group does not require undertaking any activities that significantly affect the IP to which the customer has rights nor the rights granted by the license directly expose the customer to any positive or negative effects of the Group activities. License fee income is recognised at a point of time upon the customer obtains the right to use the IP and license.

The consideration for license comprises a fixed element (and upfront payment) and variable elements (including but not limited to development milestones and commercial milestone upon achievement by licensee and sales-based royalty from license agreement).

For the variable elements, the Group estimates the amount of consideration to which it will be entitled using the most likely amount, which better predicts the amount of consideration to which the Group will be entitled.

The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved.

At the end of each reporting period, the Group updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2025

5. REVENUE (continued)

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

License fee income and royalty income (continued)

Notwithstanding the above criteria, the Group shall recognise revenue for a sales-based or usage-based royalty promised in exchange for a licence of IP only when (or as) the later of the following events occurs:

- the subsequent sale or usage occurs; and
- the performance obligation to which some or all of the sales-based or usage-based royalty has been allocated has been satisfied (or partially satisfied).

The Group recognised revenue for a sales-based royalty promised in exchange for a licence of IP when the subsequent sale occurs.

(iii) Transaction price allocated to the remaining performance obligation for contracts with customers

The Group applies the practical expedient of not disclosing the transaction price allocated to performance obligations that were unsatisfied as the Group's contract has an original expected duration of less than one year.

6. SEGMENT INFORMATION

The Group has been operating in one reportable segment, being the research and development of highly complex biopharmaceutical products, sale of pharmaceutical products and provide license of its IP or commercialisation license to customers.

The Group's chief operating decision maker ("CODM") has been identified as the chief executive officer of the Group. For the purpose of resource allocation and performance assessment, the CODM reviews the overall results and financial position of the Group prepared based on the same accounting policies as set out in Note 3 as a whole.

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2025

6. SEGMENT INFORMATION (continued)

Geographical information

Substantially majority of the Group's operation and non-current assets are located in the People's Republic of China (the "PRC"). The geographical information of the Group's revenue, determined based on geographical location of the registered office of the customers, during the year is as follows:

Geographical markets

	For the year ended December 31,	
	2025 RMB'000	2024 RMB'000
Mainland China	83,843	293,355
Outside Mainland China	185,740	113,850
	269,583	407,205

Information about major customers

Revenue from the customers of the corresponding years contributing over 10% of the total sales of the Group are as follow:

	For the year ended December 31,	
	2025 RMB'000	2024 RMB'000
Customer A	124,938	–
Customer B	58,640	157,956
Customer C	(note)	134,650

note: The corresponding revenue from the year ended December 31, 2025 did not contribute over 10% of the total revenue of the Group.

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For the Year Ended December 31, 2025

7. OTHER INCOME/OTHER GAINS AND LOSSES

Other income

	For the year ended December 31,	
	2025 RMB'000	2024 RMB'000
Bank and other interest income	10,387	12,667
Government grants income (<i>note a</i>)	4,372	2,800
Amortisation of payments received for exclusive promotion rights granted (<i>note b</i>)	10,385	8,635
Income from sales of scrap materials	3	2,922
Others	366	34
	25,513	27,058

notes:

- Government grants include subsidies from the PRC government related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. There were no conditions or contingencies relating to these government grants during the year ended December 31 2025 and 2024.
- The amount represents the amortisation of advance payments received to grant the promotion rights to the independent third parties on the pharmaceutical products over the agreed exclusive promotion period as detailed in Note 26.

Other gains and losses

	For the year ended December 31,	
	2025 RMB'000	2024 RMB'000
Net (loss) gain on fair value changes of financial assets measured at FVTPL (<i>Note 20</i>)	(2,625)	6,005
Net gain on fair value of money market funds (<i>Note 22</i>)	1,920	352
Net gain on disposal of property, plant and equipment	–	378
Net foreign exchange loss	(2,887)	(2,803)
Others	33	(947)
	(3,559)	2,985

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For the Year Ended December 31, 2025

8. FINANCE COSTS

	For the year ended December 31,	
	2025 RMB'000	2024 RMB'000
Interest on lease liabilities	719	1,303
Interest on bank borrowings	10,159	10,592
Interest on defer payment arrangement on account payables (Note 23)	2,391	3,240
Interest on discounting bills receivables	3	32
	13,272	15,167

9. LOSS FOR THE YEAR

	For the year ended December 31,	
	2025 RMB'000	2024 RMB'000
Loss for the year has been arrived at after charging (crediting):		
Depreciation of		
Property, plant and equipment	370	1,687
Right-of-use assets	31,932	36,439
Amortisation of intangible assets	11,679	11,679
Total depreciation and amortisation charged to profit or loss	43,981	49,805
Directors' emoluments (Note 10)	26,055	31,055
Other staff costs:		
Salaries and other allowances, including redundancy cost of RMB889,000 (2024: RMB3,059,000)	74,634	93,269
Performance related bonus	18,640	9,869
Retirement benefit scheme contributions	16,741	21,324
Share-based payment expenses	6,799	(25,048)
	116,814	99,414
	142,869	130,469
Auditor's remuneration	1,914	1,874
Impairment losses recognised on construction in progress (included in research and development expenses)	16,796	10,727
Write-down of (reversal of) inventories (recognised in cost of revenue of RMB85,962,000 (2024: RMB29,632,000) and recognised in research and development expenses RMB1,256,000 (2024: reversed in research and development expenses RMB32,001,000))	87,218	(2,369)
Cost of inventories recognised as cost of revenue	69,958	63,329

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For the Year Ended December 31, 2025

10. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

Directors and chief executive

Details of the emoluments paid or payable by the entities comprising the Group to the directors and chief executive officer of the Company (including emoluments for services as employee/directors of the group entities prior to becoming the directors of the Company) for their services during the year, disclosed pursuant to the applicable Listing Rules and Hong Kong Companies Ordinance, are as follows:

Year ended December 31, 2025

	Fee RMB'000	Salaries RMB'000	Performance related bonus RMB'000	Non-cash share-based payment expenses RMB'000	Retirement benefit scheme contributions RMB'000	Total RMB'000
Executive director:						
Dr. Yang (note f)	-	4,790	2,354	16,461	121	23,726
Non-executive directors:						
Wei Li	-	-	-	341	-	341
Xianghong Lin (note c)	-	-	-	-	-	-
Kenneth Walton Hitchner III	286	-	-	29	-	315
Edward Hu	-	-	-	341	-	341
Independent non-executive directors:						
Paul Herbert Chew (note c)	143	-	-	-	-	143
Ting Yuk Anthony Wu (note e)	714	-	-	-	-	714
Hongbin Sun (note b)	143	-	-	-	-	143
Yip Betty Ho (note d)	153	-	-	-	-	153
Kenneth Howard Jarrett (note a)	93	-	-	-	-	93
Fang Xie (note a)	86	-	-	-	-	86
	1,618	4,790	2,354	17,172	121	26,055

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2025

10. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (continued)

Directors and chief executive (continued)

Year ended December 31, 2024

	Fee	Salaries	Performance related bonus	Non-cash share-based payment expenses	Retirement benefit scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive director:						
Dr. Yang (<i>note f</i>)	–	5,051	2,136	21,250	64	28,501
Non-executive directors:						
Wei Li	–	–	–	459	–	459
Xianghong Lin (<i>note c</i>)	–	–	–	–	–	–
Kenneth Walton Hitchner III	285	–	–	69	–	354
Edward Hu	–	–	–	459	–	459
Independent non-executive directors:						
Paul Herbert Chew (<i>note c</i>)	285	–	–	–	–	285
Ting Yuk Anthony Wu (<i>note e</i>)	712	–	–	–	–	712
Hongbin Sun (<i>note b</i>)	285	–	–	–	–	285
Yip Betty Ho (<i>note d</i>)	–	–	–	–	–	–
	1,567	5,051	2,136	22,237	64	31,055

Notes:

- Kenneth Howard Jarrett and Fang Xie were appointed as independent non-executive directors of the Company with effect from September 23, 2025 and November 1, 2025, respectively.
- Hongbin Sun resigned as an independent non-executive director of the Company with effect from June 25, 2025.
- Xianghong Lin and Paul Herbert Chew retired as a non-executive director of the Company and an independent non-executive director of the Company, respectively, with effect from June 25, 2025.
- Yip Betty Ho was appointed as an independent non-executive director of the Company on December 30, 2024 and resigned as an independent non-executive directors of the Company with effect from October 31, 2025.
- Ting Yuk Anthony Wu resigned as an independent non-executive directors of the Company with effect from January 21, 2026.
- Dr. Yang is the chief executive officer of the Company.

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2025

10. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (continued)

Directors and chief executive (continued)

The executive director's emolument shown above was for his services in connection with the management of the affairs of the Company and the Group.

The non-executive directors' emoluments shown above were for their services as directors of the Company and its subsidiaries, if applicable.

The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

There were no arrangements under which a director of the Company or the chief executive officer waived or agreed to waive any remuneration during both years.

During both years, there are no loans, quasi-loans or other dealings in favour of the directors of the Company, their controlled bodies corporate and connected entities.

There are no significant transactions, arrangements and contracts in relation to the Company's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of both years or at any time during the reporting periods.

During the years ended December 31, 2025 and 2024, no consideration was provided to or receivable by third parties for making available service of directors of the Company.

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2025

10. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (continued)

Employees

The five highest paid employees of the Group included one (2024: one) director of the Company for the year ended December 31, 2025 with details of their emoluments set out above. The emoluments of the remaining four (2024: four) employees are as follows:

	For the year ended December 31,	
	2025 RMB'000	2024 RMB'000
Salaries and other allowances	8,868	7,911
Performance related bonus	4,435	2,999
Retirement benefit scheme contributions	733	637
Total cash compensation	14,036	11,547
Non-cash share-based payment expenses	13,735	7,585
	27,771	19,132

The emoluments for the five highest paid individuals (including share-based payment expenses) are within the following bands:

Emolument bands (Hong Kong dollar ("HK\$"))	Number of individuals	
	2025	2024
4,000,001 to 4,500,000	–	1
5,000,001 to 5,500,000	–	2
6,000,001 to 6,500,000	1	1
6,500,001 to 7,000,000	1	–
7,000,001 to 7,500,000	1	–
9,500,001 to 10,000,000	1	–
25,500,001 to 26,000,000	1	–
31,000,001 to 31,500,000	–	1
	5	5

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2025

10. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (continued)

Employees (continued)

Performance-related bonus is determined by reference to the duties and responsibilities of the relevant individual within the Group and the Group's performance.

Certain employees and directors of the Company were granted share options or RSUs in respect of their services to the Group. Details of the share-based payment transactions are set out in Note 29.

No emoluments were paid by the Group to the directors of the Company or the five highest paid individuals for both years as an inducement to join or upon joining the Group or as compensation for loss of office.

11. DIVIDENDS

No dividend was paid or declared by the Company during the years ended December 31, 2025 and 2024, nor has any dividend been proposed since the end of the reporting period.

12. INCOME TAX EXPENSE

	For the year ended December 31,	
	2025 RMB'000	2024 RMB'000
Current tax:		
Withholding tax on income derived in another jurisdiction	12,780	–
Under provision in the previous year	284	–
	13,064	–

The Company is tax exempt under the laws of the Cayman Islands.

No provision for taxation in Hong Kong has been made as the Group's income neither arises in, nor is derived from, Hong Kong.

Under the law of the PRC on Enterprise Income Tax (the "EIT Law") and implementation regulations of the EIT Law, the statutory tax rate of the Company's PRC subsidiaries is 25% for both years.

CStone Suzhou has been accredited as a "High and New Technology Enterprise" ("HNTE") by the Science and Technology Bureau of Jiangsu Province and relevant authorities, and has been registered with the local tax authorities for enjoying the reduced 15% Enterprise Income Tax ("EIT") rate from 2025 to 2027.

Under the Treasury Law Amendment (Enterprise Tax Plan Base Rate Entities) Bill 2017 of Australia, corporate entities who qualify a small business entity are eligible for the lower corporate tax rate at 25%. CStone Pharmaceuticals Australia Pty, Ltd. ("CStone Australia") is qualified as small business entity and is subject to a corporate tax rate of 25% for both years.

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For the Year Ended December 31, 2025

12. INCOME TAX EXPENSE (continued)

Under the US Tax Cuts and Jobs Act, the US corporate income tax rate has charged at flat rate of 21%.

Under the Income Tax Act 1947 of Singapore, Singapore profits tax is charged at the rate of 17% on the estimated assessable profits.

Under the Income Basic Tax Act of Taiwan, Taiwan profits tax is charged at the rate of 20% on the estimated assessable profits.

During the year ended 31 December 2025, the Group is subject to a 10% withholding tax on licensing income received from an oversea customer.

The income tax expense for the year can be reconciled to the loss before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	For the year ended December 31,	
	2025 RMB'000	2024 RMB'000
Loss before tax	(423,939)	(91,207)
Tax charge at the PRC EIT rate of 25%	(105,985)	(22,802)
Tax effect of expenses not deductible for tax purpose	35,205	6,583
Effect of research and development expenses that are additionally deducted (note)	(25,617)	(8,363)
Tax effect of non-taxable income	(5,375)	(5,951)
Tax effect of tax losses not recognised	72,980	31,935
Tax effect of deductible temporary differences not recognised	20,105	3,981
Utilisation of tax losses previously not recognised	(628)	–
Effect of different tax rates of subsidiaries operating in other jurisdictions	9,315	(5,383)
Withholding tax on income derived in another jurisdiction	12,780	–
Under provision in the previous year	284	–
	13,064	–

Note: Pursuant to the State Administration of Taxation of the PRC Announcement No. 7, 2023, CStone Suzhou enjoyed 100% of the amount of research and development expenses incurred which are deducted from the amount of assessable profits, and 200% of the cost capitalised as intangible assets which are amortised before tax.

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2025

12. INCOME TAX EXPENSE (continued)

As at December 31, 2025, the Group has unused tax losses of RMB5,291,419,000 (2024: RMB4,909,030,000) available for offset against future profits. No deferred tax asset has been recognised in respect of the remaining tax losses due to the unpredictability of future profit streams.

The unused tax losses will be expired as follows:

	2025 RMB'000	2024 RMB'000
2026	21,196	23,709
2027	26,982	26,982
2028	121,364	121,364
2029	1,204,947	1,204,947
2030	1,639,385	1,490,960
2031	1,308,814	1,308,814
2032	191,835	191,835
2033	318,578	318,578
2034	53,034	53,034
2035	222,323	–
Indefinite	182,961	168,807
	5,291,419	4,909,030

As at December 31, 2025, the Group has deductible temporary differences of RMB221,564,000 (2024: RMB149,261,000), mainly arising from the impairment of construction in progress, write-down of inventories, deferred income and lease liabilities, available to offset against future profits. Deferred tax assets in respect of deductible temporary differences, arising from lease liabilities have been recognised of RMB6,117,000 (2024: RMB37,131,000). Deferred tax liabilities in respect of taxable temporary differences, arising from right-of-use assets have been recognised of RMB6,081,000 (2024: RMB37,325,000).

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2025

13. LOSS PER SHARE

The calculation of the basic and diluted loss per share for the year is as follows:

	For the year ended December 31,	
	2025	2024
Loss (RMB'000)		
Loss for the year attributable to owners of the Company for the purpose of basic and diluted loss per share	(437,003)	(91,207)
Number of shares ('000)		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	1,388,401	1,276,198

The calculation of basic and diluted loss per share for both years has excluded the treasury shares held in the trust of the Company (Note 28).

Diluted loss per share for both years did not assume the exercise of share options awarded under the employee stock option and the vesting of unvested RSUs (Note 29) as their inclusion would be anti-dilutive.

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2025

14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements <i>RMB'000</i>	Plant and machinery <i>RMB'000</i>	Furniture, fixtures and equipment <i>RMB'000</i>	Construction in progress <i>RMB'000</i>	Total <i>RMB'000</i>
COST					
As at January 1, 2024	21,275	9,875	4,233	151,752	187,135
Disposal	–	–	(316)	–	(316)
As at December 31, 2024	21,275	9,875	3,917	151,752	186,819
Additions	–	983	12	–	995
As at December 31, 2025	21,275	10,858	3,929	151,752	187,814
DEPRECIATION AND IMPAIRMENT					
As at January 1, 2024	20,624	7,985	3,046	49,816	81,471
Provided for the year	651	592	444	–	1,687
Eliminated on disposals	–	–	(284)	–	(284)
Impairment loss recognised in profit or loss	–	–	–	10,727	10,727
As at December 31, 2024	21,275	8,577	3,206	60,543	93,601
Provided for the year	–	310	60	–	370
Impairment loss recognised in profit or loss	–	–	–	16,796	16,796
As at December 31, 2025	21,275	8,887	3,266	77,339	110,767
CARRYING VALUES					
As at December 31, 2025	–	1,971	663	74,413	77,047
As at December 31, 2024	–	1,298	711	91,209	93,218

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2025

14. PROPERTY, PLANT AND EQUIPMENT (continued)

The above items of property, plant and equipment, except for construction in progress, after taking into account the residual values, if any, are depreciated on a straight-line basis at the following rates per annum:

Leasehold improvements	Shorter of the lease term or 33.3%
Plant and machinery	18%
Furniture, fixtures and equipment	9% – 30%

In 2025, in view that CStone Suzhou Factory (the "Facilities") remained temporary suspension of the operation, the directors of the Company have performed an impairment assessment of the Facilities and consequently determined an impairment of the related construction in progress amounting to RMB16,796,000 (2024: RMB10,727,000). The impairment loss has been included in profit or loss in the research and development expenses line item. The directors of the Company have estimated the recoverable amount of the construction in progress using the fair value less costs of disposal.

If the fair value less costs of disposal of the abovementioned construction in progress is reduced by 10%, the recoverable amount of the construction in progress and the amount of impairment loss would be further reduced/increased by RMB7,441,000 (2024: RMB9,121,000).

15. RIGHT-OF-USE ASSETS

	Office Premises RMB'000	Vehicles RMB'000	Total RMB'000
Carrying amounts			
As at January 1, 2024	47,328	376	47,704
Additions and lease modification	26,060	–	26,060
Depreciation charge for the year	(36,224)	(215)	(36,439)
As at December 31, 2024	37,164	161	37,325
Additions	–	688	688
Depreciation charge for the year	(31,733)	(199)	(31,932)
As at December 31, 2025	5,431	650	6,081

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For the Year Ended December 31, 2025

15. RIGHT-OF-USE ASSETS (continued)

	For the year ended December 31,	
	2025 RMB'000	2024 RMB'000
Expense relating to short-term leases	293	575
Expense relating to leases of low-value assets, excluding short-term leases of low value assets	–	36
Total cash outflow for leases	33,356	35,151

For both years, the Group leases various office premises and vehicles for its operations. Lease contracts are entered into for fixed term of 12 to 36 months (2024: 12 to 37 months). Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

The Group regularly entered into short-term leases for office premises. As at December 31, 2024 and 2025, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed above.

During the year ended December 31, 2025, the Group entered into new leases (2024: new lease and lease modification) amounted to RMB688,000 (2024: RMB26,548,000) which was non-cash transactions of the Group.

Restrictions or covenants on leases

In addition, lease liabilities of RMB6,117,000 are recognised with related right-of-use assets of RMB6,081,000 as at December 31, 2025 (2024: lease liabilities of RMB37,773,000 are recognised with related right-of-use assets of RMB37,325,000). The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2025

16. INTANGIBLE ASSETS

	Computer software RMB'000	In-licenses RMB'000	Total RMB'000
As at January 1, 2024 and December 31, 2024			
December 31, 2025	9,954	191,872	201,826
AMORTISATION			
As at January 1, 2024	9,614	19,167	28,781
Provided for the year	70	11,609	11,679
As at December 31, 2024	9,684	30,776	40,460
Provided for the year	70	11,609	11,679
As at December 31, 2025	9,754	42,385	52,139
CARRYING VALUES			
As at December 31, 2025	200	149,487	149,687
As at December 31, 2024	270	161,096	161,366

The above intangible assets have finite useful lives and are amortised on a straight-line basis as follows:

Computer software	10% – 33% per annum
In-licenses	7% – 9% per annum

As at December 31, 2025, out of the in-licenses capitalised as intangible assets, USD5,000,000 (equivalent to RMB31,741,000) (2024: USD5,000,000, equivalent to RMB31,741,000) relates to a research milestone payment made which is still in the early research stage and thus such amount had yet to commence amortisation.

The management of the Group conducted impairment assessment on the Group's capitalised in-licenses costs, based on the recoverable amount of the cash-generating unit to which the intangible asset is related. For the purpose of impairment testing, the recoverable amount of the cash-generating unit is determined based on its value-in-use, calculated by using the discounted cash flow approach which are based on financial forecasts approved by the directors of the Company as at December 31, 2025.

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2025

16. INTANGIBLE ASSETS (continued)

(a) Intangible asset not ready for use

In-license, which is intangible asset not ready for use, is tested for impairment at least annually and whenever there is an indication that they may be impaired based on the recoverable amount of the cash-generating unit to which the intangible asset is related.

The management of the Group considers the cash-generating unit will generate cash inflows starting from the expected date of obtaining regulatory approval, and up to the end of the intellectual property expiry date. Hence, the cash flow projections are made based on financial budgets over a period longer than five years prepared by the management of the Group, considering the timing of clinical development, regulatory approval of relevant products and pharmaceutical life cycle. The pre-tax discount rate applied to the cash flow projections is 18% (2024: 18%) per annum and reference to the average discount rate with similar business risk and after taking into account the risk premium in connection with the related research and development efforts. Apart from the discount rate as stated above, the estimation of cash inflows/outflows include budgeted sales and gross margin which are based on management's expectation for the market development.

Based on the result of the in-licenses impairment testing, the estimated recoverable amount of the cash-generating unit is significantly above the its carrying amount as at December 2024 and 2025. Thus, no impairment is noted.

Management believes that any reasonably possible change in any of the key assumptions would not cause the recoverable amounts to be lower than their carrying amounts.

(b) Intangible assets ready for use

Other in-licenses, which are intangible asset ready for use, are tested for impairment when there is an indication that they may be impaired based on the recoverable amount of the cash-generating unit to which the intangible asset is related. In view of expected decline in sale price in a product, the directors of the Company consider there is impairment indicator in respect of a certain intangible asset ready for use.

The management of the Group considers the length of the forecast period is appropriate because it generally takes longer for a biopharma company to generate positive cash flows, compared to companies in other industries. Hence, the management believes that a forecast period for the cash generating unit longer than five years is justifiable and consistent with industry practice. The management of the Group did not assume any growth to the cash flows subsequent to the forecast period. The pre-tax discount rate applied to the cash flow projections is 18% (2024: 18%) per annum and reference to the average discount rate with similar business risk and after taking into account the risk premium in connection with the related research and development efforts. Apart from the discount rate as stated above, the estimation of cash inflows/outflows include budgeted sales and gross margin which are based on management's expectation for the market development.

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For the Year Ended December 31, 2025

16. INTANGIBLE ASSETS (continued)

(b) Intangible assets ready for use (continued)

During the year ended 31 December 2025, the directors of the Company performed impairment assessment of certain intangible asset ready for use and consequently determined no impairment loss was recognised based on value in use (2024: Nil).

Based on the result of the in-licenses impairment testing, the recoverable amount is significantly above the carrying amount of the Group's capitalised in-licenses costs. The management of the Group believes that any reasonably possible change in any of these assumptions would not result in impairment.

17. ACCOUNT RECEIVABLES

	2025 RMB'000	2024 RMB'000
Account receivables	33,811	83,929

The Group allows an average credit period of 60 days to its customers.

As at January 1, 2024, the Group's trade receivables from contracts with customers amounted to RMB172,438,000 (net of impairment loss allowance of nil).

The following is an aged analysis of account receivables presented based on invoice dates at the end of the reporting period:

	2025 RMB'000	2024 RMB'000
0 – 60 days	32,062	48,688
Over 90 days	1,749	35,241
	33,811	83,929

As at December 31, 2025, included in the Group's account receivables balance are debtors with aggregate carrying amount of RMB1,749,000 (2024: RMB35,241,000) which are past due as at the reporting date. Out of the past due balances and except for account receivables with corresponding refund liabilities recognised, RMB1,246,000 (2024: RMB33,017,000) has been past due 90 days or more and is not considered as in default as they are due from counterparties with good reputation and lower risk of default. Details of impairment assessment of account receivables are set out in Note 33b.

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2025

18. TRANSFERS OF FINANCIAL ASSETS

As at December 31, 2025, the Group had derecognised bills discounted to banks on a full recourse basis amounting to RMB4,399,000 (2024: RMB40,000,000). These bills were issued or guaranteed by reputable PRC banks with high credit ratings, therefore the directors of the Company considered the substantial risks in relation to these bills were interest risk as the credit risk arising from these bills were minimal, the Group had transferred substantially all the risks of these bills to relevant banks. However, if the bills cannot be accepted at maturity, the relevant banks or sellers have the right to require the Group to pay off the outstanding balance. Although the Group continues to have involvement in these bills, the management of the Group estimates that the exposure of incurring a loss from its continuing involvement in the derecognised financial assets is insignificant. Such bills were matured and settled in July 2025.

19. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2025 RMB'000	2024 RMB'000
Rental deposits	9,587	9,587
Prepayments	4,923	2,374
Value-added tax recoverable	7,867	2,442
Reimbursement from licensor (<i>note a</i>)	–	21,364
Other receivables from a customer (<i>note b</i>)	17,804	–
Interest receivables	7,362	10,358
Others	3,855	3,438
	51,398	49,563
	2025 RMB'000	2024 RMB'000
Analysed as:		
Non-current	7,606	2,617
Current	43,792	46,946
	51,398	49,563

Notes:

- (a) The Group entered into an agreement with the licensor and its authorised manufacturer. Amounts represented the balance in which the Group is entitled to receive from the licensor pursuant to which the licensor will reimburse to the Group for part of the Group's cost of purchase from the authorised manufacturer. Such amounts were fully settled during the year ended December 31, 2025.
- (b) Amount represents the balance in which the Group is entitled to be reimbursed from its customer.

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2025

20. FINANCIAL ASSETS MEASURED AT FVTPL

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Unlisted equity investment	4,759	4,868
Listed equity investment	–	4,164
	4,759	9,032

Note: As at December 31, 2024 and 2025, the Group held 500,000 and 500,000, respectively, Class X units of a private equity after the redemption of the fund linked note as detailed in Note 19 of the Group's of the annual report of the Group's for the year ended December 31, 2022.

Pursuant to the amended agreement of a private equity, the distribution of class B shares of the unlisted entity are made to the holders of Class X units while class B shares of the unlisted entity are automatically converted into the class A shares of the unlisted entity upon the completion of business combination. During the year ended December 31, 2025, the Group disposed of the remaining class A shares which were transferred from the prior year. The management of the Group assessed its fair value of Class X units of the private equity is nil as at December 31, 2025 and December 31, 2024, after considering the expected return of the underlying investments. Details of fair value of unlisted equity investment are set out in Note 33.

21. INVENTORIES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Raw materials	16,620	30,814
Work-in-progress	33,362	8,261
Finished goods	66,904	247,021
	116,886	286,096

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For the Year Ended December 31, 2025

22. CASH AND CASH EQUIVALENTS AND TIME DEPOSITS

Time deposits with original maturity over three months

As at December 31, 2025, the Group held time deposits of RMB165,000,000 (2024: RMB285,000,000) with original maturity of 3 years which carried effective interest rate of 2.35% (2024: from 2.15% to 3.10%) per annum. The management intends to hold such time deposits within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets.

Cash and cash equivalents

	2025 RMB'000	2024 RMB'000
Cash at banks	570,851	381,501
Cash on hand	71	71
Cash equivalents		
– Money market funds (<i>note</i>)	92,489	6,365
– Time deposits with original maturity less than three months	90,288	–
	753,699	387,937

Note: Amounts represents investments money market funds with low volatility.

Cash and cash equivalents include time deposits with original maturity less than three months and cash at banks for the purpose of meeting the Group's short-term cash commitments, which carry interests at market rates per annum ranging as follows:

	2025	2024
Time deposits with original maturity less than three months	1.30% – 4.47%	N/A
Cash at banks	0.00% – 3.66%	0.00% – 4.31%

The Group's time deposits and cash and cash equivalents denominated in currencies other than functional currencies of the relevant group entities at the end of the reporting period are as follows:

	2025 RMB'000	2024 RMB'000
USD	616,083	136,854
HK\$	23,614	4,655

Details of impairment assessment of time deposits, cash at banks and investments in money market funds are set out in Note 33b.

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2025

23. ACCOUNT AND OTHER PAYABLES AND ACCRUED EXPENSES

	2025 RMB'000	2024 RMB'000
Account payables (note b)	77,201	338,029
Accrued expenses		
– Research and development (note a)	113,148	112,898
– Royalty fees	9,875	19,797
– Selling and marketing	13,383	31,354
– Legal and professional fees	3,343	882
– Others	1,964	1,985
Staff payroll payables	30,685	28,314
Other tax payable	2,516	1,774
Other payables	53,962	41,148
	228,876	238,152
	306,077	576,181

Notes:

- (a) Amount mainly included accrued service fees to outsourced service providers including contract research organisations, contract manufactory organisations and clinical trial centres.
- (b) In 2023, the Group entered into a supplemental agreement with the vendors, pursuant to which both parties agreed to defer an amount of RMB24,987,000 and US\$7,945,000. Such amounts are carried at a fixed interest rate of 4% per annum. Pursuant to the supplemental agreement, the repayment schedule is US\$1,000,000 to be settled in the first quarter of 2024, and US\$3,000,000 in total to be settled in the third quarter of 2024 and the first quarter of 2025, the remaining principal and interest to be settled in the third quarter of 2025. During the year ended December 31, 2025, the Group settled RMB13,328,000 and US\$7,945,000 (2024: settled of RMB7,020,000 and the vendors waived of RMB4,639,000). As at December 31, 2025, the Group has an outstanding balance of US\$776,000 (equivalent to RMB5,458,000) and RMB1,727,000 representing the interest payable due to the vendors.

The credit period on account payables is ranged from 0 to 90 days. The following is an aged analysis of account payables based on invoice dates at the end of the reporting period.

	2025 RMB'000	2024 RMB'000
0 – 30 days	52,756	74,545
31 – 60 days	12,481	142,635
61 – 90 days	2,714	24,848
Over 90 days	9,250	96,001
	77,201	338,029

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2025

24. REFUND LIABILITIES

	2025 RMB'000	2024 RMB'000
Refund liabilities arising from the sales of pharmaceutical products	2,173	2,224

The refund liabilities relate to customers' right to return/exchange products within 6 months prior to expiry of the pharmaceutical products. At the point of sale, a refund liability and a corresponding adjustment to revenue is recognised for those products expected to be returned/exchanged. The Group based on its available market information and the expiration dates of the pharmaceutical products sold to estimate the number of exchanges using the expected value method.

25. BANK BORROWINGS

	2025 RMB'000	2024 RMB'000
Unsecured and unguaranteed (note a)	342,400	318,200

	2025 RMB'000	2024 RMB'000
The carrying amounts of the above bank borrowings are analysed based on contractual repayment date as follows:		
Within one year	185,900	60,800
Within a period of more than one year but not exceeding two years	48,500	257,400
Within a period of more than two years but not exceeding five years	108,000	–
	342,400	318,200
Less: Amounts due within 12 months shown under current liabilities	(185,900)	(60,800)
Amounts show under non-current liabilities	156,500	257,400

Note:

- a. As at December 31, 2025, the Group drawn down RMB232,400,000 (2024: RMB268,200,000) bank borrowings which are unsecured, unguaranteed and carried at variable interest rate (also being the effective interest rate) ranging from Loan Prime Rate ("LPR") less 65 (2024: 45) basis points per annum to LPR plus 30 (2024: 30) basis points per annum, for the purpose of working capital. As at December 31, 2025, the Group also drawn down RMB110,000,000 (2024: RMB50,000,000) bank borrowings which are unsecured, unguaranteed and carried at fixed rates ranging from 2.60% (2024: 2.85%) to 3.00% (2024: 3.00%) per annum for the purpose of working capital.

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2025

25. BANK BORROWINGS (continued)

In respect of bank borrowings with carrying amount of RMB150,000,000 as at 31 December 2025 (2024: RMB150,000,000), the Group is subjected to the financial covenant that CStone Suzhou's ratio of the liabilities to the asset shall not be more than 0.9:1 and ratio of the current assets to the current liabilities shall not be less than 1.5:1.

The Group has complied with the relevant covenants at each test date on or before the end of the reporting period and classified the related bank loans balances as non-current.

26. CONTRACT LIABILITIES

	2025 RMB'000	2024 RMB'000
Advance from the customers for exclusive promotion rights	84,832	95,217
Analysed as:		
Non-current	74,447	84,832
Current	10,385	10,385
	84,832	95,217

The Group entered into exclusive promotion service agreement with the independent third parties pursuant to which the Group is entitled to receive the upfront payment and additional milestone payments, while the counterparties receive the exclusive rights to commercialise the Group's pharmaceutical product in China and receives tiered service fee based on the net sales. The VAT-excluded amount was recognised in contract liabilities and will be amortised over the agreed exclusive promotion period.

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2025

27. LEASE LIABILITIES

	2025 RMB'000	2024 RMB'000
Lease liabilities payable:		
Within one year	5,688	32,416
Within a period of more than one year but not exceeding two years	231	5,357
Within a period of more than two years but not exceeding five years	198	–
	6,117	37,773
Less: Amounts due for settlement within 12 months shown under current liabilities	(5,688)	(32,416)
Amounts due for settlement after 12 months shown under non-current liabilities	429	5,357

The Group's incremental borrowing rates applied to lease liabilities are ranging from 3.50% to 5.34% (2024: 5.34%) per annum for the year ended December 31, 2025.

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2025

28. SHARE CAPITAL/TREASURY SHARES HELD IN THE TRUST

	Number of shares	Share capital <i>US\$'000</i>	
Ordinary shares			
Ordinary shares of USD0.0001 each			
Authorised			
As at January 1, 2024, and December 31, 2024 and 2025	2,000,000,000	200	
	Number of shares	Amount <i>USD'000</i>	Equivalent amount of ordinary shares <i>RMB'000</i>
Issued and fully paid			
As at January 1, 2024	1,284,163,999	129	860
Exercise of share options	73,213	– *	– *
As at December 31, 2024	1,284,237,212	129	860
Exercise of share options	11,744,629	1	9
Issuance of ordinary shares	180,000,000	18	129
As at December 31, 2025	1,475,981,841	148	998

* Amount less than USD1,000 or RMB1,000.

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2025

28. SHARE CAPITAL/TREASURY SHARES HELD IN THE TRUST (continued)

Treasury shares held in the trust:

	Number of treasury shares	Amount USD'000	Equivalent amount of treasury shares RMB'000
As at January 1, 2024	8,847,286	1	8
RSUs vested under the trust	(1,532,912)	– *	(1)
As at December 31, 2024	7,314,374	1	7
RSUs vested under the trust	(5,274,520)	(1)	(4)
As at December 31, 2025	2,039,854	– *	3

* Amount less than USD1,000

In July 2019, the Company and Computershare Hong Kong Trustees Limited (the “Computershare Trustees”), an independent third party, set up the 2019 CStone Share Incentivisation Trust for Non-Connected Persons which entered into a trust deed pursuant to which the Computershare Trustees has agreed to act as the trustee to administer the Post-IPO RSUs Plan (as defined in Note 29(b)) to hold the ordinary shares under the Post-IPO RSUs Plan through the Computershare Trustees. Since the Company has control over the trust, the shares held in the trust are accounted for as treasury shares of the Company.

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2025

29. SHARE-BASED PAYMENT TRANSACTIONS

(a) Employee stock option plan ("ESOP")

The Pre-IPO ESOP

In 2016, the Group granted share options under its employee stock option plan (the "Pre-IPO ESOP") for the purpose of incentivising, retaining and rewarding certain employees and board members of the Company or its subsidiaries ("Eligible Persons") for their contributions to the Group's business, and to align their interests with those of the Group.

The directors of the Company adopted and approved such Pre-IPO ESOP on July 7, 2017, with the intent at that time that the directors of the Company delegated full authority to the then executive director of the Company to grant option awards in accordance with the Pre-IPO ESOP before Pre-IPO ESOP was approved and adopted by the directors of the Company. The overall limit on the number of underlying shares which may be delivered under the plan was 24,010,293 shares of the Company, subject to any adjustments for other dilutive issuances.

Except as provided otherwise in the grant letter or offer in any other form by the directors of the Company, the vesting schedule of the share options shall be a sixty months vesting schedule consisting of a cliff vesting of twenty percent after twelve months from the vesting commencement date and, thereafter, monthly vesting of equal instalments over the remaining forty-eight months.

On August 3, 2018, the board of directors of the Company resolved to adopt and approved the amended and restated employee equity plan (the "Pre-IPO Incentivisation Plan") for the purpose of granting RSUs and other equity incentive permitted by the Pre-IPO Incentivisation Plan to the employees, directors of the Company, consultants and advisors of the Company. Further on August 14, 2018, the board of directors of the Company resolved the change of vesting schedule and updated the outstanding options and RSUs with the new vesting schedule under the Pre-IPO Incentivisation Plan, whereas 25% of the shares will be vested on the first anniversary of the original vesting commencement date, and the remaining shares will be vested with equal monthly instalments over the following thirty-six months.

The share options and RSUs shall be restricted to the eligible employees, directors of the Company, consultants and advisors of the Company and shall not be assignable to other person. No eligible employee shall in any way sell, transfer, charge, mortgage, encumber or create any interest (legal or beneficial) in favour of any third party over or in relation to any share option and RSUs or attempt to do so.

The overall limit on the number of underlying shares which may be delivered under the Pre-IPO Incentivisation Plan for both employees stock option plan and the RSUs is 130,831,252 shares of the Company. As at December 31, 2023, the Group's Pre-IPO RSUs were all vested.

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2025

29. SHARE-BASED PAYMENT TRANSACTIONS (continued)

(a) Employee stock option plan (“ESOP”) (continued)

The Pre-IPO ESOP (continued)

The following table discloses movements of the Company’s Pre-IPO ESOP held by grantees during the year:

Option type	Outstanding at 1/1/2024	Forfeited	Exercised	Outstanding at 31/12/2024	Forfeited	Exercised	Outstanding at 31/12/2025
Pre-IPO ESOP	4,989,538	(213,838)	(73,213)	4,702,487	(172)	(3,526,697)	1,175,618
Exercisable	4,989,538			4,702,487			1,175,618
Weighted average exercise price		USD0.14	USD0.11		USD0.14	USD0.03	

The Post-IPO ESOP

Pursuant to a resolution passed on January 30, 2019, the directors of the Company further adopted an employee equity plan (the “Post-IPO ESOP”) to grant option awards to any employee, officer, director, contractor, advisor or consultant of the Group by reason of his or her contribution to the Group. The Post-IPO ESOP shall be valid and effective for a period of ten years commencing on February 26, 2019 (“the Listing Date”). Options granted must be taken up within the period specified in the letter containing the offer of the grant of the options. The total number of shares in respect of share options may be granted under the Post-IPO ESOP is not permitted to exceed 10% of the shares of the Company in issue immediately after completion of the IPO and as at the Listing Date (i.e. 98,405,153 shares), without prior approval from the shareholders of the Company.

Unless otherwise approved by the directors of the Company and set forth in an offer letter, the vesting schedule should be forty-eight months consisting of a cliff vesting of twenty five percent on the first anniversary of the vesting commencement date and, thereafter, monthly vesting of equal instalments over the following thirty-six months, provided that the grantee continues to be an eligible employee (as described under the Post-IPO ESOP) as of each such vesting date.

On October 18, 2024, the Company granted 6,280,000 share options to the employees of the Company of which 4,000,000 share options are performance-based share options which each batch of share options shall vest and become exercisable on the first, second, third and fourth anniversary of the date of satisfaction of the respective performance target milestone, and the remaining 2,280,000 share options will be vested with equal monthly instalments over the following 36 months.

On April 11, 2025, the Company granted 15,766,800 share options, including 2,646,000 shares options granted to a director and 13,120,800 shares options granted to employees of the Company. The share options are non-performance-based, whereas 25% of the shares will be vested on the first anniversary of the original vesting commencement date, and the remaining 75% shares will be vested with equal monthly instalments over the following 36 months.

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For the Year Ended December 31, 2025

29. SHARE-BASED PAYMENT TRANSACTIONS (continued)

(a) Employee stock option plan (“ESOP”) (continued)

The Post-IPO ESOP (continued)

On August 27, 2025, the Company granted 4,800,000 share options, including 2,400,000 shares options granted to a director and 2,400,000 shares options granted to employees of the Company, of which 600,000 share options are performance-based share options which each batch of share options shall vest and become exercisable on the first, second, third and fourth anniversary of the date of satisfaction of the respective performance target milestone, and the remaining 4,200,000 share options will be vested with equal monthly instalments over the following 36 months.

The following table discloses movements of the Company’s Post-IPO ESOP held by grantees during the year:

Option type	Outstanding at 1/1/2025	Granted	Exercised	Forfeited	Outstanding at 31/12/2025
Post-IPO ESOP	82,547,155	20,566,800	(8,217,932)	(4,569,814)	90,326,209
Exercisable	20,776,651				25,510,649
Weighted average exercise price	HK\$3.01	HK\$4.18	HK\$4.06	HK\$6.09	HK\$2.67

Option type	Outstanding at 1/1/2024	Granted	Exercised	Forfeited	Outstanding at 31/12/2024
Post-IPO ESOP	73,147,494	17,482,900	–	(8,083,239)	82,547,155
Exercisable	10,528,601				20,776,651
Weighted average exercise price	HK\$3.89	HK\$1.73	N/A	HK\$4.50	HK\$3.01

During the year ended December 31, 2025, the weighted average fair value of the Post-IPO ESOP granted is HK\$1.15 to HK\$6.57 per share.

The fair value was calculated using Option Pricing Model (“OPM”) and Monte Carlo Simulation for the year ended December 31, 2024 and 2025. The key assumptions, such as risk-free interest rate and volatility, are required to be determined by the directors of the Company with best estimate.

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For the Year Ended December 31, 2025

29. SHARE-BASED PAYMENT TRANSACTIONS (continued)

(a) Employee stock option plan (“ESOP”) (continued)

The Post-IPO ESOP (continued)

The key inputs into the model for the grants during the year ended December 31, 2024 and 2025 were as follows:

	2025	2024
Exercise price	HK\$2.41 – HK\$10.00	HK\$0.94 – HK\$2.35
Expected volatility	62.93% – 65.11%	56.8% – 61.7%
Expected life	10 years	10 years
Risk-free rate	3.13% – 3.33%	3.11% – 3.76%
Expected dividend yield	0%	0%

The directors of the Company estimated the risk-free interest rate based on the yield of the Hong Kong Government Bonds with a maturity life close to the option life of the Post-IPO ESOP. Volatility was estimated at the grant date based on average of historical volatilities of the comparable companies with length commensurable to the time to maturity of the share options. Dividend yield is based on management estimation at the grant date.

(b) RSUs

The Post-IPO RSUs Plan

A restricted share award scheme (the “Post-IPO RSUs Plan”) was approved and adopted pursuant to a resolution passed on March 22, 2019. The directors of the Company may, from time to time, at its absolute discretion grant RSUs to an eligible person in accordance with the Post-IPO RSUs Plan. The overall limit on the number of RSUs under the Post-IPO RSUs Plan is 7,650,000 shares and the maximum number of shares which may be awarded to any eligible person under the Post-IPO RSUs Plan shall not exceed 1% of the issued share capital of the Company as at March 22, 2019.

On January 31, 2020, an amendment to the Post-IPO RSUs Plan was approved and adopted to increase maximum total number of RSUs, pursuant to which the maximum total number of RSUs that may be granted under the Post-IPO RSUs Plan in aggregate (excluding the RSUs that have lapsed or been cancelled in accordance with the rules of the plan) was increased from 7,650,000 shares to 38,010,316 shares, representing approximately 3.70% of the issued share capital of the Company as at January 31, 2020.

The vesting of the Post-IPO RSUs granted is subject to the eligible person remaining at all times after the date of granting and on the vesting date an eligible person of the Post-IPO RSUs Plan. RSUs granted under the Post-IPO RSUs Plan shall have a contractual term of 10 years and generally vest over a four year period, with 25% of total RSUs vesting on the anniversary date one year after the vesting commencement date and the remaining 75% vesting subsequently in 36 equal monthly instalments or with 25%, 25%, 25% and 25% of total RSUs vesting on the first, second, third and fourth anniversary date one year after the vesting commencement date.

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2025

29. SHARE-BASED PAYMENT TRANSACTIONS (continued)

(b) RSUs (continued)

The Post-IPO RSUs Plan (continued)

The grantees may not have any interest or right in the RSUs granted until such Post-IPO RSUs have been vested.

The unvested RSUs granted to the eligible person under the Post-IPO RSUs Plan shall be restricted to eligible person only and shall not be assignable to other person. No eligible person may in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any third party over or in relation to the award. The Post-IPO RSUs Plan will be expired on March 23, 2029.

The following table summarised the Group's Post-IPO RSUs and movement during the year:

	Number of Post-IPO RSUs	
	2025	2024
As at January 1,	12,687,382	4,586,778
Granted	8,687,200	11,397,900
Forfeited	(357,937)	(1,764,384)
Vested	(5,274,520)	(1,532,912)
As at December 31,	15,742,125	12,687,382

The fair value of the Post-IPO RSUs granted during the current year was from HK\$2.39 to HK\$10.00 (2024: HK\$0.94 to HK\$1.76) per Post-IPO RSU which was determined by the observable market price at grant date.

For the year ended December 31, 2025, the Group's total share-based in relation to payment expenses granted recognised in the consolidated statement of profit or loss and other comprehensive income by the Company is expense of RMB23,971,000 (2024: income of RMB2,811,000).

30. RETIREMENT BENEFIT PLANS

The PRC

The employees of the Company's subsidiaries in the PRC are members of the state-managed retirement benefit scheme operated by the relevant local government authority in the PRC. The subsidiaries are required to contribute, based on a certain percentage of the payroll costs of its employees, to the retirement benefit scheme and has no further obligations for the actual payment of pensions or post-retirement benefits beyond the annual contributions. The total amount provided by the Group to the scheme in the PRC and charged to profit or loss are approximately RMB16,862,000 for the year ended December 31, 2025 (2024: RMB21,388,000).

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2025

31. RELATED PARTY DISCLOSURES

Except as disclosed elsewhere in the consolidated financial statements, the Group also entered into the following transactions during the year with certain related parties.

Compensation of key management personnel

The remuneration of directors of the Company and other members of key management were as follows:

	2025 RMB'000	2024 RMB'000
Short term benefits	23,886	23,463
Retirement benefit scheme contributions	1,017	1,020
Total cash compensation	24,903	24,483
Non-cash share-based payment expenses	32,528	31,598
	57,431	56,081

The remuneration of key management personnel is determined by the directors of the Company having regard to the performance of individuals and market trends.

32. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to its stakeholders and maintaining an adequate capital structure. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes bank borrowings and lease liabilities set out in Notes 25 and 27, respectively, cash and cash equivalents, time deposits and equity attributable to owners of the Company, comprising issued ordinary share capital and reserves.

The management of the Group regularly reviews the capital structure on a continuous basis taking into account the cost of capital and the risks associated with each class of the capital. The Group will balance its overall capital structure through the new shares issues as well as the issue of new debt.

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For the Year Ended December 31, 2025

33. FINANCIAL INSTRUMENTS

33a Categories of financial instruments

	2025 RMB'000	2024 RMB'000
Financial assets		
Amortised cost	715,825	510,248
Cash equivalents at FVTPL	92,489	6,365
Financial assets measured at FVTPL	4,759	9,032
Financial assets at FVTOCI	165,000	285,000
Financial liabilities		
Amortised cost	473,563	697,377

33b Financial risk management objectives and policies

The Group's financial instruments include account receivables, deposits and other receivables, financial assets measured at FVTPL, time deposits with original maturity over three months measured at FVTOCI, cash and cash equivalents, account and other payables, and bank borrowings. Details of these financial instruments are disclosed in the respective notes.

The risks associated with the Group's financial instruments and the policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Currency risk

Certain time deposits, cash and cash equivalents, financial assets measured at FVTPL, account and other receivables, and account and other payables are denominated in foreign currencies of the respective group entities which are exposed to foreign currency risk.

The Group currently does not have a foreign currency hedging policy. However, the management of the Group monitors foreign exchange exposure and will consider hedging of significant foreign currency exposure should the need arise.

The carrying amounts of monetary assets and liabilities denominated in primary foreign currencies at the end of the reporting period are as follows:

	Assets		Liabilities	
	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
US\$	632,898	146,601	29,376	221,228

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2025

33. FINANCIAL INSTRUMENTS (continued)

33b Financial risk management objectives and policies (continued)

Market risk (continued)

(i) *Currency risk* (continued)

Sensitivity analysis

The following table details the Group's sensitivity to a 5% increase in RMB against the relevant foreign currencies. 5% is the sensitivity rate used which represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. A positive (negative) number below indicates increase (decrease) in post-tax loss where RMB strengthens 5% against the relevant foreign currencies. For a 5% weakening of RMB against the relevant currency, there would be an equal and opposite impact on the loss.

	2025 RMB'000	2024 RMB'000
US\$	23,831	(2,922)

The directors of the Company considered the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the exposure at the end of the reporting period does not reflect the exposure during the year.

(ii) *Interest rate risk*

The Group is exposed to fair value interest rate risk in relation to fixed-rate time deposits (Note 22), bank borrowings (Note 25) and lease liabilities (Note 27). The Group is also exposed to cash flow interest rate risk in relation to variable rate bank borrowings (Note 25). The Group currently does not enter into any hedging instrument for fair value or cash flow interest rate risk.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 50 basis point (2024: 50 basis point) increase or decrease in variable-rate bank borrowings are used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If the interest rate had been 50 basis points higher/lower as at December 31, 2025 and all other variables were held constant, the Group's post-tax loss for the year ended December 31, 2025 would increase by RMB1,162,000 (2024: RMB1,341,000) or decrease by RMB1,162,000 (2024: RMB1,341,000).

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2025

33. FINANCIAL INSTRUMENTS (continued)

33b Financial risk management objectives and policies (continued)

Credit risk and impairment assessment

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's credit risk exposures are primarily attributable to trade receivables time deposits with original maturity over three months, cash at banks, investments in money market funds, and other receivables.

In order to minimise credit risk, the Group has tasked its finance team to develop and maintain the Group's credit risk gradings to categorise exposures according to their degree of risk of default. Management uses publicly available financial information and the Group's own historical repayment records to rate other debtors and other debt instruments issuers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst counterparties.

The Group's current credit risk grading framework comprises the following categories:

Categories	Description	Account receivables	Other financial assets/items
Performing	The counterparty has a low risk of default and does not have any past due amounts	Life time ECL- not credit impaired	12m ECL
Doubtful	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition	Life time ECL- not credit impaired	Life-time ECL- not credit-impaired
In default	Amount is >90 days past due or there is evidence indicating the asset is credit-impaired	Life time ECL- credit impaired	Life-time ECL- credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is write-off	Amount is write-off

Trade receivables arising from contracts with customers

As at December 31, 2025, the Group has concentration of credit risk as 67% (2024: 84%) of the total account receivables were due from the Group's largest customer.

For trade receivables, the Group performs impairment assessment under ECL model on trade balances individually. For the purpose of impairment assessment for account receivables, with a total gross carrying amount of RMB33,811,000 (2024: RMB83,929,000), the loss allowance is measured at an amount equal to life time ECL and no loss allowance was recognised for the year ended December 31, 2025 (2024: nil).

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2025

33. FINANCIAL INSTRUMENTS (continued)

33b Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Other receivables

For the purpose of impairment assessment for other receivables with a total gross carrying amount of RMB13,442,000 (2024: RMB44,747,000), the loss allowance is measured at an amount equal to 12m ECL. The directors of the Company considered that the amount of ECL provision is insignificant. In determining the ECL for these financial assets, the directors of the Company have taken into account the credit rating of the counterparties in estimating the probability of default of each of other receivables occurring within their respective loss assessment time horizon, as well as the loss upon default in each case.

Time deposits with original maturity over three months/cash at banks/investments in money market funds

The credit risk on time deposits, cash at banks, investments in money market funds of the Group is limited because the counterparties are banks, government and financial institutions with high credit ratings assigned by international credit-rating agencies.

Liquidity risk

In the management of liquidity risk, the management of the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The Group issues shares as a significant source of liquidity.

The directors of the Company are satisfied that the Group will have sufficient financial resource to meet its financial obligation as they fall due for the foreseeable future after taking into account of the aforesaid proceeds from the shares issuance and the expected working capital requirements for the next twelve months from the end of the reporting period.

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2025

33. FINANCIAL INSTRUMENTS (continued)

33b Financial risk management objectives and policies (continued)

Liquidity risk (continued)

The following table details remaining contractual maturity of the Group for the payables which has been drawn up based on the undiscounted cash flows based on the earliest date on which the Group can be required to pay.

	Weighted average effective interest rate %	Repayable on demand or less than 1 year RMB'000	More than 1 year but not more than 2 years RMB'000	More than 2 years but not more than 5 years RMB'000	Total undiscounted cash flows RMB'000	Total carrying amount RMB'000
As at December 31, 2025						
Bank borrowings	2.88	189,672	49,048	110,602	349,322	342,400
Account and other payables	–	123,978	–	–	123,978	123,978
Defer payment arrangement on account payables	4.00	7,185	–	–	7,185	7,185
Lease liabilities	5.14	5,817	241	201	6,259	6,117
		326,652	49,289	110,803	486,744	479,680
	Weighted average effective interest rate %	Repayable on demand or less than 1 year RMB'000	More than 1 year but not more than 2 years RMB'000	More than 2 years but not more than 5 years RMB'000	Total undiscounted cash flows RMB'000	Total carrying amount RMB'000
As at December 31, 2024						
Bank borrowings	3.34	62,349	266,475	–	328,824	318,200
Account and other payables	–	303,823	–	–	303,823	303,823
Defer payment arrangement on account payables	4.00	81,473	–	–	81,473	75,354
Lease liabilities	5.34	33,115	5,468	–	38,583	37,773
		480,760	271,943	–	752,703	735,150

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2025

33. FINANCIAL INSTRUMENTS (continued)

33b Financial risk management objectives and policies (continued)

(i) Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation techniques and inputs used).

In estimating the fair value, the Group uses market-observable data to the extent it is available. For instruments with significant unobservable inputs under Level 3, the Chief Financial Officer establishes the appropriate valuation techniques and inputs to the model and reports any findings to the directors of the Company.

Fair values are categorised into different fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3 fair value measurements are those derived from valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable (significant unobservable input).

Financial assets	Fair value at December 31,		Fair value hierarchy	Valuation techniques and key inputs
	2025 RMB'000	2024 RMB'000		
Unlisted equity investment	4,759	4,868	Level 2	Recent transaction price
Listed equity investment	–	4,164	Level 1	Quoted closing prices in an active market
Money market funds	92,489	6,365	Level 2	Based on the net asset values of the funds, which are determined with reference to observable and quoted prices of underlying investment portfolio and adjustments of related expenses
Time deposits with original maturity over three months measured at FVTOCI	165,000	285,000	Level 2	Discounted cash flows, estimated based on expected return

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2025

33. FINANCIAL INSTRUMENTS (continued)

33b Financial risk management objectives and policies (continued)

(ii) Fair value of financial assets and financial liabilities that are not measured at fair value

The directors of the Company consider that the carrying amount of the Group's financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

34. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Bank borrowings RMB'000	Lease liabilities RMB'000	Account payables RMB'000	Total RMB'000
As at January 1, 2024	318,986	44,462	82,895	446,343
Financing cash flows	(11,378)	(34,540)	(7,020)	(52,938)
Non-cash changes:				
New leases entered	–	26,548	–	26,548
Waiver from a vendor	–	–	(4,639)	(4,639)
Foreign exchange translation	–	–	878	878
Finance costs	10,592	1,303	3,240	15,135
As at December 31, 2024	318,200	37,773	75,354	431,327
Financing cash flows	14,041	(33,063)	(69,182)	(88,204)
Non-cash changes:				
New leases entered	–	688	–	688
Foreign exchange translation	–	–	(1,378)	(1,378)
Finance costs	10,159	719	2,391	13,269
As at December 31, 2025	342,400	6,117	7,185	355,702

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2025

35. PARTICULARS OF SUBSIDIARIES

General information of subsidiaries

Details of the Group's subsidiaries at the end of the reporting period are set out below:

Name of subsidiaries	Place of incorporation/ establishment/ operations	Issued and fully paid share capital/registered capital	Shareholding/equity interest attributable to the Company		Principal activities
			2025	2024	
<i>Directly held:</i>					
CStone HK	Hong Kong	Issued and paid-up capital of HK\$1	100%	100%	Investment holding and commercialisation
CStone Australia	Australia	Registered and paid-up capital of AUD19,000,000	100%	100%	Research and development
CStone Pharmaceuticals Corporation	USA	Registered and paid-up capital of USD1	100%	100%	Investment holding
CStone Pharmaceuticals Singapore Pte. Ltd.	Singapore	Registered capital of USD1 and paid-up capital of nil	100%	100%	Investment holding
CStone Medicine (BVI) Limited	BVI	Nil	100%	100%	Investment holding
台灣基石藥業有限公司	Taiwan	Registered and paid-up capital of TWD55,990,000	100%	100%	Commercialisation
<i>Indirectly held:</i>					
CStone Suzhou	The PRC (note)	Registered and paid-up capital of USD197,761,000	100%	100%	Research and development and commercialisation
拓石藥業(上海)有限公司	The PRC (note)	Registered capital of RMB24,080,000 and paid-up capital of RMB24,012,000	100%	100%	Research and development
創石(北京)醫藥科技有限公司	The PRC (note)	Registered capital of RMB10,000,000 and paid-up capital of RMB1,050,000	100%	100%	Research and development
申石生物醫藥(上海)有限公司	The PRC (note)	Registered and paid-up capital of USD20,000,000	100%	100%	Commercialisation
樂石生物醫藥(海南)有限公司	The PRC (note)	Registered capital of USD10,000,000 and paid-up capital of USD1,000,000	100%	100%	Dormant
基石藥業商貿(蘇州)有限公司	The PRC (note)	Registered capital of RMB10,000,000 and paid-up capital of RMB500,000	100%	100%	Commercialisation
CStone Pharmaceuticals Ireland Limited	Ireland	Registered capital of EUR1	100%	100%	Commercialisation

None of the subsidiaries had issued any debt securities at the end of both years.

Note: CStone Suzhou, 申石生物醫藥(上海)有限公司, 樂石生物醫藥(海南)有限公司 and 基石藥業商貿(蘇州)有限公司 are foreign invested limited liability companies. 拓石藥業(上海)有限公司 and 創石(北京)醫藥科技有限公司 are domestic owned limited liability companies.

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2025

36. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2025 RMB'000	2024 RMB'000
Non-current assets		
Investments in subsidiaries	303,567	279,196
Financial assets measured at FVTPL	4,759	4,868
Intangible assets	141,124	151,943
	449,450	436,007
Current assets		
Amounts due from subsidiaries	212,881	152,844
Inventories	26,641	32,230
Other receivables	2,504	3,758
Cash and cash equivalents	392,657	82,938
	634,683	271,770
Current liabilities		
Trade and other payables and accrued expenses	60,796	141,073
Amounts due to subsidiaries	134,213	114,336
	195,009	255,409
Net current assets	439,674	16,361
Total assets less current liabilities	889,124	452,368
Non-current liability		
Borrowings	45,000	50,000
Net assets	844,124	402,368
Capital and reserves		
Share capital	998	860
Reserves	843,126	401,508
Total equity	844,124	402,368

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2025

36. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (continued)

The movement of the reserves of the Company is as follows:

	Share premium RMB'000	Other reserves RMB'000	Treasury shares held in the trust RMB'000	Share-based payment reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
As at January 1, 2024	8,992,459	67,238	(8)	579,020	(8,871,454)	767,255
Loss and total comprehensive expense for the year	-	-	-	-	(363,010)	(363,010)
Restricted stock units exercised under the trust (Note 28)	10,870	(1)	1	(10,870)	-	-
Recognition of equity-settled share-based payment (Note 29)	-	-	-	(2,811)	-	(2,811)
Exercise of share options (Note 29)	630	-	-	(556)	-	74
As at December 31, 2024	9,003,959	67,237	(7)	564,783	(9,234,464)	401,508
Loss and total comprehensive expense for the year	-	-	-	-	(248,198)	(248,198)
Restricted stock units exercised under the trust (Note 28)	10,895	(4)	4	(10,895)	-	-
Recognition of equity-settled share-based payment (Note 29)	-	-	-	23,971	-	23,971
Exercise of share options (Note 29)	45,502	-	-	(21,137)	-	24,365
Issue of ordinary shares (Note 28)	641,480	-	-	-	-	641,480
As at December 31, 2025	9,701,836	67,233	(3)	556,722	(9,482,662)	843,126

37. EVENTS AFTER THE REPORTING PERIOD

Except as disclosed elsewhere of the consolidated financial statements, no important events affecting the Company occurred since the end of the reporting period and up to the date of this annual report.

Definitions

In this report, unless the context otherwise requires, the following terms have the following meanings. These terms and their definitions may not correspond to any industry standard definitions, and may not be directly comparable to similarly titled terms adopted by other companies operating in the same industries as our Company.

“AGM”	means	annual general meeting of the Company
“Amendment Date”	means	March 7, 2023, being the date on which the amendments of the Post-IPO ESOP and the Post-IPO RSU Scheme are conditionally approved by resolutions of the Company in its general meeting
“Articles” or “Articles of Association”	means	the sixth amended and restated articles of association of the Company adopted on June 18, 2024, as amended, supplemented or otherwise modified from time to time
“Audit Committee”	means	the audit committee of the Board
“Board”, “our Board” or “Board of Directors”	means	the board of Directors
“Board Committees”	means	the Audit Committee, the Nomination Committee, the Compensation Committee, the Strategy Committee and the Investment Committee
“CAGR”	means	compound annual growth rate
“CEO”	means	chief executive officer of the Company
“CG Code”	means	the Corporate Governance Code set out in Appendix C1 to the Listing Rules
“Chairman”	means	the chairman of the Board
“China” or “PRC”	means	the People’s Republic of China, for the purposes of this report only, excluding Hong Kong and Macau Special Administrative Region and Taiwan
“Companies Ordinance”	means	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company”, “CStone” or “our Company”	means	CStone Pharmaceuticals (stock code: 2616), an exempted company with limited liability incorporated under the laws of the Cayman Islands on December 2, 2015, the Shares of which are listed on the Main Board of the Stock Exchange

Definitions

“Compensation Committee”	means	the compensation committee of the Board
“Consolidated Financial Statements”	means	the audited consolidated financial statements of the Group
“Corporate Governance Report”	means	the corporate governance report of the Group for the year ended December 31, 2025
“CRO(s)”	means	contract research organization, a company that provides support to the pharmaceutical, biotechnology, and medical device industries in the form of research services outsourced on a contract basis
“CStone Suzhou”	means	CStone Pharmaceuticals (Suzhou) Co., Ltd. (基石藥業(蘇州)有限公司), a company established under the laws of the PRC on April 21, 2016 and one of the Company’s subsidiaries
“CTA”	means	clinical trial agreement
“Director(s)”	means	the director(s) of our Company
“GIST”	means	gastrointestinal stromal tumor, a type of tumor that occurs in the gastrointestinal tract, most commonly in the stomach or small intestine
“Global Offering”	means	the Hong Kong public offering and the international offering of the Shares
“Group”, “our Group”, “the Group”, “CStone”, “we”, “us”, or “our”	means	the Company and its subsidiaries from time to time
“HCC”	means	hepatocellular carcinoma, a type of cancer arising from hepatocytes in predominantly cirrhotic liver
“HKD” or “HK\$” or “HK dollars”	means	Hong Kong Dollars, the lawful currency of Hong Kong
“Hong Kong” or “HK”	means	the Hong Kong Special Administrative Region of the PRC
“IND”	means	investigational new drug or investigational new drug application, also known as clinical trial application in China or clinical trial notification in Australia

Definitions

“Independent Auditor” or “Deloitte”	means	Deloitte Touche Tohmatsu
“INED(s)”	means	the independent non-executive Director(s)
“Investment Committee”	means	the investment committee of the Board
“IO”	means	immuno-oncology
“IPO”	means	the initial public offering of the Company on the Stock Exchange
“Listing”	means	the listing of the Shares on the Main Board of the Stock Exchange
“Listing Date”	means	February 26, 2019, being the date on which the Shares were listed on the Main Board of the Stock Exchange
“Listing Rules”	means	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Main Board”	means	the stock exchange (excluding the option market) operated by the Stock Exchange, which is independent from and operated in parallel with the GEM of the Stock Exchange. For the avoidance of doubt, the Main Board excludes the GEM
“Memorandum” or “Memorandum of Association”	means	the sixth amended and restated memorandum of association of the Company adopted on June 18, 2024, as amended, supplemented or otherwise modified from time to time
“Model Code”	means	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules
“NDA”	means	new drug application
“NMPA”	means	National Medical Products Administration (國家藥品監督管理局) and its predecessor, the China Food and Drug Administration (國家食品藥品監督管理總局)
“Nomination Committee”	means	the nomination committee of the Board

Definitions

“Pfizer”	means Pfizer Inc., a company incorporated in Delaware and listed on the New York Stock Exchange (NYSE: PFE)
“Pfizer Corporation”	means Pfizer Corporation Hong Kong Limited, a company incorporated in Hong Kong with limited liability, an indirectly wholly-owned subsidiary of Pfizer
“Post-IPO ESOP”	means the Company’s post-IPO employee share option plan
“Post-IPO RSU Scheme”	means the Company’s post-IPO restricted share award scheme
“Preferred Share(s)”	means preferred share(s) in the share capital of the Company prior to the Listing
“Pre-IPO Incentivization Plan”	means the Company’s pre-IPO employee equity plan
“Prospectus”	means the prospectus of the Company, dated February 14, 2019, in relation to the Global Offering
“Reporting Period”	means the one-year period from January 1, 2025 to December 31, 2025
“RET”	means rearranged during transfection
“RMB” or “Renminbi”	means Renminbi Yuan, the lawful currency of China
“RSU(s)”	means restricted share unit(s)
“Securities Transactions Code”	means the code of conduct of the Company regarding Directors’ securities transactions, namely the Policy on Management of Securities Transactions by Directors
“SFO”	means the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	means ordinary share(s) of US\$0.0001 each in the issued share capital of our Company
“Share Incentivization Schemes”	means the Pre-IPO Incentivization Plan, Post-IPO ESOP and Post-IPO RSU Scheme
“Shareholder(s)”	means holder(s) of Shares

Definitions

"SM"	means	systemic mastocytosis, a form of mastocytosis, in which mast cells accumulate in internal tissues and organs such as the liver, spleen, bone marrow, and small intestines
"Stock Exchange"	means	The Stock Exchange of Hong Kong Limited
"Strategy Committee"	means	the strategy committee of the Board
"treasury Share(s)"	means	has the meaning ascribed to it under the Listing Rules
"U.S."	means	United States of America
"U.S. FDA" or "FDA"	means	U.S. Food and Drug Administration
"USD" or "US\$" or "US dollars"	means	United States Dollars, the lawful currency of the United States of America
"%"	means	per cent.

In this report, unless otherwise indicated, the terms "associate", "associated corporation", "connected person", "controlling shareholder", "subsidiary" and "substantial shareholder" shall have the meanings given to such terms in the Listing Rules.



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